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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1973

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

SUBCOMMITTEE ON DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS

DANIEL J. FLOOD, Pennsylvania, *Chairman*

WILLIAM H. NATCHER, Kentucky
NEAL SMITH, Iowa
W. R. HULL, Jr., Missouri
BOB CASEY, Texas
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J. KENNETH ROBINSON, Virginia

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PART 6

DEPARTMENT OF LABOR
RELATED AGENCIES:

Cabinet Committee on Opportunities for Spanish-Speaking People
Commission on Railroad Retirement
Federal Mediation and Conciliation Service
National Commission on Libraries and Information Science
National Commission on Marihuana and Drug Abuse
National Labor Relations Board
National Mediation Board
Occupational Safety and Health Review Commission
Railroad Retirement Board
U.S. Soldiers' Home

Printed for the use of the Committee on Appropriations

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1973

TUESDAY APRIL 11, 1972.

DEPARTMENT OF LABOR

STATEMENT OF THE SECRETARY

WITNESSES

HON. JAMES D. HODGSON, SECRETARY OF LABOR
LAURENCE H. SILBERMAN, UNDER SECRETARY
MALCOLM R. LOVELL, JR., ASSISTANT SECRETARY FOR MANPOWER
W. J. USERY, JR., ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
RICHARD J. GRUNEWALD, ASSISTANT SECRETARY FOR EMPLOYMENT STANDARDS
GEORGE C. GUENTHER, ASSISTANT SECRETARY FOR OCCUPATIONAL SAFETY AND HEALTH
MICHAEL H. MOSKOW, ASSISTANT SECRETARY FOR POLICY EVALUATION AND RESEARCH
GEOFFREY H. MOORE, COMMISSIONER OF LABOR STATISTICS
EDWARD B. PERSONS, ASSOCIATE DEPUTY UNDER SECRETARY FOR INTERNATIONAL AFFAIRS
RICHARD F. SCHUBERT, SOLICITOR
FRANK G. ZARB, ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER
JOHN SHINN, DEPUTY ASSISTANT SECRETARY FOR LABOR-MANAGEMENT SERVICES ADMINISTRATION
PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY FOR MANPOWER

Mr. FLOOD. The committee will begin hearings with the Department of Labor. We are very pleased that we will have as our first witness the Honorable James D. Hodgson, the Secretary of Labor.

INTRODUCTION OF SUPPORTING WITNESSES

Mr. Secretary, I see you have an array of talent with you. Would you like to introduce them to us?

Secretary HODGSON. I have at my left Mr. Geoffrey Moore, Commissioner of the Bureau of Labor Statistics; Assistant Secretary Lovell, Head of Manpower Administration; Assistant Secretary Guenther, Head of the Office of Safety and Health.

Around the room, our Solicitor, Mr. Schubert; Mr. Shinn, in the corner, of the Office of Labor-Management Services Administration;

Assistant Secretary Moskow, head of our Policy Research and Evaluation organization. Mr. Zarb, Assistant Secretary for Administration; Ned Persons, Associate Deputy Under Secretary for International Affairs; and Mr. Fasser who is the Manpower Administrator. You know Mr. Jones, our Budget Officer. Under Secretary Silberman will be here in a few minutes. He is finishing up a session I broke away from at the White House to join you at this time.

BIOGRAPHICAL SKETCHES OF WITNESSES

Mr. FLOOD. As we usually do, we will ask that you submit for our record a biographical sketch of yourself and each of the other principal witnesses.

(The biographical sketches follow:)

BIOGRAPHICAL SKETCH OF JAMES D. HODGSON, SECRETARY OF LABOR

James D. Hodgson was sworn in as Secretary of Labor on July 2, 1970. Previous to his appointment to the post he was serving as Under Secretary of Labor.

Immediately before entering Government service, Mr. Hodgson had been corporate vice president for industrial relations at Lockheed Aircraft Corp. in Burbank, Calif.

Mr. Hodgson was employed at Lockheed from 1941 to the time of his appointment as Under Secretary, except for the years from 1943 to 1946 when he served as an air combat intelligence officer in the U.S. Navy.

Prior to be named vice president at Lockheed he held a number of personnel and labor relations positions, including the post of corporate director of industrial relations.

Before coming to Lockheed, he was supervisor of youth employment for the State of Minnesota and worked for the Dayton Co., a Minneapolis department store.

Mr. Hodgson has also served as consultant to the State of California on Manpower matters, as community advisor to the Institute of Industrial Relations, UCLA, and as a member of the Los Angeles Mayor's Labor-Management Executive Committee.

Born in Dawson, Minn., on December 3, 1915, Mr. Hodgson received an A.B. degree from the University of Minnesota in 1938. He also did graduate work at the University of Minnesota and the University of California at Los Angeles. He was an instructor in labor relations for 5 years at the latter university.

In May of 1970 Mr. Hodgson was the recipient of the University of Minnesota's Distinguished Achievement Award.

He has authored such articles as "Employing the Unemployables," in the *Harvard Business Review*, "Automation" in the *University of Michigan Quarterly*, and "Federal Regulation of Unions" in the Harvard Business School publication *Management Thinking*.

Mr. Hodgson is married to the former Maria M. Denend of San Francisco, Calif. The couple has a married daughter, Mrs. R. J. Nachman of Boulder, Colo., and a son, Frederic of Malibu, Calif.

Mr. and Mrs. Hodgson live in Washington, D.C.

BIOGRAPHICAL SKETCH OF LAURENCE H. SILBERMAN, UNDER SECRETARY OF LABOR

Laurence H. Silberman was nominated for Under Secretary of Labor by President Nixon on June 19, 1970. Previous to the nomination, Mr. Silberman was serving as Solicitor of Labor. In that capacity, he was the Agency's chief legal officer and supervised all legal activities, including enforcement proceedings under various laws for which the Department has authority.

Born October 12, 1935, in York, Pa., Mr. Silberman received a B.A. degree in history from Dartmouth College in 1957 and an LL.B from Harvard Law School in 1961.

From 1961 until 1967 Mr. Silberman practiced law in Honolulu, specializing in labor law. From 1964 until 1967 Mr. Silberman was a partner in the law firm of Moore, Silberman, and Schulze. Mr. Silberman also lectured on labor law and legislation at the University of Hawaii and served as a member of the Hawaii Bar Association Ethics Committee.

In late 1967, Mr. Silberman came to the Appellate Division of the Generals Counsel's Office of the National Labor Relations Board in Washington, D.C.

Mr. Silberman is married to the former Rosalie Gaull of Boston, Mass. They live with their three children, Robert, Katherine, and Anne, in Potomac, Md.

Biographical Sketch of Malcolm R. Lovell, Jr., Assistant Secretary for Manpower

Born in Greenwich, Conn., on January 1, 1921, Mr. Lovell holds an industrial administrator degree and a master of business administration degree from the Harvard Business School.

From June 1969 until his appointment as Assistant Secretary for Manpower, Mr. Lovell served as Deputy Assistant Secretary for Manpower and Manpower Administrator.

From January 1969 until June 1969, Mr. Lovell served as Executive Associate for Manpower with the Urban Coalition.

From July 1965 until 1969, Mr. Lovell served as director of the Michigan Employment Security Commission. He also acted as a special assistant to Governor Romney and served as chairman of the State labor mediation board. Mr. Lovell has also managed the employee services office at American Motors and served on the company's national labor bargaining committee.

During World War II, Mr. Lovell was an officer in Naval Intelligence stationed in China. His distinguished performance was rewarded by the Secretary of Navy's Letter of Citation, and the Hung Hua decoration of the Government of Nationalist China.

Biographical Sketch of W. J. Usery, Jr., Assistant Secretary of Labor for Labor-Management Relations

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

He directs the work of the Department which deals with the broad field of labor-management relations. One of his principal roles is top labor-management troubleshooter in national emergency disputes.

He is responsible for administering the Labor-Management Reporting and Disclosure Act, the Welfare-Pension Plans Disclosure Act, and principal portions of Executive Order 11491, as amended, dealing the certain labor-management relations in the Federal service. His responsibilities include administering laws concerning veterans' reemployment rights.

He is chairman of the Working Party on Industrial Relations under the Organization for Economic Cooperation and Development (OECD). The OECD has headquarters in Paris, France.

From 1956 until his appointment, Mr. Usery was grand lodge representative of the International Association of Machinists and Aerospace Workers (IAM), AFL–CIO, and participated in most of the national labor-management negotiations in the aerospace industry, frequently serving as chairman of the unions negotiating committee.

From 1961 to 1967, he was the industrial union representative on the President's Missile Sites Labor Committee at the Kennedy Space Center and at the Marshall Space Flight Center in Huntsville, Ala.

Born in Hardwick, Ga., on December 21, 1923, Mr. Usery attended Georgia Military College from 1938 to 1941, and Mercer University in 1948–49. He received the Distinguished Alumni Award from Georgia Military College in 1971 for his work in labor-management relations. He served in the U.S. Navy from 1943 to 1946.

Biographical Sketch of Richard J. Grunewald, Assistant Secretary of Labor for Employment Standards

Richard J. Grunewald was appointed in January 1972 as Assistant Secretary. In this capacity he oversees the functions and responsibilities of the Office of Federal Contract Compliance, the Women's Bureau and the Office of Wage and Compensation Programs.

Prior to his appointment, Mr. Grunewald served as Assistant Secretary of Labor for Policy, Evaluation, and Research.

From 1965 to 1971, Mr. Grunewald was vice president, administration, for the Winchester Group of the Olin Corp., located in New Haven, Conn.

In 1956, Mr. Grunewald joined Olin's corporate staff as assistant executive placement manager, become executive placement manager in 1957, manager of manpower placement and development in 1959, director of manpower in 1962, and corporate director of personnel in 1963. He was a member of the personnel planning council of the American Management Association, a member of the board of directors and executive committee of the Greater Haven Chamber of Commerce and chaired the chamber's task force for urban solutions. He served as a member of the board of trustees of the Connecticut Educational Television Corp. and as a member of its business advisory council. He was also president of Business Ventures, Inc., a minority enterprise small business investment company.

Born March 4, 1920, Mr. Grunewald attended Cornell University. He served as master sergeant in the Army Air Corps from 1942–45.

Mr. Grunewald is married to the former Helena Brown and has two married daughters.

Biography of George C. Guenther, Occupational Safety and Health Administration, U.S. Department of Labor

George C. Guenther was sworn in as the Labor Department's first Assistant Secretary for Occupational Safety and Health on April 28, 1971. Mr. Guenther heads the Department's Occupational Safety and Health Administration.

Previously, Mr. Guenther served from 1969 as the Director of the Department's Bureau of Labor Standards. He also served as Chairman of the Federal Safety Council, responsibile for occupational safety programs in all Federal agencies applying to approximately 3 million Federal employees. He is a member of the American Society of Safety Engineers.

Prior to joining the U.S. Department of Labor, Mr. Guenther served as deputy secretary of the Pennsylvania Department of Labor and Industry.

From 1955 to 1967, Mr. Guenther was president of the John H. Guenther Hosiery Co. of Reading, Pa. He holds an A.B. degree from Amherst College.

He and his wife, the former Kathleen Coyle, have three sons.

Biographical Sketch of Michael H. Moskow, Assistant Secretary for Policy, Evaluation, and Research

Michael H. Moskow has been the Assistant Secretary for Policy, Evaluation, and Research since February 1972.

Mr. Moskow served as Deputy Under Secretary of Labor from February 1971 until February 1972.

Mr. Moskow served as Executive Director of the Construction Industry Collective Bargaining Commission from September 1970 until February 1972.

Prior to this appointment, he had served as senior staff economist with the Council of Economic Advisers (CEA) since August 1969.

Before joining the CEA, Mr. Moskow, who has a broad background in collective bargaining in the public sector, taught college economics for 6 years. From 1967 to 1969, he taught at Temple University where he also directed the institution's bureau of economic and business research.

For 6 months in 1967, Mr. Moskow served as a consultant with the Rockefeller Brothers Fund.

Born in Paterson, N.J., on January 7, 1938, he received an A.B. degree in economics from Lafayette College in 1959 and an M.A. and Ph. D. in economics from the University of Pennsylvania in 1962 and 1965, respectively.

Mr. Moskow published several books on labor-management relations, including "Collective Bargaining in Public Employment" (1970); "Labor Relations in the Performing Arts" (1970); "Teachers and Unions" (1966), and "Collective Negotiations for Teachers" (1966). He has also published over 20 articles in professional journals.

Mr. Moskow and his wife, the former Constance Bain of Woodmere, N.Y., have two sons, Robert and Eliot. They live in Washington, D.C.

Biographical Sketch of Dr. Geoffrey H. Moore, Commissioner of Labor Statistics

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

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

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

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

Biographical Sketch of Edward B. Persons, Associate Deputy Under Secretary for International Affairs

Mr. Persons was appointed to his present position in October 1971. He came to the Department from the Department of State, where he had served since 1963 as officer in charge of ILO affairs. He received State Department's Meritorious Honor Award in 1968.

From 1956 to 1963 he was with the Department of HEW as Chief, Management Analysis Staff, Office of Management Policy; and later as Assistant Director of Personnel. He was also a member of HEW's Patents Board.

From 1948 to 1956 Mr. Persons was Chief, ILO Division, Office of International Labor Affairs, Department of Labor. He received the Labor Department's Meritorious Service Award in 1953, and National Civil Service League Merit Citation in 1955.

He served as Assistant Coordinator, International Cooperation Programs, Department of Commerce, 1946 to 1948.

From 1943 to 1946 he was on active duty with the U.S. Navy. Prior to 1943, Mr. Persons served for 1 year with the Bureau of the Budget; and for 2 years with Civilian Personnel Division, Office of the Secretary of War.

Mr. Persons was born in New Rochelle, N.Y. on May 3, 1916. He attended Antioch College, where he received a B.A. degree with honors (1938). He was awarded a fellowship in public administration at Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University (1938–40).

He is married and the father of three daughters.

Biographical Sketch of Richard F. Schubert, Solicitor of Labor

Richard F. Schubert was nominated by President Nixon as Solicitor of Labor on July 27, 1971.

In this capacity, Mr. Shubert is the agency's chief legal adviser, directing all legal advisory and litigation activities, including proceedings under various laws which the Department administers.

Prior to his nomination as solicitor, Mr. Schubert served for approximately 18 months in the Office of the Secretary, initially as Executive Assistant to the Under Secretary, and subsequently as Executive Assistant to the Secretary of Labor.

Mr. Schubert was associated with the Bethlehem Steel Corp. for approximately 9 years beginning in June 1961 as an arbitration attorney. In 1966 Mr. Schubert was advanced to the position of assistant manager of labor relations.

Mr. Schubert graduated, cum laude, from Eastern Nazarene College with a B.A. in 1958. He received his JD from the Yale University School of law in 1961. Mr. Schubert was admitted to practice before the Supreme Court of the Commonwealth of Pennsylvania and the Court of Common Pleas of Northampton County, Pa., in 1962.

Mr. Schubert is married and resides with his wife and two children in McLean, Va.

Biographical Sketch of Frank G. Zarb, Assistant Secretary for Administration and Management

Mr. Zarb was sworn in as Assistant Secretary of Labor for administration in April 1971.

Mr. Zarb left the post of executive vice president of CBWL-Hayden, Stone, Inc., to join the Federal Government.

Before joining that firm in September 1970, Mr. Zarb served as senior vice president of the investment banking firm of Cogan, Berlind, Weill & Levitt, Inc.

From 1962 to March 1969, he was an official with the New York investment banking firm of Goodbody & Co.

Mr. Zarb worked in the Industrial Relations Department of the Cities Service Oil Company from 1957 until joining Goodbody in 1962.

He served briefly as assistant dean of students, Hofstra University, prior to entering active duty with the U.S. Army in May 1957.

He received a BBA degree (1957) and an MBA degree (1962) from Hofstra University.

Mr. Zarb is a member of the board of arbitrators, National Association of Securities Dealers, and the board of advisors, New York Institute of Finance, and has been an allied member of the New York Stock Exchange and a member of the Chicago Board of Trade and the Chicago Mercantile Exchange.

He has served as Chairman of the Joint Securities-Bank Industry Committee on Securities Protection.

Mr. Zarb, born on February 17, 1935, in New York City, is married to Patricia Koster of Hempstead, New York. They have two children, Krista Ann and Frank, Jr.

Biographical Sketch of Conrad M. Jones, Director, Office of Budget

Mr. Conrad M. Jones has served as Director, Office of Budget, Office of the Assistant Secretary for Administration, since August 1968. From July 1965 to August 1968 he served as Deputy Director.

Prior to his service in the Department of Labor, he served as a supervisory budget analyst at the Federal Aviation Agency from 1960 to 1965. Mr. Jones served as a fiscal management officer from 1957 to 1960 with the Housing and Home Finance Agency. He entered Government service in 1939 with the National Capital Housing Authority, holding increasingly responsible positions in the field of financial management, including Comptroller from 1953 until 1957.

Born on December 20, 1916, in Little Rock, he attended public schools in Joplin and Kansas City, Mo., and received a B.C.S. in 1942 and an M.C.S. in 1943 from Benjamin Franklin University in Washington, D.C.

Mr. Jones interrupted his civilian employment to serve for 2 years in the U.S. Army in World War II, participating in three European campaigns.

He and his wife, the former Catherine L. Dent, reside in Rockville, Md., and have three children: Conrad M., Jr., Mrs. Michael L. Hemmis, and Mrs. Stephen Shaw.

Biographical Sketch of John C. Shinn, Deputy Assistant Secretary for Labor-Management Relations

John C. Shinn was appointed Deputy Assistant Secretary of Labor for Labor-Management Relations in September 1967.

Mr. Shinn's career with the Labor Department began in 1940 with the Wage-Hour Division, where he worked as an intern under the National Institute of Public Affairs at $1 a year. He then served for several years as a field operations officers. For 2 years, 1951–53, he served with the Wage Stabilization Board as Special Assistant to the Executive Director. Four years after he returned to the Labor Department, he was named assistant to the Assistant Secretary of Labor.

When the Labor-Management Reporting and Disclosure Act became law, Mr. Shinn helped organize a new bureau to administer it. He served as Assistant Commissioner in this bureau from 1959 until a new office was formed to administer the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. At this time he became LMWP's chief executive officer.

Mr. Shinn received a degree in business administration, magna cum laude, from Heidelberg College in Tiffin, Ohio, in 1940. He was born in Germantown, Ohio, on November 26, 1918. He served in the Army Counter Intelligence Corps from 1942 to 1946 and was awarded a battlefield commission in Germany.

BIOGRAPHICAL SKETCH OF PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY OF LABOR FOR MANPOWER AND MANPOWER ADMINISTRATION

Paul J. Fasser, Jr., was appointed Deputy Assistant Secretary of Labor for Manpower and Manpower Administration in October of 1970.

He joined the U.S. Department of Labor after 19 years with the United Steelworkers of America.

Mr. Fasser started with the Steelworkers Union in April of 1951 as a research associate in the research department, moved to the arbitration department in 1963 as a contract and arbitration technician, and became assistant director of the contract administration department in 1967.

Among his major responsibilities with the steelworkers were those of administrator and manager of the major operating section of the contract administration department; membership on numerous standing union-basic steel industry committees such as testing, apprenticeship, contract language review and benefits. In addition, he functioned as the international representative on several innovative programs which include the Kaiser long range sharing plan, the Alan Wood joint economic expansion plan, and the basic steel earnings protection plan. He was the technical coordinator of the can and aluminum industry negotiating conferences and acted as union consultant to the USW-U.S. Steel Board of Arbitration.

He was educated in the public schools of Farrell, Pa. While working summers at the steelworkers headquarters offices in Pittsburgh, he attended Grove City College, the University of Pittsburgh where he studied business administration, and the New York State School of Industrial and Labor Relations of Cornell University where he received his bachelor of science degree in industrial and labor relations in 1951.

A World War II veteran, he served in Europe with the 45th Infantry Division.

Born June 15, 1926, in Gary, Ind., Mr. Fasser is married to the former Mae A. Carino of Pittsburgh. The couple has three children and make their home in McLean, Va.

GENERAL STATEMENT

Mr. FLOOD. I see you have a prepared statement. How do you wish to proceed?

Secretary HODGSON. I thought, perhaps, it would be most effective for both our purposes for me to read it.

Mr. FLOOD. Suppose you do that.

Secretary HODGSON. Mr. Chairman and members of the committee, It is always a pleasure to appear before you to review the Department's accomplishments, to tell you of our plans for the coming fiscal year, and to discuss the resources we will need to carry out our responsibilities fully and well.

I have brought with me a full array of the Department's top managers to field your detailed questions on programs.

Through the years this subcommittee has become thoroughly familiar with our existing functions and programs. Accordingly, rather than dwell extensively on matters with which you are already familiar, today I want to emphasize changes—proposed changes in existing expenditure patterns and new areas for which we are requesting funds. So I will start with a mention of the major changes in the appropriations picture and our plans in three areas we think are of prime importance—occupational safety and health, the work of the Bureau of Labor Statistics, and manpower. Then, without trying to be comprehensive, I will touch on some high spots of our operations, and close with a few words about the future.

First, let us look at the resource requirements for fiscal year 1973. They total just under $5 billion, a decrease of $564 million from the comparable amounts appropriated for 1972. The decrease is not primarily one for which we can take credit as budget pruners, but rather is due to anticipated improvement in the general economic situation that will result in fewer payments to eligible claimants for extended unemployment benefits in 1973 than we experienced in 1972.

As for some years past, the largest component of our budget—93.9 percent of total funding for fiscal 1973—goes for manpower programs. The very large decreases in some payments that are tied to economic conditions will more than balance some increases in these programs.

We estimate the Federal general fund appropriation for extended unemployment compensation benefit payments to private sector workers (including both permanent and temporary programs) at $600 million for 1972, which was the first year in which we sought appropriations for the program, but only $120 million in 1973. This $480 million decrease will result chiefly from the fact the national unemployment "trigger" is not expected to operate because the rate of insured unemployment should not exceed the 4.5 percent seasonally adjusted level for three consecutive months, and expirations of the temporary compensation benefits program after September 1972.

Benefits for unemployed veterans and Federal employees are also expected to drop from an $856.6 million appropriation in 1972 to $475 million in 1973, again primarily as a result of improvement in the economy. Some $121 million of the decrease is accounted for by use of 1972 funds for forward funding of 1971 payments, but a $260.6 million drop in actual benefit levels remains. This dramatic decrease—a drop of nearly 50 percent in the number of weeks compensated—is predicted because separations from both the Federal civilian service and the military are expected to decline and improvement in the economy should mean a shorter average duration of benefits.

The major dollar increases in 1973 are $250 million for the second year of Emergency Employment Assistance—from $1 billion in 1972 to $1.25 billion in 1973. This is the Emergency Employment Assistance Act that was passed last year. This means we are asking for the full amount authorized in the enabling legislation;

Fifty-five million dollars for grants to States for administration of the unemployment insurance and employment service programs;

Our 1973 OSHA budget request nearly doubles the 1972 amount, from $36.5 million in 1972 to $67.5 million in 1973. The largest part of this increase ($21.6 million) is to be used for grants to States for the support of safety and health programs. There are also funds for more compliance officers for standards development and for continued training and public information efforts.

Bureau of Labor Statistics—$7.4 million, primarily for the fourth increment of the 6-year program to update the Consumer Price Index and for improving measures of unemployment in the Nation;

Labor-Management Services Administration—$2 million mainly for strengthening of compliance activities under reporting and disclosure laws;

Department management—which includes Office of the Secretary; Bureau of International Labor Affairs and Office of the Solicitor—

$4.4 million for research on the impact of trade on domestic employment, with special attention to the operations of multinational corporations, and for increased audit activities, strengthened support of program operations and financing of the Construction Industry Stabilization Committee;

Employment Standards Administration—$0.8 million to prepare for the administration of the black lung benefits program when it is taken over by the Department.

The budget request provides for overall departmental employment of 12,600 persons by the end of 1973, a rise of 800 over 1972 to provide for increases in program levels. More than half of this new employment for the Department will go to the expanding occupational safety and health operation.

Before this subcommittee completes its deliberations on this budget request, we anticipate we will have one amendment to present on the recently enacted Talmadge amendments to the work incentive program, which becomes effective on July 1, 1972. We expect to complete the planning necessary to determine our needs under this legislation very soon, and then be able to prepare the amendment and submit it to you.

I think this provides the fiscal highlights of the budget request. Now I would like to talk to you about our goals in the areas we have assigned top priority, and give you a picture—as time allows—of some of the ways we plan to reach those goals.

OCCUPATIONAL SAFETY AND HEALTH

The occupational safety and health program is an exciting challenge to the Department. The potential for accomplishment is vast. The pitfalls are plentiful. We have chosen to move just as quickly as we can, to set up sound procedures and train people to do the job well. As we go along, we are constantly reviewing results, so that we can improve the quality and effectiveness, as well as the output of services.

Starting from scratch, we now have operations in 10 regional offices and 51 area and district offices. Among the accomplishments so far: inspections in over 17,000 establishments employing about 2.8 million workers, publishing a large body of safety and health standards, helping the States to take a large role in the program. Together with the States, we will make even more progress in the months and years to come. At the same time, we are working to refine the program, making it as practical and effective as we can in the light of accumulating experience.

Prior to the passage of the Williams-Steiger Act, a considerable body of occupational safety and health standards had been developed by consensus organizations such as the American National Standards Institute and the National Fire Protection Association, with participation by affected groups. The act made special provision for these standards to be adopted, and many were incorporated into the standards adopted for general industry on May 29, 1971. In adopting these initial standards, however, the Department carefully edited them to pick those affording the greatest protection for employees while avoiding inconsistencies and impracticalities. Naturally, some significant problem areas remain. OSHA is in the process of reviewing all

standards to identify and either modify or eliminate any standards which do not significantly add to the protection of employees.

New standards are in the process of being developed with the assistance of a wide array of professional people, including the National Institute of Occupational Safety and Health of HEW, specially appointed advisory committees representing potentially affected parties and specialists, and any other available sources. For example, as a result of major disasters in tunnel construction last year, new standards are being sought. Also, the President in February requested us to speed up our efforts to develop standards to protect agricultural workers, especially from the toxic effects of pesticides, and we are moving ahead rapidly in this area.

This is a key year for the States in the OSHA program. If States do not choose to participate by December 29 of this year, they will be preempted from enforcing their standards. As a result, we are working hard to carry out the congressional intent to involve the States to the maximum extent feasible, and are encouraged by the response we have had to date. Until we get a better fix on the degree of State participation, we fell it would be irresponsible to seek vast numbers of Federal inspectors to enforce the act. We are, however, seeking an increase this year and it may be necessary to reprogram funds into the Federal effort if the States do not come in in the numbers anticipated. In the meantime, we are concentrating on recruiting and training the best compliance personnel we can find.

BUREAU OF LABOR STATISTICS

The complexity of the economic issues which face our Nation today has once again underscored the importance of the functions performed by the Bureau of Labor Statistics. Never has the demand for economic data been as intense. Business, labor, Congress, academic, and other sources deluge us with demands for additional data. Meanwhile, the Bureau's limited but useful figures on employment and unemployment, prices, wages, productivity, and occupational injuries and illnesses provide a sound underpinning for social and economic policy decisions. During the past year, the economic stabilization program has relied heavily on the Bureau's data and its technical and analytical staff.

In addition to positions and funds to continue the comprehensive review and revision of the Consumer Price Index, the fiscal year 1973 budget requests funds for a series of programs to expand the scope and quality of the Bureau's economic data.

For example, the United States does not now have a monthly index of the general price level, or the integrated system of measuring price changes that is needed to understand what is happening to prices. The need for such a general price index, together with a coordinated system of subindexes, was demonstrated dramatically in 1969–71 when the most comprehensive available indexes—the Consumer Price Index, Industrial Wholesale Price Index, and GNP Implicit Price Deflator—provided sharply divergent measures of the trend in the rate of inflation. According to the CPI, the rate of inflation dropped substantially during 1970 and the first half of 1971 (before the wage-price-rent freeze), but the other two indexes did not tell the same story. Because of differences in concept and coverage, it is difficult to trace

the source of these divergencies. The proposed General Price Index, together with its subindexes, will provide a superior monthly measure of the price level and the sources of change in it.

The BLS is requesting funds to accelerate the development of this index. It will incorporate data from three ongoing price programs: the Consumer Price Index, the Wholesale Price Index, and the Industry Sector Price Indexes. Changes in prices for goods and services at various stages of production will be measured to fill the need to pinpoint the sources of inflationary pressures and to trace their effect on other industries.

Because of the great importance of the national employment and unemployment figures, the BLS is proposing to test several methods of reducing irregularities in the monthly numbers. The survey currently used to estimate employment and unemployment is based on a single week in every month (the week that includes the 12th). When that week reflects special factors such as unusual working conditions or holidays, the statistics are not representative of the underlying situation. These irregularities can be reduced and a more representative picture of employment conditions obtained by collecting the data for all weeks in the month. Other irregularities occur because the survey covers only a sample of all households.

Under the proposed program, alternative methods of collecting employment and unemployment data will be tested to determine the best method of reducing irregularities in the monthly data. One method to be tested is collecting the data during 4 weeks in the month and averaging the results; this would produce a more representative picture of unemployment for the month. A second method would test the contribution that a larger sample would make to reducing irregularities in the monthly data.

While a great deal of data on wages and earnings are currently available, no single measure of wage change comparable to the CPI or the WPI has been developed.

The BLS budget request is proposing the accelerated development of such a measure: a general wage index that will measure changes in the price of labor and have the usefulness of the existing BLS measures of employment, prices, and productivity. When completed, it will cover all employees, and include all forms of employee compensation, but will be free of the effects of fluctuations in the amount of overtime pay, shifts in employment between low- and high-wage industries, between geographic sectors, and changes in the occupational mix—all of which distort current measures. It will be available monthly, will be seasonally adjusted, and will measure hourly wages both in current dollars and in dollars of constant purchasing power. It will provide separate data for industries, areas, union and nonunion employment situations, and to show separately the various components of compensation. Development of a general wage index will not be simply a marginal addition to the vast array of wage data. Rather, it will constitute an integrated set of statistics reflecting changes in the price of labor.

MANPOWER PRIORITIES

Although we are not coming to you for large increases in manpower appropriations, we intend to make real progress on some critical problems in the year ahead.

An especially high priority has been assigned to efforts directed at Vietnam-era veterans and unemployed engineers, scientists and technicians.

The Department of Labor has assumed the leadership in an intensive interagency effort to place unemployed Vietnam-era veterans in jobs or training programs. The program has already achieved significant results, but much more remains to be done, and it will be continued through fiscal year 1973. We will work with the Federal regional councils wherever appropriate to insure cooperation of field staffs from all Federal agencies in achieving the goals of the program.

The Department's own efforts are expected to provide some services—training, counseling, placement, or the like—for about 1,038,000 Vietnam-era veterans during the current fiscal year. For all classes of veterans, we expect to place 1,200,000 in jobs during the 1973 fiscal year. This total, which includes 64,000 disabled veterans, is up 60 percent from fiscal year 1971.

Our proposed budget for fiscal year 1973 will permit continued Federal funding for 835 State veteran aides. Further, we are seeking $18 million in the "Grants to States" appropriation for 1,407 new State positions to carry out the recently begun program of requiring Federal contractors to list their job openings with State employment services.

Counseling, placement, relocation, and other services will be made available to more engineers, scientists, and technicians through the recent expansion of the special assistance program from the original 14 heavily impacted areas to nationwide coverage. We are cooperating with other agencies, such as the National Science Foundation and Small Business Administration, in exploring ways by which these agencies can participate in assisting engineers, scientists, and technicians. To date, we have registered over 34,000 eligible applicants, of whom over 13,000 have been placed in employment.

UNEMPLOYMENT ASSISTANCE

The Emergency Employment Act presented a kind-sized challenge. We had to move fast, but thoughtfully. I am proud of the Department's record on this assignment. We estimate that a total of 160,000 new entrants will come into the program by June 30, 1972. The end-of-year employment level should be 146,000. And 92,000 more new entrants are anticipated in 1973. At the close of 1973, the employment level is expected to be 11,000 higher than 1972, or 157,000.

Unemployment continues as a stubborn national problem. It remains a very high-priority concern. We have been working hard with the programs we have. Some of our legislative proposals, such as the minimum wage youth differential and manpower revenue sharing, would help us to do better. We will continue seeking further improvements and pressing on with tested programs.

LABOR-MANAGEMENT SERVICES

The Labor-Management Services Administration will receive much-needed help in carrying out its enforcement responsibilities under the proposed budget. Under the Landrum-Griffin Act, the Welfare and Pension Plans Disclosure Act, and Executive Order 11491, the Depart-

ment must often conduct union elections or provide observers, oversee reporting and disclosure requirements, and prepare compliance cases dealing with such matters as embezzlement of union operating or pension funds. We have found it impossible to schedule routine duties successfully with the available manpower, since unavoidable legal requirements often forced us to defer these duties for other actions. For example, work in connection with a single supervised union election rerun may use up 23 man-years. Schedules here are determined more by court orders and statutory reqiurements than our own preferences.

The increases we are asking will enable us to reduce the unacceptable backlog of compliance cases, so that there will be prompt and vigorous action in case of fraud, embezzlement, and the like. We will also have the resources to do a better job under the statutory deadline of 60 days to investigate alleged election improprieties.

The Department continues to mount a vigorous effort in labor-management relations. We have been able to wind down many problems in the railroad industry and score major productivity gains through work rules changes. And, in spite of limited staff, we are undertaking a wide range of new tasks in Federal labor relations and doing them effectively.

EMPLOYMENT STANDARDS ADMINISTRATION

As a major move toward decentralization, the Employment Standards Administration has appointed 10 regional administrators to coordinate ESA programs. The programs of the Office of Federal Contract Compliance (OFCC) and the Women's Bureau will now be coordinated by the regional administrators with the other ESA programs, to promote maximum use of our resources and personnel in each region. For example, this means that OFCC personnel now working in the field will be supplemented by other ESA personnel. ESA personnel at the field and area level have already developed considerable expertise in the field of compliance and employment discrimination, due to their administration of the FLSA, Equal Pay and Age Discrimination Act. Thus, the OFCC and Women's Bureau Washington staffs will now be able to devote most of their time and attention to policy setting and program development, leaving the business of implementation primarily to the regional administrators.

The reorganization will require no additioal resources in 1972. The only increase requested is $800,000 for fiscal year 1973 to finance 100 new positions. This will provide staff for administration of black lung provisions of the Federal Coal Mine Health and Safety Act of 1969, currently scheduled to be transferred from the Social Security Administration to the Department of Labor on January 1, 1973. It is estimated that 33,000 cases in payment status requiring de novo adjudication will be transferred from Social Security, and that 10,000 to 15,000 new claims will be filed in the second half of fiscal year 1973. The positions are for claims examiners and support personnel to process and adjudicate claims, determine liabilities, work with State compensation personnel, and administer insurance regulations.

In "hometown solutions" we did not achieve the major gains we had hoped for. I would like to report 100 or more in operation, rather than the 45 plans that we have now. As you know, the "hometown

solutions" are locally developed and enforced plans for bringing about equal opportunity for minority employees in local hiring practices, particularly with respect to the construction industry. We will continue to use other types of plans where the local situations warrant. It is obvious that much remains to be done, and we will have to concentrate on it this year. The reorganization of the Office of Federal Contract Compliance will add more vigor and effectiveness in dealing with major problems confronting us.

In the nonconstruction area, a major advance was to add provisions banning sex discrimination to the order requiring contractors and subcontarctors with 50 employees or more and contracts totaling $50,000 or more to develop written affirmative action plans, including goals and timetables, for the utilization of minority workers.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

The Bureau of International Labor Affairs (ILAB) will conduct a major research effort in 1973, to develop data on the impact of changing international trade patterns upon the U.S. employment and economic situation. ILAB will contract with other Government agencies that have expertise in the field and with private research organizations or universities. Total cost for this proposal is $1.1 million.

CONSTRUCTION INDUSTRY STABILIZATION COMMITTEE

The Construction Industry Stabilization Committee has in the past been funded by the Labor-Management Services Administration from the total funds appropriated to them. This year we are requesting that specific provision be made in the "Departmental management" account in the amount of $524,000 (14 positions) to finance the committee's activities. We are exploring the possibility of having these activities financed under the Economic Stabilization Act.

The Construction Industry Stabilization Committee (CISC) will continue to be an important component in the administration's fight against inflation. In 1970, before CISC was established, construction industry wage settlements were increasing at an average rate of 15.3 percent but in 1971, the CISC was able to bring the increases down to 11 percent. In 1972, the increases thus far approved were still further reduced to 6.8 percent. The CISC has also helped reduce the number of and length of strikes in this important industry. While 424 strikes began in 1970, only 233 began during 1971. And, while the average stoppage lasted 41.9 days in 1970, in 1971, the average stoppage was reduced to 30.5 days.

LEGISLATIVE GOALS

Looking to the future, our legislative goals include the enactment of laws dealing with emergency disputes, welfare reform, provision of a youth differential in the minimum wage, pension reform and manpower revenue sharing. There was some progress toward passage of these important measures in the last year, but they will all remain on our agenda for action.

The recurrent longshore tie-ups and railroad disputes with all the economic disruption and human misery they caused, have brought home the need for a sensible way to handle emergency disputes in

transportation industries. We are heartened by the growing support in Congress for an approach that protects the public interest without destroying collective bargaining.

One thing appears to be developing in collective bargaining in this decade—I think we are going to see it shaped more than in the past by public interest, less by private influence. And public interest requires some better way of dealing with these crippling disputes in the transportation industry.

As the President has pointed out, welfare reform is one of the major opportunities for changing and bettering the Nation in our time. The administration is backing this proposal firmly. For the Labor Department, welfare reform would create enormous challenges, increasing substantially the volume of manpower services we provide and enlarging the size of the Department by perhaps two-thirds.

In the Department of Labor the economic betterment of the American workforce is our key objective. Enactment of the legislation I have discussed will carry us a long way in that direction.

IMPROVEMENTS IN INTERNAL OPERATIONS

We will be devoting a lot of time and attention in 1973 to making our internal management and our human relations the best they have ever been. We will continue emphasizing decentralization, improving our organization structure and management techniques, and tightening up on our general administration everywhere. Specifically, improvement in our equal employment opportunity programs within the Department will be given special attention. I am proud of what we have done so far—we are in the lead in minority employment among all Cabinet Departments. But we still have deficiencies we must work to correct, particularly in providing greater opportunities for minority people and women to move into and advance in professional areas.

I have touched rather lightly on a great many points, to give you a brief overview of the Department. There is much to be proud of in this record—but no cause for complacency. We intend to accomplish more. We will do our part, but we will need help from the Congress. That means the funds we have requested here, of course. It also means the new laws I have discussed, laws that reform outmoded practices and allow us to break down barriers to economic and social progress.

Working together, Congress and the executive branch can meet the challenge of the 1970's. I am confident that we will do so.

This concludes my statement, Mr. Chairman. I will be happy to answer any questions you may have.

(The following table, summarizing the Department's budget, was submitted for the record:)

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U.S. DEPARTMENT OF LABOR—APPROPRIATION ESTIMATES BY MAJOR FUNCTIONS

[Dollar amounts in thousands]

Function	1972 Estimate	1972 Percent	1973 Estimate	1973 Percent	Change 1972–73 percent
For training under MDTA and EOA	$1,620,516	30.7	$1,633,366	34.4	+.8
Emergency employment assistance	1,000,000	19.0	1,250,000	26.4	+25.0
For Federal benefit payments to unemployed Federal workers, exservicemen and persons displaced under Trade Adjustment Act	856,600	16.1	475,000	10.0	−44.5
Extended unemployment compensation account	600,000	11.4	120,000	2.5	−80.0
For administration of unemployment compensation and employment service administration	832,000	15.8	887,000	18.7	+6.6
For administration of other manpower programs	88,359	1.7	87,800	1.9	−.6
Total, manpower programs	4,997,475	94.7	4,453,166	93.9	−10.9
For benefit payments to injured Federal employees	112,000	2.1	81,992	1.7	−26.8
For labor-management services	22,568	.5	24,596	.5	+9.0
For employment standards	48,935	.9	47,528	1.0	−2.9
For occupational safety and health administration	36,457	.7	67,500	1.5	+85.1
For labor statistics	37,300	.7	44,662	.9	+19.7
For departmental management	21,491	.4	25,456	.5	+18.4
Total, other programs	278,751	5.3	291,734	6.1	+4.7
Total, Department of Labor appropriations	5,276,226	100.0	4,744,900	100.0	−10.1
Funds appropriated to other agencies for programs administered by Department of Labor:					
HEW (WIN)	185,136	.....	120,000	.....	.....
AID	2,428	.....	2,428	.....	.....
FECA claims	86,620	.....	119,108	.....	.....
Services of BLS	902	.....	705	.....	.....
Grand total	5,551,312	.....	4,987,141	.....	.....

JOBS FOR VETERANS

Mr. FLOOD. What is your Department doing to get jobs for veterans? You know from your experience in the private sector and since you have been with us in Washington that this has always been a very important question. This is increasingly so for very obvious reasons nationwide, in the committee, and, of course, on the floor of the House of Representatives.

What is your Department doing to get more jobs for veterans?

You talk about statistics. Do the unemployment statistics show that the veterans situation is better or worse than a year ago?

We hear arguments both ways about this. The news media are full of it both ways. Whether on the radio or the TV or in columns in the newspaper, on one side of the page you find one story and on the other side you find the other, each view authored by distinguished national columnists. So there we are. It is actually two questions.

Secretary HODGSON. It may be two questions but it sure is one subject and I am glad you introduced it first because it shows a priority interest in an area which with us is a first priority area. It is also a first priority area with the President.

Mr. FLOOD. It is the first priority area in your Department?

Secretary HODGSON. It certainly is. As far as the kind of concentrated effort that we think is needed this is a top priority subject.

Let's start with what we think the general picture is.

The tremendous outpouring of veterans in the recent 14 months has brought into the labor market at levels that hadn't proviously existed young people ready to go to work. With the jobs for veterans

program that was established several months ago we have engaged in, first of all, a massive promotional effort utilizing the services of all of the publicity measures possible to dramatize the need—acquaint everybody with the need; second, to acquaint everybody in the employing business with the availability of a very superior kind of talent.

Mr. FLOOD. Suppose you tell us about two weapons you use.

Secretary HODGSON. The first one is straight out publicity and let's see how we do that.

You can hardly go into a subway station, drive along a highway where there are billboards, or examine any kind of major advertising area where you won't find an extensive promotional effort that says "Hire the Vets." And major attention has been given this by the National Advertising Council who has been doing this on a gratis basis for the Federal Government.

Second, we have been holding something called "Job Fairs" in all of the major cities of the Nation, where we invite in employers and veterans. The next big one is in the first week of May in Chicago this month. They already have 800 employers signed up to visit the Job Fair and they expect to have visitation from 10,000 veterans, and expect in 3 days of that Job Fair to hire the major portion of the veterans there.

Mr. FLOOD. Are you reaching out for the big conglomerates, the big industries, and big firms in the areas of commerce? All through the Nation there are many, many so-called small businessmen. They hire people too, maybe not 10,000, maybe not 1,000, but they hire. This seems to be a great market. Are you just glamorizing the thing with the big boys?

Secretary HODGSON. That is the first step, the publicity step.

How about at the doing level.

The President has said we are trying to hit them high and hit them low. The President has sent personal letters to the chief executives of the top 500 companies in the country proposing they make the policy of hiring veterans a top priority item. We have good responses from these.

At the operating and grassroots level in our employment services, our State employment services offices, we have emphasized and initially given preference, and then priority, to referral and hiring of veterans. In addition we have hired several hundred veterans ourselves to promote veteran hiring in the employment service offices.

Mr. FLOOD. You say our offices in the States. Do you mean State offices or Labor?

Secretary HODGSON. We sometimes use a rather paternalistic description of them. We pay the cost of them even though they are run by somebody else. We also work with them in establishing standards, and they have accepted, and accepted heartily and enthusiastically, this challenge of hiring veterans. So they have given, as I say, first preference and now priority to the referral of veterans to jobs both in public and private employment.

EMERGENCY EMPLOYMENT ASSISTANCE

With regard to public employment, in our Emergency Employment Act, the so-called public employment program where we have hired more than 100,000 people, we have also given preference to veteran

hiring. We set as a target that one-third of the people on that payroll shall be veterans.

Mr. FLOOD. With regard to the public employment program, what have you done to examine what the local elected officials and the local people at the operational level have done? We have heard about some places where they have done well and some places where they have not. How do you know how things are going at that level?

Secretary HODGSON. We insist on reports, periodic reports on that, and we do know that throughout the series of reports we have had we are equaling or exceeding the one-third target. The periodicity of the reports and form of them I will let Mr. Lovell comment on.

Mr. LOVELL. Actually we maintain characteristics of all people hired under the program. We have very accurate reports, and one, of course, is veterans' status.

Mr. FLOOD. You were hit overnight with a tremendous job. How do you feel this morning of April 11, 1972, as contrasted to the morning you woke up and found this tremendous emergency program on your hands?

Mr. LOVELL. We have really been very fortunate in this program, Mr. Chairman. I think it is indicated by several things. One is that the Federal Government occasionally can move rapidly, and we did. I think, perhaps even more important, we have indicated local units of government can move very rapidly and can accept very substantial amounts of responsibility. We think it augers very well for our manpower revenue sharing.

ABUSE OF EMERGENCY EMPLOYMENT

Mr. FLOOD. We have heard complaints about this program, in certain large cities especially, where they read the newspapers and listen to the TV and radio, or somebody. At any rate, they have big ears, and they knew this bill was going to be passed by Congress, and, so the story goes, they laid off x number of policemen and y number of firemen, knowing very well that in a couple of weeks you were going to give them a certain amount of money. All they did was just go out the front door and come in the back door 2 weeks later with your money. I have no proof that this has happened but I have heard people say that substantially what I have described has happened.

Secretary HODGSON. Let me comment on that. This bill as I understand it does two things: No. 1, it says that its purpose is to increase employment, not to substitute employment—to give additional jobs, not to change jobs from being paid by the State government to being paid by the Federal Government.

The second thing, it charges the Secretary of Labor with the responsibility to see that that happens, and it is a responsibility that we have taken very seriously. We have set up regulations to see to it that what happens is what Congress intended. Those regulations have got us in some trouble in some cases because we have insisted that States and cities not be able to lay off somebody on Friday and rehire him on the Federal payroll on Monday. It has in some cities—most recently, a good example is in Detroit—been very irksome to the city administration that we have this regulation, and to some of the unions that represent city employees, who think it is absurd to lay somebody off

from the city government and still have people who are lower in seniority and don't have as much experience working in a similar kind of work for the Federal Government.

They have a point, but that is a point that is only important on a a specific basis. If we did not have the kind of regulation which says you have to be off the payroll for x number of days—we have used 30 days—before you can be hired into this program, the easiest thing in the world for a city or State or county administrator would be to solve his budgetary problems by laying off people on one side and hiring them back with Federal funds on the other. That is not the objective of the bill as I understand it. This is the way we are attempting to enforce this bill.

Mr. FLOOD. We know that is not the objective of the bill, but I am telling you about what we hear happened. To what extent did it happen, how scandalous were these instances nationwide?

Secretary HODGSON. This and other complaints about the program have been distinctly less than we thought they would be but there have been some instances where the complaint has been to the contrary. I will let Mr. Lovell detail this.

Mr. FLOOD. When you are dealing with a program that involves handling large sums of money and a large number of jobs, and knowing the facts of life as we know them, you are going to have problems here and there. But we are concerned about the magnitude of the problems.

Mr. LOVELL. We have a very real figure for that, Mr. Chairman. Twelve percent of the people employed in this program used to work in city, local, or State governments for that employing agency. In other words, 12 percent are callbacks. We think that is pretty good. In some cities the ratio is a little higher. In Cleveland, for example. In every instance the individual had to be unemployed for 30 days before they were called back.

Mr. FLOOD. We have heard that a number of people who were retired wound up on these payrolls. Here are people retired and called back from the retired list. How widespread is that practice?

Secretary HODGSON. Do you have the age category breakdown, Mr. Lovell?

Mr. FLOOD. We would like to have an age category breakdown of your enrollees. That is a good thing. I hadn't thought of that.

(The information follows:)

Distribution of EEA enrollees by age

	Percent
18 or younger	1
19 to 21	11
22 to 44	71
45 to 54	11
55 to 64	5
65 and older	0

Mr. FLOOD. Are you aware of these charges that retired people are being put on these payrolls?

Mr. LOVELL. It is very rare, Mr. Chairman. We have had some examples. But by and large——

Mr. FLOOD. Very rare you say?

Secretary HODGSON. From looking at the age pattern and breakdown which I have seen at an earlier stage, it is minimal.

Mr. FLOOD. A little abuse here and there, but certainly no widespread abuse, no scandal—is that it?

Mr. LOVELL. It has been abused in some instances. It is really not bad. Where we have had charges we have moved in, we have investigated. Where we have found the political influence has been exercised and individuals hired improperly or not qualified, we have required they made changes of those people, that they leave. We had one instance in Kansas, we had one instance in the State of Washington.

Mr. FLOOD. It hasn't been widespread, it is not widespread, it is not scandalous in the way some people have suggested?

Secretary HODGSON. If there is one thing surprising to me, it is there hasn't been more of that and more complaints about it. When we do follow up, as Mr. Lovell said, on the reasonably rare instances we do something about it.

FULL EMPLOYMENT

Mr. FLOOD. We hear a lot about the so-called full employment budget. What is the unemployment rate for fiscal year 1973 on which you base the budget you are justifying now?

Secretary HODGSON. The Council of Economic Advisors has indicated by the end of this year unemployment should be down around the 5-percent level.

Mr. FLOOD. What is your definition of full employment?

Secretary HODGSON. I don't think we have a definition of full employment. There is a kind of conventional wisdom that talks in terms of 4 to 5 percent—some 4, some 5—as full employment.

Mr. FLOOD. But the administration uses the phrase "full employment" in connection with the budget.

Secretary HODGSON. From this Department's standpoint as long as there is some unemployment and we have the responsibility to try to get jobs for the unemployed, we still have a job to do. So levels of unemployment with us merely determine the extent and intensity of activity rather than a specific objective.

Mr. FLOOD. You have no yardstick that you lay down to define the term "full employment" then?

Secretary HODGSON. No; we as a department certainly do not.

TREND IN LABOR DISPUTES

Mr. FLOOD. Do you see any trend in labor disputes? Along with that question do you have any predictions as to there being more or fewer work stoppages during this next fiscal year?

Secretary HODGSON. I would like to ramble on this subject a little bit.

No. 1, there has been much apprehension at the outset of wage and price controls that the interposition of the Federal Government with its regulatory activities would mean a great outbreak in industrial unrest with an increase in the number of and level of strikes. Not only has that not occurred, the opposite trend has occurred.

The last figures that were available at the end of February of this year showed we had the lowest strike level in this country since 1967, and one of the lowest in the post-war years.

So No. 1 conclusion is that the wage and price control system with its necessary ingredient of interference in the collective bargaining mechanism hasn't resulted in industrial unrest.

No. 2, with regard to the future, the period ahead of us for the next 14 months will be one of the lightest periods in the recent past of collective bargaining in terms of numbers of employees who have contracts up for review. The reason for this is that there have been more long-term agreements in recent years—agreements of 3 years—and further that during this period ahead we will not have negotiations in such major industries as autos, steel, aerospace, and the railroad industry. There are some minor negotiations, but the next few months will not see many major negotiations. At the present time we look forward to the main negotiations next year being in airlines and in construction. Those are the main two.

DISPUTES INVOLVING LABOR DEPARTMENT

Mr. FLOOD. What specific labor-management disputes have you or your assistants become personally involved in in the last year?

Secretary HODGSON. Because the Federal Mediation and Conciliation Service has the primary responsibility for mediation in disputes that are not occurring under the Railway Labor Act, they handled most of the mediation—at least up to a certain point. There have been points where it has been necessary for the Labor Department, and myself as Secretary, to enter into the mediation.

A principal example of these would be the steel industry last year when we were faced with an incipient steel strike in the early days of August where some of us in the Department of Labor put on our shoes on Friday morning and never took them off until Monday noon. It was a pretty hefty weekend, but we were able to avert a steel strike.

The same thing of a different nature occurred with the West Shore longshoremen's dispute. Not only did I as Secretary enter into it but the President participated in an endeavor to avert that strike. We were unable to bring off that objective. Those are examples of major and significant occasions where we have done it.

We have done it massively, however, in the railroad industry where Mr. Usery and his associates in the Labor-Management Services Administration are actively engaged with great frequency. The reason for this is simply that the Railway Labor Act written in 1926, for conditions existing in 1926, no longer serves this Nation adequately, and as a result it means a series of patchwork assistance and efforts on the part of everybody affected to try to bring labor peace in that industry.

We have done some major things there.

First of all, for the first time in history I guess, according to people in the railroad industry on both the union and management side, we brought together all of the craft unions and their leaders and attempted to work with them to develop an overall pattern of activity for the health of the industry. We have done the same thing on the management side. We have pushed for 3 year labor agreements and we have started to get them for the first time in that industry.

We have pushed for improvements in productivity through what we call productivity bargaining where you exchange improvements in rates and job security measures in return for a willingness to

depart from outmoded work rules. We made major breakthroughs in that this past year.

In fact I think that as far as the railroad industry bargaining, the principal thing we have to be proud of its the fact we have now been able to change a long time resistance to changing outmoded work rules to a point where both parties are willing to work together to accomplish those changes.

So we have been in these things intensely, and particularly in critical strikes like transportation, the industries where if there is failure in bargaining, the principal injury falls to the public rather than the parties themselves.

DIFFICULTIES OF THE RAILROADS

Mr. FLOOD. The railroads are involved in real trouble. You have bankruptcies and approaching bankruptcies and trusteeships. You have about everything that the law can think of vis-a-vis the regular, historical operation of railroads.

In what way have these new people, these new personalities, these new trustees or new managers entered into this equation?

Secretary HODGSON. One very significant way, and a significant way that is best exemplified by something happening in a railroad that has massive trackage in your own home State of Pennsylvania, the Penn Central road. They are a road now operating under bankruptcy conditions in the hands of a judge, with appointed trustees, the new management has come to the conclusion that unless many of the outmoded practices and work rules are done away with, they will have great difficulties in again becoming solvent.

So they have taken several measures to assure this change. One thing they have promoted is the overall changes that I have just described to you, but more significantly they are now proposing under their Railway Labor Act to make extensive changes in crew sizes in all of the trains they operate. They have proposed these to the United Transportation Union and have pushed these through the traditional bargaining procedures in the Railway Labor Act. At the present time they are being assisted by a presidential emergency board that President Nixon appointed early this month to help resolve this dispute.

However, it is a dispute that could come to fruition after the emergency board has made its recommendations, and if those recommendations are not accepted or if they do not provide a basis for further negotiated settlement, there is a possibility that this dispute could provide a strike that would affect a major sector of the American economy in early June.

POTENTIAL FOR MASSIVE RAILROAD LAYOFFS

Mr. FLOOD. You are facing what may result in the layoff of thousands and thousands, a loss of thousands and thousands of jobs on these various roads all over the country as a result of what you are talking about.

Secretary HODGSON. That is a possibility. We have, we believe, contributed a major step forward in the direction of industrial peace and in the direction of greater acceptability of these work rule changes with something the Department did in connection with the creation

of the new Amtrak organization during this last year, where it was the responsibility of the Secretary of Labor to come up with a provision for a severance payment to employees who are laid off as a result of the reduction in mileage of railroad passenger trains.

We studied this long and hard and came up with a proposal that was eventually concurred in by the Department of Transportation and the ICC that would provide a 6-year rule. That is, anybody with up to 6 years service in the road will get up to 6 years displacement allowances or training for other jobs or transfer rights or recall rights to other jobs in the industry. This is viewed I think now increasingly as being the kind of measure that is needed in order to assure that we will get acceptance of these needed changes both by employees and by unions.

SENIORITY RIGHTS OF RAILROAD EMPLOYEES

Mr. FLOOD. Are you involved with the question of seniority rights when parts of a road or an entire road are shut down? Are you urging retention of employees by competing roads or parallel roads? What do you do about the question of seniority? For instance in the State of Pennsylvania the Jersey Central Railroad has been shut down by the Federal District Court in New Jersey. They have shut down the operation in the entire State of Pennsylvania. Here is a man from the road or section of road that is closed. What happens to his seniority if he is hired by one of the other roads that are taking over the operation of the lines that are ordered shut down? What about seniority there?

Secretary HODGSON. One of the real problems there as you know is that seniority is one of the most jealously guarded rights an employee under collective-bargaining agreement has. An employee who has protection under his agreement and his union and his road doesn't view lightly any request that others be given seniority that might outrank his in his road. We worked to minimize this resistance and we do have a major responsibility in one area of this kind, and that is in connection with changes in street railroad systems and municipally operated railroads, bus, and traffic lines. We endeavor to work out proceedings—in fact have to approve procedures—that are meant to provide a measure of job protection and a suitable way of handling this problem.

Mr. FLOOD. The employees of the Central Railroad of New Jersey in the State of Pennsylvania are facing that now. This is just the opening of a large problem. You may be faced with this nationwide in a very broad way.

Secretary HODGSON. Why don't you talk about section 13, Mr. Shinn.

Mr. SHINN. Under the Urban Mass Transportation Act, Mr. Chairman, the Secretary of Labor is responsible for certifying that protective arrangements have been worked out by the union and by the companies who are getting grant money from the Department of Transportation.

Mr. FLOOD. What do you work out?

Mr. SHINN. We basically have the companies and the unions work out protective arrangements for the employees, but the Secretary of Labor must certify that he is satisfied that they have been worked out, and if they cannot work them out in the final point, the Secretary will settle them.

Mr. FLOOD. This is a major problem now facing employees of the Central Road of Jersey with the entire State of Pennsylvania shut down by a court order. Now they are concerned because they are thinking maybe the Central Railroad should be shut down in the whole State of New Jersey. They are talking about that. Are you participating in this Jersey Central problem, in the State of Pennsylvania?

Secretary HODGSON. We haven't become directly involved in that yet.

Mr. FLOOD. We hear it may take place in other States and other roads all over the country in a matter of months.

Secretary HODGSON. When we decided on the job security provision for the employees laid off from Amtrak, we tried to take a look at that not solely on the basis of its suitability for the Amtrak but for the entire industry. We believe we have a basis there with its kind of guarantees, the kind of provision for training, the kind of provision for consideration of service with the road for rehire in related or similar jobs, and for recall to job when those jobs open up in their own category, that will be suitable for broad use including the kind of thing you mention.

(Discussion off the record.)

EMPLOYEE'S ACCESS TO PENSION FUNDS

Mr. FLOOD. In your discussion of these problems how much do you get into the use of existing pension funds for these laid off employees, their rights to pensions, their access to pension funds? Are there any guarantees at the Federal level covering contributions to these pension funds, with regard to their sanctity? What are you doing with reference to suggested legislation to the Congress in this field? A man has been working for 30 years on one of these roads. He is now laid off, but he is not quite at retirement age. What about legislation reducing the age to 52 at which he would become eligible for the pension fund? And finally how closely have you worked in the last 8 months and are you working now and will be in the months ahead with the ICC? How can the Department of Labor work with the sacred cow, the ICC, which is an independent agency? Do you talk to each other? Do they let you in the door with your hat in hand, or what?

Secretary HODGSON. Let's start out the initial part of your question, Mr. Chairman—what are we doing in the way of legislation. We have two very significant pieces of legislation that bear on the subject we are discussing. No. 1, a fiduciary responsibility bill designed clearly to make sure that money that is put away for these people will be there when they come to collect it, that it won't be dissipated by bad management, by fraud, or in any other way. The money that is put away for intended retirement and pension purposes will be available when indeed a person is ready for retirement.

No. 2, we have a bill that has a particularly important provision that would be beneficial in these kind of cases, something called the rule of 50, where a person who has a combination of a period of service for an employer and his age totaling 50, he then has a vested benefit in his plan and he can move from one employer to another and take his benefit with him.

Mr. FLOOD. We would like to know what legislation of which you speak is now before what committees in the House and Senate. We would like to know to what extent you are active in doing what you

can to present to the House and Senate the kind of legislation that will meet this kind of problem. We hope that all of these weapons in your arsenal will be a great contribution in working with the ICC, with management, and with the great labor organizations, to prevent strikes or to limit the impact of these strikes that we fear are coming. In the entire stewardship of the Department I can't imagine any Secretary who has had to face more serious problems.

Secretary HODGSON. I thoroughly agree with you the situation in the railroad industry and in some other aspect of transportation simply means that new measures are going to be required, legislative measures and others.

During these hearings, Mr. Usery, Assistant Secretary for Labor-Management Service Administration, will be prepared to speak in more detail and supply more data.

CONSTRUCTION WAGE SETTLEMENTS

Mr. FLOOD. Just what has the Construction Industry Collective Bargaining Commission accomplished since it was set up late in 1969?

Secretary HODGSON. Three things. No. 1, it has done what a lot of people considered to be quite impossible. It was set up at a time when there was no general overall wage control system.

Mr. FLOOD. That is right and you had a can of worms.

Secretary HODGSON. And operating on a joint basis, that is unions and management together with Government assistance, they were able to turn a pattern which had prevailed for the previous 3 years—a successive increase each quarter in the level of settlement—downward and bring it downward from the 15- to 16-percent level to a 10- to 11-percent level in last year alone. This year it is now down below 7 percent in pattern. It has accomplished something significantly in anti-inflationary efforts on the wage side.

The second accomplishment, it has contributed materially to industrial peace. There were many who wondered how we could avoid massive strikes with the Government entering into the bargaining in an industry like the construction industry. But actually we have not only not had more strikes, we have cut the level of strikes in half and shortened the duration of them by a quarter in that industry.

The third thing it has accomplished and the thing perhaps I am most proud of, it has shown that labor and management and Government can work together to solve a problem of labor-management relations and do it with the support of all parties.

One thing this hearing is doing is confirming our sense of priority. These are two industires we have spent more time on in the Department in the last 2 years than any others.

Mr. FLOOD. You can be sure the Department of Labor is not going to be the forgotten child around here for the months immediately ahead, especially in the area of construction and the railroad industry. I am not speaking of just the urban aspect but the whole interstate show, the whole thing.

MINORITY HIRING PLANS IN CONSTRUCTION

Certain conditions existed and all of a sudden we woke up one day and somebody had come up with the "Philadelphia plan." Later on

we heard about the "Washington plan" and "the "hometown plan" and the what-have-you plan. What and where are the trouble spots?

Secretary HODGSON. What we have done is used different tools to solve the same objective, and the same objective is to increase the participation of minority groups in the industries where Government contractors perform work for the Federal Government.

The key element that is characteristic of all of these plans, both in and out of construction, is the use of an old management tool, the establishment of a goal and a timetable for reaching that goal.

As a single plan, the Philadelphia plan has now completed its second year of operation. It was a plan that called for the setting of goals with timetables for reaching those goals for six crafts in the construction industry in Philadelphia. We have just reported the results at the end of the second year. That plan is more than meeting its goals in terms of percentage of hires.

One place we have not met our own private goals is in the spread of these plans to other cities. There are so many different local circumstances that we have had to come up with new plans and variance of existing plans. We have used the Philadelphia-type plan now in a handful of cities.

Mr. FLOOD. For the record, will you tell us what is the Philadelphia plan, what is the Washington plan, and what is a so-called hometown plan? Define these for the record.

Secretary HODGSON. We will provide that for the record.

(The information follows:)

THE PHILADELPHIA PLAN

The "Philadelphia plan" is an equal opportunity compliance program imposed by the Department of Labor that requires bidders on all Federal and federally assisted construction projects exceeding $500,000 to submit affirmative action plans setting minimal goals for the utilization of minority man-hours. The plan went into effect on July 18, 1969, in the Philadelphia area. Originally it covered only Government projects of Federal contractors and subcontractors. It was later amended in March 1971, to cover all projects of Federal contractors and subcontractors during the period they are working on Federal projects.

Six higher paying trades in construction are affected. They are: iron work, plumbing and pipefitting, steamfitting, sheetmetal work, electrical work, and elevator construction work.

The plan was imposed under Executive Order 11246 issued in 1965, which charges the Secretary of Labor with responsibility for administering the Government's policy requiring equal employment opportunity in Federal contracts and federally assisted construction work.

Under the plan the contractor is required to establish goals for the utilization of minority man-hours which are within the range set by the Government. These goals are based on a realistic evaluation of existing labor force factors in the area involved and are designed not to displace the existing work force. In 1971, the second year of the plan, the minimum goal for the specified crafts in terms of percentages of minority man-hours was 9.8. An Office of Federal Contract Compliance Audit for that year showed that minority workers actually worked 165,802 man-hours out of a total of 1,233,378 on federally aided construction projects in the Philadelphia area for an average percentage of 13.4 hours. This considerably surpassed the minimum average percentage goal of 9.8 percent.

If a contractor meets his goals, he will be presumed to be in compliance. However, if he fails he will not automatically be in noncompliance. A contractor must make every good faith effort to satisfy his goals, and providing such efforts are made, he will not be in noncompliance for falling short of his goals. However, it shall be no excuse that the union with which the contractor has a collective-bargaining agreement providing for the exclusive referral fails to refer minority workers.

Two contractors covered by the Philadelphia plan were declared ineligible for further Federal contracts because they failed to make every good faith effort to meet individual commitments to hire minority workers during 1971. Debarment has also been recommended for a third contractor.

THE WASHINGTON PLAN

The Washington plan, like the Philadelphia plan, is an equal opportunity compliance program that requires bidders on all Federal and federally assisted construction projects exceeding $500,000 to submit affirmative action plans setting minimal goals for the utilization of minority employees. It was the first plan imposed by the Department of Labor to cover all projects (not merely Government projects) of Federal contractors and subcontractors during the period they are working on Federal projects. The plan, which was put into effect on June 1, 1970, affects 11 trades. When the plan was imposed, the first year ranges set for minority employment in the 11 covered trades averaged from 10.8 percent to 16.9 percent. After 1 year, employment of minorities was running within the ranges set by the plan. In June 1971, minority workers accounted for nearly 16 percent of the total man-hours logged in covered construction work in the Washington area. Of the 11 covered trades, involving 89 contractors and subcontractors, three surpassed their first-year ranges for minority employment, four were within their ranges, and four were below.

A HOMETOWN PLAN

A "hometown" solution plan is an equal employment construction compliance program, developed on a voluntary basis by local communities. OFCC assists the local community in drawing up a hometown plan to cover both Government and non-Government projects. A committee, usualy composed of representatives of the public, labor, industry, and the minority community, normally administers the plan. Craft operations committees, composed of employer, union, and minority community representatives are responsible for implementing the plan. Hometown plans also have provisions for imposed goals when the signatory contractors do not make good faith efforts to meet the minimum goals agreed to under the voluntary part of the plan.

As of April 10 there were 45 voluntary hometown plans in existence. In addition, there were five plans imposed by the Department of Labor including the Philadelphia and Washington plans and one court-imposed plan in Seattle.

Although the majority of hometown plans are in metropolitan areas—for example, Boston, New York City, Cleveland, Detroit, Miami—there are a number of plans that cover a wider geographic area—for example,, Alaska, Rhode Island, and Delaware.

OCCUPATIONAL SAFETY AND HEALTH PROGRAM

Mr. Flood. You have a big, rather new program, occupational safety and health. And there you have a bear by the tail. We had the Occupational Safety and Health Review Commission before us the other day as you know. They want a 50-percent increase in the 1972 budget and a fivefold increase in the estimate for 1973 because of the big increase in the number of your actions that are being contested. Go ahead.

Secretary Hodgson. It is a new program because it is just a year old, and in 1 year we have entered a field the Federal Government hasn't been in before, the comprehensive standards for occupational health and safety in the American work place. This means that some people are going to work under some obligations and some regulations they have never worked under before, and some employers are going to have to meet some requirements that they have never worked under before.

Mr. Flood. You realize that every member around this table and every Member of the House and I am sure the other body is getting stacks of mail and many telephone calls on this matter. When I

went home for Easter I got many a punch on my chest. People stop you and say, "What about this?" I go in to buy a pair of socks or a hamburger or something and somebody else has a question. This is going on nationwide. It is murder when we go home to our district.

Secretary HODGSON. It is murder around our place too.

First of all, I would say it was nothing that was not expected, for two reasons.

No. 1, this covers most every enterprise in this country, 5 million establishments in this country. The problem of getting those establishments acquainted with what the law requires of them is in itself a massive problem. Mr. Guenther and his crowd have engaged in a massive promotional effort to accomplish that, but that takes time.

Second, the purposes of the act have been imperfectly accepted by a great many. They still believe that somehow the requirement of the act really shouldn't apply to them, and those are the particularly difficult cases. So we get a combination of these two kinds of complaints—you are asking me to do something I didn't know anything about or to do something about something I don't think I should have to do, or it shouldn't be in the law. We are having to approach these things with skill and in as vigorous a way as we can.

We get complaints from both sides: Employee groups, particularly represented employee groups, on the one hand, and on the other hand organized labor is concerned we are not pushing enough.

Mr. FLOOD. Management says you are doing too much and organized labor says, "We need 2,000 more examiners. Finally after 100 years we have the law. We need 2,000 more examiners last night to properly enforce it." What are you going to do about it?

The Commission told us almost all of the cases so far appealed to them are from management.

Secretary HODGSON. And 62 out of 63 bills that are before the Congress to revise our legislation are to make it less onerous on management. Nonetheless, we believe that we are proceeding in an evenhanded way, in a fair way, and we have decided we are not going to foist upon the industrial world of this country a bunch of incompetent, untrained inspectors who are massively hired and not hired without regard to qualification.

So we are moving forward with the hiring of these people as rapidly as we think we can hire trained people.

Mr. FLOOD. In the past, sometimes we have felt that the labor part of the labor–HEW bill was just a minor appendage. But not you, mister, not now. You are center stage. The Department of Labor, in this year of our Lord 1972, with these new laws and these railroad and construction problems, and now this tremendous big occupational safety and health program, you are no longer offstage in the wings. You know that.

Secretary HODGSON. There is no question about it. What we need is support from this committee to get the amount of help in terms of dollars we need and in terms of personnel, and we have asked the amount that we feel we can effectively utilize in terms of dollars and the amount of people we can effectively train and integrate into the organization and operate in a controlled manner for the coming year.

Some, I suppose, will think anytime you try to almost double the size of an organization and double the amount you are requesting

for it, you are exaggerating your needs. We don't think so. We think it is clearly a need that could have been, and was, predicted by us, and one that is needed to match the extent of the requirements of the legislation.

Mr. FLOOD. We will go into these things in more detail with your bureau chiefs, but we want to emphasize to you, the Secretary, that no longer is labor a blushing violet in this appropriation bill.

Secretary HODGSON. I am glad to hear it once was.

POTENTIAL EFFECT OF PENDING LEGISLATION

Mr. FLOOD. I know you can't tell us precisely because it is still in the legislative process, but how will H.R. 1 and the Manpower Development and Training Act amendments likely add or subtract from your responsibilities and the size of your budget? I know it is in the realm of conjecture, but I would like to hear you comment.

Secretary HODGSON. I think we have to first of all assume that H.R. 1, or something very much like H.R. 1, is going to become law in the reasonably near future. This was a judgment that we came to some several months ago when we created internally in the Department a planning organization and assigned several dozen people to that organization, put it under one of our most able planners who has been working full time at this planning process. I would like to have Mr. Lovell describe it to you.

Mr. LOVELL. We have what we call a welfare reform planning task force which reports directly to Under Secretary Silberman and has about 60 people on the staff. It has been working for over 6 months in planning of a wide variety of responsibilities the Department will assume under H.R. 1. As you know, we will be responsible for the total process for all the so-called employables under the family assistance program, and it will mean the registration of well over a million and a half people, plus perhaps another million of the working poor under H.R. 1.

So it is going to mean a very substantial increase, to answer your specific question, in the budget and the responsibility of the Labor Department both in terms of the payment process and the manpower services and adjudication process.

As you know, in addition to H.R. 1, which the Secretary said we hoped will be passed this year, the Talmadge amendments to the work incentive program were passed——

Mr. FLOOD. You are not talking about the Manpower Development Training Act?

Mr. LOVELL. No; the work incentive program which is under the Social Security Act and provides manpower services to people on AFDC. We will try to operate beginning July 1 under the amendment to this program in such a fashion as to provide experience in operating H.R. 1 when it becomes law. We are planning to register for manpower services and for employment some further substantial number of people, many hundreds of thousands.

Mr. FLOOD. You are in for more trouble.

Mr. LOVELL. It is going to be an interesting time.

Secretary HODGSON. It is the kind of trouble we like.

Mr. FLOOD. That is a good attitude.

Mr. LOVELL. Our planning certainly takes into account the need for the integration of our total manpower efforts under the Manpower Development Training Act and the Economic Opportunity Act, and what we hope will become manpower revenue sharing, but we are planning for integration of these efforts in the H.R. 1 program.

Secretary HODGSON. I would also like to ask Under Secretary Silberman who is in charge of the planning activity for this to contribute anything more.

Mr. FLOOD. As you suggest Mr. Silberman, you are identified with this program and you have heard us discussing the magnitude of the implications of H.R. 1, and the amendments to the Manpower Training Act. We would like you to say something now reflecting your awareness of these things.

Mr. SILBERMAN. The Secretary and I and the rest of the top staff at the Department are very much aware of the interrelationship of these various pieces of legislation. H.R. 1 as it came out of the House provides for $800 million worth of public service money, it also provides for in excess of $1 billion for manpower training money, all to be spent in support of the goal of moving people from welfare into work. That will obviously have to be interrelated with our other manpower programs and as you point out the connection with the MDTA. We are planning now to integrate those into an effort which harmonizes itself.

SUMMER YOUTH EMPLOYMENT

Mr. FLOOD. As you know there is pending a request for a supplemental appropriation for 1972 of $95 million for summer youth employment. How that has caught on in the last fews years! It has become a big thing.

It appears almost certain, like night follows day, there is going to be an amendment offered in the House or the Senate, or both to increase substantially the amount you have requested. If you are against such an amendment, what are your reasons for being against it?

Secretary HODGSON. Since I don't really know what it is and the amount it is and the facts of it, let me talk about the problem and give you some insight into my thinking on the subject.

Mr. FLOOD. We are talking about the amount of money.

Secretary HODGSON. The amount of money is related to the extent of the problem.

Mr. FLOOD. That is rather obviously a correct statement.

Secretary HODGSON. The problem is both summer employment and youth unemployment. Youth unemployment in this country has been getting worse every decade and of recent years they have chosen as one way of getting at that problem to provide special Federal funds for summer employment of young people, particularly people between school years. This has proven to be a useful source of income and has had at least some merit as a measure of introducing young people into the world of work.

I think the level of it should depend upon two things: No. 1, the level of the economic activity at the time, which means the amount of summer employment available in the private sector, would have considerable influence on what you are doing. No. 2 would be the other kind of programs that we have for youth already.

We have proposed a level that we thought would be appropriate for the economic conditions of this time. We realize in times past Congress has taken a look at the amount that has been proposed and has decided that amount is inadequate.

Mr. FLOOD. You made your estimates months ago. What do you think now?

Secretary HODGSON. We think the amount is right now as we go into the summer, but if the conditions that we expect don't materialize we might have to take a second look at it.

INTERNATIONAL LABOR ORGANIZATION

Mr. FLOOD. Periodically labor threatens to pull out, management threatens to pull out, and Members of Congress try to cut off funds—and sometimes do cut off funds—for our contribution to the International Labor Organization. How are we getting along with the ILO now?

Secretary HODGSON. We think the ILO has made some modest changes in the direction we think some massive changes should be made. We are encouraged by those modest changes. But most importantly we think we are in an absolutely impossible position as a Nation and we place our representatives to the ILO in an impossible position to request any more changes when we aren't paying our bills. We find ourselves at the present time sending our representatives to the International Labor Organization and having them badgered during the entire time they are there because of the lack of effectiveness of that organization in meeting its obligations and requirements because the United States isn't paying their approximate one-quarter contribution to the ILO budget. It is a position we have to get ourselves out of. The President has indicated his desire to pay our bills and to get up to date. I think we ought to get ahead with it and I only hope that Congress does this and does it with alacrity.

Mr. FLOOD. It must be great for some of those nations who don't pay their bills in these international organizations to beat us over the head with this.

Secretary HODGSON. They love it.

EMPLOYMENT REDUCTIONS EFFECTED IN THE DEPARTMENT

Mr. FLOOD. Will you put in the record a table showing by appropriation the number of jobs eliminated and the dollar saving resulting from the President's program to reduce Federal employment in 1972?

Secretary HODGSON. For the Department?

Mr. FLOOD. Yes.

Secretary HODGSON. Yes.

(The information follows:)

FISCAL YEAR 1972 REDUCTIONS RESULTING FROM PRESIDENT'S ECONOMY ACTIONS OF AUG. 15, 1971

Appropriation	Positions	Amount
Manpower Administration:		
Salaries and expenses	255	$1,893,000
Trust fund	(115)	(1,221,000)
Manpower training services		210,000
Emergency employment assistance	235	
Limitation on grants to States for unemployment insurance and employment services		(−288,000)
Labor-Management Services Administration	78	1,149,000
Workplace Standards Administration	165	2,800,000
Bureau of Labor Statistics	72	1,289,000
Departmental management		1,078,000
Total, Federal funds	805	8,419,000
Total, trust funds	(115)	(1,509,000)
Grand total	920	9,928,000

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

COMMENDATION OF SECRETARY

Mr. Secretary, several of us have been around here through the administrations of your predecessors, Mr. Shultz and Mr. Wirtz and Mr. Goldberg and Mr. Mitchell and beyond, and seeing how you have operated and hearing your testimony last year and this year, you certainly stack up well against that distinguished array of company in my humble judgment.

Secretary HODGSON. Thank you very much.

Mr. MICHEL. Before turning to your testimony, let me ask a couple of general questions here.

CHANGE IN MAKEUP OF PAY BOARD

What was your reaction to the walkout of several labor members of the Pay Board?

Secretary HODGSON. I suppose I had two reactions, one was personal and one was more general. The personal one was based on the fact that I believe in tripartite boards. I think that was exemplified when creating the Construction Stabilization Committee. That was on a tripartite basis. The Productivity Board has been on a tripartite basis. We have worked in other industries on a tripartite basis. On all of our advisory committees all parties are represented. I believe in that sort of thing. I think it is appropriate for anybody that has the influence and power and stature that the organized American labor movement in this country has to be in on important policy questions affecting them such as our wage control system does.

I think they not only have the opportunity to do it but having been given that opportunity, they ought to take the responsibility that goes along with it.

So having fought to get them on there, having fought to get an independent board and seeing those things come up, and seeing them walk off a few months later, it was a severe disappointment to me. That doesn't mean I think it can't operate now.

Mr. MICHEL. For the sake of the record, when you speak of tripartite representation, of course, you are speaking of labor, management, and the public.

Secretary HODGSON. A three-party arrangement of labor, management, and the public.

The more general observation is that there are some hopeful signs. No. 1, when this walk off occurred, nothing was said about refusal to cooperate with the program itself. In fact, it was quite clear from the statement made at that time and subsequent statements that this is not intended, that cooperation will continue. In fact, Mr. Meany who issued the release at the time he left has said the new board, to use his words, is a step in the right direction.

Second, the new board still has on it a representation of organized labor in the person of President Fitzsimmons of the Teamsters who can bring to the Board the feelings and attitudes and general approaches that organized labor would give to the kind of problems that they are grappling with.

Third is that they were able in the Board during the early period of operation when it was a tripartite board to establish the standards and regulations and have those standards be accepted on a tripartite basis.

So we have something to work with, we have the people to do it, and it looks like we are going to get cooperation in doing it even from organized labor, so I think we can be hopeful on that account.

FULL EMPLOYMENT CONCEPT

Mr. MICHEL. The Chairman touched on the subject of full employment—when is full employment full employment—and I must say that my response to questions has been pretty much like the one you gave here. As long as we have one individual unemployed, we have an obligation and a responsibility to try to see that he becomes employed.

Nevertheless, in the computation of a full employment budget, OMB or whoever it is, does strike an arbitrary figure of employment levels, and is it not predicated upon an unemployment rate of 4½ percent?

Secretary HODGSON. It is in between 4 and 5.

You are talking about two different things. You are talking about the full employment budget as such, yes, that is 4 percent, but that doesn't mean the current economic policy is to get to 4 percent this year. I want to distinguish those two things. One is a full employment budget, the other is a practical possibility of what the new economic program will produce at the time we are also trying to control inflation.

I would like to make a couple of comments about this subject.

UNEMPLOYMENT RATE IN DIFFERENT POPULATION GROUPS

There is unemployment and unemployment, and in public I must say I don't like to talk about the difference betwen an unemployed teenager and unemployed married man breadwinner because people think you are trying to minimize the effects of unemployment. I think it is important for us who have to grapple with and understand this problem to understand that there is a lot of difference in what constitutes that 5.9 percent figure. At the present time unemployment among married men, the principal breadwinners of the country, is 2.8 percent. This is the lowest in 18 months. But unemployment of teenagers continues to go up and up as it has for 40 years and it is at an outrageous level at the present time. It is better than 15 percent for white

youths and better than 30 percent for blacks, overall averaging just under 20 percent for periods of time.

One of the reasons it is that high is because of something that is happening among that group. About half of that group that today is listed as unemployed are students that are trying to get part-time jobs to supplement their income for going to school. That is pretty important to them but you have to understand the pattern.

SEASONAL UNEMPLOYMENT

Mr. MICHEL. It is very predictable that as soon as college lets out in June, during the summer months we are going to have an increase or incline in the published rate of unemployment because of the number of students who automatically go on unemployment rolls while seeking employment.

Secretary HODGSON. Because our esteemed statisticians over the years have come up with a way of dealing with this anticipated kind of problem called seasonal adjustments that may not occur. I will let Mr. Moore speak to exactly why it won't.

Mr. MOORE. It is true the total volume of unemployment does increase virtually every summer because of the influx of new entrants into the labor force, students looking for jobs. But since that does happen every year we statisticians have found a way to average it out with previous experience and decide whether it is an unusual amount of increase in unemployment during the summer, taking into account past experience. Unless it is unusually large, the seasonally adjusted figure will not increase. The answer to the question depends on what the economic situation as of that time turns out to be. If it is strong, if there is a continuation in the total employment volume in the country as there has been for the last 6 or 8 months, then we may have a very favorable picture seasonally adjusted during the summer.

WOMEN IN WORK FORCE

Mr. MICHEL. When we had our overall hearings on the budget with the Secretary of the Treasury and OMB and Mr. Wineberger, we got into this subject. As you said, Mr. Secretary, I am a little bit reserved in my comment on it in that I don't want to minimize any unemployment that does exist, but there are some decided changes in the composition of the work force. One has to do with women, and I pointed out that in 1940 about 36 percent of the women in the labor force were married. Today it is just the reverse. You have about 64 percent of the women in the work force married. I think over in the Ways and Means Committee they are using a rough figure of about 40 percent of women working as second breadwinners in the family. A number don't necessarily need the job for maintenance of the family but if they change jobs because of inconvenience of hours or whatever, even though it is a voluntary move, they are nevertheless on the unemployment rolls until they get a new job. It may not be altogether correct for her to be so counted. We know there are instances where people purposely delay getting a new job and draw unemployment compensation.

INCREASES IN EMPLOYMENT

Let me ask you one more on this subject. What are the latest figures on the number of persons employed? Any significant figures that would show increases in the number of employed persons rather than talking only about unemployed persons?

Secretary HODGSON. The last month's figures on this were one of the most amazing things I have seen in a single month, where in a single month three-quarters of a million people entered the work force. That is about half as many in a single month, almost half as many as who normally do it in a full year. Yet the same month showed an increase by 600,000 in the number of jobs in a single month. Yet because more people entered than jobs increased, there was a slight increase, 5.7 to 5.9, in the unemployment percentage figures.

So we have today a couple of things that are just fascinating. We have produced an extraordinary number of jobs in the last 9 months in this country, but we have hardly made a dent in unemployment because of the extraordinary number of people that have entered the work force during this period of time. We have today by all odds the highest number of jobs in our economy that have ever existed.

CHANGES IN COMPOSITION OF WORK FORCE

Back to our discussion of women in the work force. I think this is all part of a trend I see in change of life styles as best exemplified by one statistic, and that is the number of workers per family. In 1950 it was 1.4 workers per family in this country. In 1960 it was 1.5. In 1970 it was 1.7. It is entirely possible, as you can see, if that trend goes on we can get to the position in 20 years where the average will be two workers per family. It would be a great thing for the productivity of the Nation but it sure is going to be a great change in the life style of the American family.

Mr. MOORE. On the matter of teenagers and women in the labor force, I want to make two points. One is the increase in the number of teenagers and women in the labor force and seeking jobs has increased the level of unemployment, but it has also reduced the duration of unemployment because typically teenagers and women are unemployed for relatively short periods of time. Adult men are unemployed for longer periods of time.

So we see the average duration of unemployment, which is certainly one dimension you have to take into account in considering how serious it is, being reduced by this change even though the level of unemployment has increased.

In looking at the number of people that are employed, I think it is important to take into account the size of the population, looking at it as a long-run trend. In March—I can make this statement based on March figures—there was a larger percentage of the adult population employed than any but 4 years of the entire post-war period from 1947 to 1972. And the 4 years that had a higher percentage of the population employed were 1956, 1968, 1969, and 1970.

Currently, that is in March, there was a higher percentage employed than any of the years of the post-war period with the exception of those four. And they were, of course, highly prosperous years as such things go. I think that percentage which is running just about 56

percent of the total population being employed is a measure of the employment opportunities that are in the Nation today, and it is a very high figure relatively.

ANTICIPATED IMPROVEMENT IN UNEMPLOYMENT

Mr. MICHEL. You have indicated in your testimony, Mr. Secretary, that notwithstanding the problems that we are confronted with in getting the economy moving and getting people on the employed rolls, there will be a decided improvement—at least if you look at several of the budget figures here, particularly the one for Federal benefit payments to unemployed Federal workers, ex-servicemen and persons displaced under the Trade Adjustment Act. Your estimates here are for $475 million.

I had occasion to recall that last year's budget request on this same item was something less than that, as a matter of fact, looking at the record here, $274.5 million. Then we saw a supplemental for $270 million and then an urgent supplemental for $311 million, and we end up in fiscal year 1972, which we are concluding this June, with a total figure in that item of $856 million when the original budget request was only $274 million.

The obvious comment is, I hope the estimates we are getting here today are a great deal better than those that we were confronted with last year because if we multiply the one we have this year threefold, we are up to $1.4 billion. I think that is extreme.

Can you give me some kind of assurance that this estimate is on target, at least 50 or 60 percent better than the one you gave us last year?

Secretary HODGSON. I can give you some sympathy that last year's crystal ball was a little clouded. Nonetheless, I think the basis exists in plain economic trends for the forecast we have this year. This can be seen in everything from productivity improvement to GNP improvement, to the changes that we were able to realize in giving American workers' products a better break in the international market through the restructuring of the international monetary system, to the various different tax breaks you Congressmen enacted here in December, both in the employment incentive and in the moving forward of the deduction allowance.

So the expenditures in the private sector indicate they are going to be considerably higher for new plant and equipment than last year, a housing start level that has not only broken all records but broken even the most optimistic predictions by several hundreds of thousands of units a month.

So we believe that we have a basis for the kind of what I would call modest optimism that is reflected here. Actually, I would like to see us do better than this, but I think what we have tried to do this year is learn a little bit from our perhaps overoptimism of last year and tried to come up with as realistic an estimate as we could.

Mr. MICHEL. I have several other questions, Mr. Chairman, but I will wait until this afternoon and give others a chance to question the Secretary now.

Mr. FLOOD. Mr Natcher.

ECONOMIC EFFECT OF WINDING DOWN OF VIETNAM WAR

Mr. NATCHER. Mr. Secretary, when the war in Vietnam winds down finally and we go back into a peacetime economy from a wartime economy, what do you believe the situation will be from the standpoint of unemployment? As you well know, Mr. Secretary, for three decades with the exception probably of a year and a half, we have been engaged in war. Demands will be made on you as Secretary, on the President, on the Congress generally to cut back in the budget, in defense, for instance, and in other sections. What do you anticipate it will be from the standpoint of the unemployment and the situation generally as far as full employment is concerned as we know it, Mr. Secretary?

Secretary HODGSON. The principal effects of the winding down of the Vietnam war, on unemployment and industrial patterns, have already been manifested. We have between the release of veterans as a result of bringing them back from Vietnam and cutting back on the size of armed services, plus the release of people from defense plants with a cutback of defense spending—between those two things, approximately 2½ million people are not now in either defense or service activities.

So that has already been taking place, that is already behind us. We have today less than one-fifth as many people in Vietnam as we had 2 years ago. So those people have come back and are in the work force today, and the cutback in defense spending has about been completed, down to a plateau now expected to be reasonably sustained or perhaps even increased slightly in accordance with the President's budget if indeed that is enacted for the coming year.

My feeling is that what we have shown in this country is there is a problem in absorbing these people into industry when they come in these numbers, but it is not an insuperable problem. It is one we can handle, and basically we have handled it.

What we have to do now is build ourselves a steady growth economy based on no war and no inflation, and that really is the essence of the economic policy that we are following at the present time.

From my standpoint, I have never viewed the problem of absorption in the private sector of people employed in either a civilian or a military capacity in connection with the war effort to be a major one. We found out after World War II and after the Korean engagement, both of them, that the private sector with a suitable economic policy was able to absorb them and sustain a period of great growth. I think that can happen again. In fact, I think we can utilize these people in productive and effective ways to solve a lot of economic and social problems we have in the country at the present time, and we are going to need their help to do it.

FIELD OFFICES OF DEPARTMENT

Mr. NATCHER. Mr. Secretary, generally how do you operate the Department of Labor throughout the United States from the standpoint of area offices and other offices? From time to time I receive questions concerning the closing of offices and the moving of offices. Are you going to be able to operate your Department now under the plans that you have in force and the changes that you consider making in regard to area offices and closing of offices?

Secretary HODGSON. I am glad somebody is interested in our field activity. It is a thing I think deserves a lot of attention, and we believe we have given it that. The kind of changes you are talking about again are the changes that I believe are mostly behind us.

In the last 2 years what we have attempted to do in the Federal Government is to take all of the domestic agencies that have responsibilities of a social nature and coalesce them into 10 regions. Those 10 regions are in the chart in your outer office. Each region has a headquarters office with substantially the same functions in each of those regions, the purpose of this being so that the local citizens or local mayor or local Governor that has to deal with the Department of Labor, HEW, HUD, and the Small Business Administration and others, when they want to go someplace to track a problem through the labryinth of government geography only have to go one place rather than shop around to different cities. Our regional headquarters are in one place. That was the first step.

Second was the decentralization, to decentralize responsibility for program operations, for spending authorization, and the consequence of that has been for the first time to have a greater growth of personnel in the field than in headquarters, and the proportion of employees in the field is greater today than in headquarters. That is the opposite from what it was when we came in office.

So we tried to focus a pattern that would make the services of the Department most accessible to the people that need them most and have decentralized the responsibility for dealing with them.

I think that most of that activity has now been completed except for decentralization which will be continued as rapidly as we feel that we can get them to absorb new responsibilities.

Mr. NATCHER. Mr. Secretary, thank you for appearing before our committee. As the other members have said, I think you are doing all right.

Secretary HODGSON. Thank you, Mr. Natcher.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Shriver.

ADMINISTRATION OF THE DAVIS-BACON ACT

Mr. SHRIVER. Mr. Secretary, the Comptroller General's report dated July 14, 1971, noted the need for improvement in the administration of the Davis-Bacon Act. The report states the minimum rates for construction wages for federally financed buildings were significantly higher than the prevailing wages in the areas and have substantially increased the costs of construction borne by the Federal Government.

We recently had an example of this in my district in which wage rates which were orignally set too high threatened to cancel a needed library project. The wage determination was later adjusted so the project could continue, but this led to hard feelings on the part of the construction union members in the area.

What steps have been taken to improve the administration of this act?

Secretary HODGSON. There is probably no act that has been more frequently audited——

Mr. SHRIVER. You are familiar with the report?

Secretary HODGSON. Yes, indeed—than the Davis-Bacon Act. And there is none that I know of that has been more frequently cited for less than satisfactory administration.

The nature of the act itself is such that it can hardly be otherwise, and second, the amount of staff and available resources to undertake its administration have been less than adequate.

Take the first part. This act calls for the application of local area rates to Government-financed building. Local area. These terms mean different things to different people. The term "rates" means different things to different people. So what we attempt to do is find out as closely as possible what rate is paid to carpenters in point "x" where a Government construction site is underway, and that should be the rate that is paid on that construction site.

Mr. SHRIVER. That shouldn't be too difficult.

Secretary HODGSON. It is, though.

Mr. SHRIVER. It doesn't mean 200 miles away?

Secretary HODGSON. If there is nothing anywhere near, they will go out and take the closest one, and sometimes that closest one is inappropriate for the area. Then there is a problem of applying judgment.

We have increasingly since we have been in office used the concept of an area that is a commuter area, the area that would be a traditional labor market. Anything beyond that ought to be viewed as questionable. And we found, for instance, when we came in office that there was no field staff at all for the Davis-Bacon organization—all the work was done from headquarters in Washington. Field investigations were almost unknown or unheard of, very infrequently and irregularly made. No intensive examination of area patterns. Everything had to be done from submitted information. We lacked submitted information to do the job.

The first thing we did was to break loose the kind of area rate information that FHA has over in HUD, but had never been available to the Department, and it is quite extensive. Now we have that information available to us for better determination of area rates.

Second we asked, and I believe last year—we didn't get it the first year, but last year we got some additional money for administration of the Davis-Bacon Act. And we started to get a few people in the field and we have now taken the Employment Services Administration, and made the total of that administration an operating entity in each of the field offices so resources can be utilized more broadly than within a single function. We believe that way we can get more resources to do a better job.

I would like to say that we view this as a recurrent long time problem, one that has never been satisfactorily resolved. I don't think the legislation is such that it will ever be fully satisfactorily resolved, but this is an area in which we can do a lot better and we have been working to do just that.

I would like to have Mr. Silberman elaborate a little bit.

Mr. SILBERMAN. I am not familiar with the particular project you mention, Congressman, but I can say, building on what the Secretary has said, that our objective is to come out with what in fact will be an accurate indication of what the prevailing rate is, what the law requires that Government contractors pay. In order to get an accurate indication, as the Secretary suggested, we have decentralized the informa-

tion gathering process. Rather than relying upon information which was submitted to us in Washington, often by interested parties, we have accelerated efforts on the part of our regional staff to actually investigate and get accurate information as to what rates are paid so as to make a determination of what the prevailing rate is.

The Comptroller General's report you mentioned goes back over a long period of time, and it is our conviction that with the efforts we are making to get accurate rates at the local level we will come up with what is a reasonable and accurate prevailing rate. In some cases that may be higher than what we have had in the past and in some cases it may be lower. It is not our intention to either artificially raise or lower the prevailing rates but rather to carry out what we believe is the will of Congress in setting what is actually the prevailing rate, and that is dependent upon getting information from the local level from all of the sources which the Secretary referred to.

Secretary HODGSON. I would like to add one additional dimension to this subject. Frequently there is a tradeoff between the extent of the information you can get and the time it takes to get it and the need to get it in a timely way for the project in question. And additional information may sometimes require an insuperable delay.

So there have been some tradeoffs.

This is the reason I say that the administration of this act will probably never be as good as I think a Federal statute should be.

EMERGENCY EMPLOYMENT ASSISTANCE

Mr. SHRIVER. I want to compliment you and others in the Department on the administration of the emergency employment program. I know you will want to share such compliments with the local officials who moved quickly and put these people to work. I know in my own area it has been very helpful where we had high unemployment.

There have been isolated instances, and one in our State, in which there were indications of political manipulation of this program, and I think that you have investigated it. So I would appreciate your placing in the record a summary of your findings as to what happened in that particular instance. I know it will be available, so don't bother to elaborate on it, just insert a summary of what has been done in connection with it.

(The following was submitted for the record:)

This allegation is currently being investigated and necessary corrective action will be taken if the situation warrants it.

Secretary HODGSON. I would like to say one other thing. You spoke of sharing the commendations that go with successful administration of this program. I would like to say the place we ought to start with this is with Congress. They gave us a program here that wasn't wrapped up in all sorts of redtape, all sorts of requirements. They didn't require you to carry water on all shoulders at one time. The program had a straightforward objective and reasonably modest limitations from the standpoint of administration.

To me this shows what can be done when things are reasonably flexible in the ways you can spend money. As Mr. Lovell said, it is one of the most heartening things to me for the prospects of revenue sharing.

Mr. SHIVER. Also by the same token it is so flexible it could have caused immense trouble in localities and States if the administration had not been as good as it was.

Secretary HODGSON. Thank you.

GENERAL WAGE INDEX

Mr. SHRIVER. I agree with you that there is a need for a general wage index to correspond with the improved price index. If the committee approves funds for this, when could the Bureau have it ready?

Secretary HODGSON. Current plans call for the development and publication of an interim general wage index within 18 months of receipt of the funds requested in the fiscal year 1973 budget. This interim measure will provide monthly rates of compensation change unaffected by changes in overtime payments, part-time employment, and occupational employment shifts for the entire U.S. economy, with separate detail or 12 major occupational groups, nine broad industry divisions, and nine geographic regions.

JOBS FOR VETERANS

Mr. SHRIVER. On page 10 you mention the interagency effort to place unemployed Vietnam-era veterans in jobs or training programs. What agencies are involved in this? If you have not already done so, you might put a summary of the agencies' activities in the record.

Secretary HODGSON. All Federal agencies are expected to support the effort to place Vietnam-era veterans in jobs or training programs. We will place a summary of agencies' activities during fiscal year 1972 in the record.

(The information follows:)

Activity	Agency	Results	Date
GI bill	VA	434,639	Mar. 31
ES placements	DOL	197,000	Feb. 28
Manpower programs	DOL	82,259	Do.
Project transition	DOD	48,197	Do.
Work training projects	HEW	3,578	Dec. 31
NAB/JOBS	NAB	83,437	Mar. 31
Federal employment	CSC	49,994	Feb. 28

UNEMPLOYED SCIENTISTS AND ENGINEERS

Mr. SHRIVER. On page 11 you say you have registered 34,000 eligible applicants and placed in employment 13,000 of these in your efforts to assist unemployed engineers, scientists, and technicians. What percent does that 34,000 represent of the estimated number of such unemployed persons?

Secretary HODGSON. We estimate that the 34,000 represent about one-half of the estimated unemployed engineers, scientists, and technicians.

Mr. SHRIVER. You mention the National Science Foundation and the SBA are cooperating in these efforts. Are other agencies involved, such as HEW or others which might have a need for such technicians in their programs?

Secretary HODGSON. Yes, other agencies are involved. We conducted a joint program with the Department of Housing and Urban Development in which approximately 380 engineers and scientists who showed aptitude and interest in local government were given orientation training in local government problems and operation at the University of California and Massachusetts Institute of Technology. Placement activities are now underway through both HUD and our local employment services program, and approximately 60 percent of them are now reemployed.

In addition, through the Civil Service Commission's Interagency Placement Committee we have advised all other agencies of the program. Most, of course, have hiring ceiling problems and are not able to avail themselves of the benefits. However, job orders have been sent to the National Registry which helps match applications of unemployed scientists and engineers with orders by the General Accounting Office, Department of Agriculture, National Bureau of Standards Department of Commerce, Department of Transportation, Department of the Army and National Oceanic Atmospheric Administration for industrial, construction, design, civil, sanitary, materials, acoustics, traffic, and safety engineers as well as program analysts and astro physicists.

We are presently negotiating with the Department of Transportation for a joint program to retain engineers, scientists and technicians as transportation planners; the U.S. Forest Service for pollution abatement specialists in the national forest pollution abatement program; and with HEW for vocational education instructors.

MINIMUM WAGE YOUTH DIFFERENTIAL

Mr. SHRIVER. What is the administration's legislative proposal regarding the minimum wage youth differential?

Secretary HODGSON. The administration's youth wage proposals are embodied in H.R. 9584, introduced in the House by Congressman Quie for himself and Congressmen Erlenborn and Steiger, and S. 2259, introduced in the Senate by the late Senator Prouty.

The bills would increase the minimum wage applicable to most workers from $1.60 an hour to $1.80 an hour in 1972 and to $2 an hour in 1974. Because of the employment problems peculiar to teenagers, the bills would make a $1.60 an hour minimum wage rate applicable to workers under 18 years of age, full-time students under 20 years of age and to 18- and 19-year-olds during the first 6 months of their first full-time job.

The minimum wage bill reported out by the House Education and Labor Committee—H.R. 7130 does not contain a general youth wage provision. However, a bill recently introduced by Congressman Erlenborn for himself and Congressmen Fuqua and Quie—H.R. 14104—as a proposed substitute for H.R. 7130 would set a youth wage of $1.60 an hour for youngsters under age 18 and for full-time students under age 21.

IMPACT OF EQUAL RIGHTS AMENDMENT

Mr. SHRIVER. Are the Women's Bureau and other compliance offices within the Department making any preparations for the Equal Rights amendment, which has now been ratified by quite a few States? What effect will this have on your programs?

Secretary HODGSON. The enactment of the ERA has been of major importance to the Women's Bureau. On June 12, 1970, at the Fiftieth Anniversary of the Women's Bureau, the Department did announce this support.

With the Department's backing, the Women's Bureau has taken every opportunity to bring the Department's support to the attention of the organizations, groups, and individuals with which it works.

At the time of the ERA hearings in the House, the Bureau, in a very widely distributed fact sheet—including Members of Congress—reported on the results of its study of developments in State hours laws since the enactment of title VII of the Civil Rights Act of 1964. The fact sheet noted that the great majority of maximum hours laws for women only, had, in fact, been repealed, amended or invalidated since 1964. At the time there was much heated discussion about what effect the ERA would have on labor laws for women. The fact sheet, which has been updated a few times since its original release in October 1971, showed how protective laws, such as laws limiting the number of hours women may work, were already inviolation of an existing law.

This fact sheet was published in the Congressional Record. The Bureau has also kept a few interested Congressional Members informed of changes in State hours laws. It should be noted that the media and others were also vitally interested in our fact sheet.

Since the passage of the ERA, the Bureau has taken and is continuing to take every opportunity to encourage States to ratify it in the shortest possible time. Such action has been urged before various national and regional conferences and meetings at which Bureau staff speak; in meetings, correspondence, et cetera, with the State and local Commissions on the Status of Women; in correspondence with other organizations, agencies and individuals; and at every additional appropriate occasion.

Within the past 2 weeks, the Bureau has suggested that the Department ask OMB to request each Federal agency to examine all laws, regulations and orders relating to its activities and report on plans to eliminate any differences in treatment between men and women.

In the very near future, the Bureau plans to initiate a memorandum within the Department of Labor to suggest that the above activity be undertaken immediately in the Department.

The Bureau is also encouraging State Commissions on the Status of Women to undertake or to have another source in their State undertake a study of all State laws which distinguish between men and women and to recommend changes.

The Bureau plans to initiate an educational campaign on the Equal Rights amendment. The purpose of this campaign will be to inform the public about the ERA and to correct some misinformation about its significance.

On May 10, the Women's Bureau will participate in the Congressional Jubilee and Ratification Assembly to honor the 92d Congress for its overwhelming support of the ERA.

Among other things, participants will be briefed on ratification procedures and other background information.

The full impact of the Equal Rights amendment on DOL programs will not be known for some time. The Department will have a better idea after we have had an opportunity to analyze the responses to the planned actions described above.

Mr. SHRIVER. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Conte?

OCCUPATIONAL SAFETY AND HEALTH

Mr. CONTE. What are the main pitfalls you have encountered in the occupational safety and health program and what steps are you taking to avoid them?

Secretary HODGSON. Our main problem, although not a pitfall, has been to communicate accurately and adequately to employers and employees their rights and responsibilities under the Williams-Steiger Act. For one thing, there has been a lot of misinformation and "scare" information circulated about the act, et cetera, closing down plants, forcing them out of business, et cetera. We are overcoming this problem with training and education programs targeted at specific employer and employee groups, plus extensive use of the broadcast media to reach the public generally.

In July 1971, copies of the BLS recordkeeping regulations, together with an official poster and general explanation of the act, were mailed to 4.5 million employers. A copy of the poster must be displayed in a prominent place in each establishment.

We built into the initial standards a 90-day familiarization period for newly covered employers, and during this period the major part of our field staff were informing employers of their requirements.

We have responded to 150,000 written communications, nearly a quarter million incoming telephone calls, and 40,000 visits to our field offices. OSHA officials have also appeared before some 5,000 separate business, union, government, and other interested groups to explain to these audiences their rights and responsibilities under the act.

Seminars have been conducted under contract in all parts of the country, certifying over 1,000 firstline construction supervisors and foremen to provide safety instruction to an estimated 60,000 construction workers by the end of this fiscal year. A minimum of 1,200 instructors will be trained next year.

A completely revised Compliance Operations Manual, containing basic policy and operational guidelines for OSHA's field compliance staff, was published and made available for purchase through the Government Printing Office. An initial printing of 25,000 copies sold out almost immediately. The initial standards package will also be revised, updated, and republished.

A complete package of material relating to the Williams-Steiger Act is being distributed to all Members of Congress.

Mr. CONTE. What refinements are you planning for the program?

Secretary HODGSON. We are in the process of reviewing all of the national consensus standards contained in the initial May 1971 standards package, and the additional standards published subsequently, to eliminate inconsistencies and either modify or delete any standards which do not significantly contribute to the protection of workers. This is, of course, in addition to the development of new standards.

In the compliance area, we are making further refinements in our procedures and interpretative guidelines for issuing citations, assessing proposed penalties, and establishing periods for abatement. Our objective is to insure uniform enforcement of the act in all regions and areas of the country. With the additional compliance officers requested for 1973, we will also be able to establish new offices as necessary and further decentralize the development of the compliance staff to provide increased local assistance and responsiveness to complaints. The major new thrust in our compliance program will be in the area of occupational health hazards, which account for over half of the employee complaints received to date.

As indicated in our response to the previous question, we are continuing to expand and improve the training and educational programs for employers, employees, and others with occupational safety and health responsibilities.

Other areas of refinement in 1973 include the reconciliation of remaining jurisdictional problems and the development of working agreements with other Federal agencies exercising statutory authority to prescribe or enforce standards and regulations affecting occupational safety or health.

Finally, we will continue working with the States in the development of State administered programs of occupational safety and health. This will involve the evaluation of plans, assistance in the development of standards and training staff, and continuing liaison relative to the responsibilities assumed by the States or remaining with the Federal Government.

Mr. CONTE. What is your estimate as to the number of standards now in effect which do not significantly add to the protection of employees?

Secretary HODGSON. There has been a certain amount of justifiable criticism concerning some requirements of the initial interim standards. These were largely provisions relating to sanitary conveniences and the comfort of workers, originally included in national consensus standards for voluntary implementation by industry. Many of these deal with issues that are adequately covered by local health regulations, such as the standards concerning toilet partitions and ice water. Steps are being taken to modify such standards or eliminate them altogether. A revised and updated version of the initial standards package will be published this July.

Mr. CONTE. When can we expect issuance of new standards to protect agricultural workers from the toxic effects of pesticides?

Secretary HODGSON. The President stated in his message to the Congress in February that there would be an immediate speedup in efforts to develop standards to protect agricultural workers, especially from the toxic effects of pesticides. We are complying with this request; however, new standards issuances depend on the availability of adequate information and research, plus sufficient opportunity for public review and comment.

Due to the large number of pesticides in commercial use, the variety of conditions under which they may be employed, and the difficulties in evaluating their long-term effects on human health, extensive research will be required. The National Institute of Occuptional Safety and Health has been requested to develop a criteria package on pesti-

cides. Our plans call for the publication of final standards on pesticides in agriculture before the end of fiscal year 1973.

Mr. CONTE. How many States to date have chosen to participate in the OSHA program?

Secretary HODGSON. At the present time, all States, the District of Columbia, and all eligible territories have designated an agency or agencies to be responsible for occupational safety and health matters; 47 States, the District of Columbia, and all territories except the Trust Territory of the Pacific have entered into temporary agreements to permit them to continue enforcing existing State occupational safety and health programs during the start-up period; and all States except Ohio have submitted a letter formally stating their intention to submit an occupational safety and health plan, as was required by the 18(h) agreement regulations. Furthermore, all 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands have received planning grant funds for the purpose of developing their occupational safety and health plans. Planning efforts under these grants are progressing well. To date in five States (Illinois, Kansas, New Mexico, South Carolina, and Guam), the Governors have signed into law new enabling legislation to meet the requirements for participation in the occupational safety and health program.

EFFECT OF ECONOMIC STABILIZATION PROGRAM ON BLS

Mr. CONTE. What additional demands has the President's economic stabilization program had on BLS's technical and analytical staff and how well has it been able to respond to these demands?

Secretary HODGSON. The administrative agents of the Economic Stabilization Program have relied heavily on the BLS for technical and analytical support. Without the Bureau's data and analytical expertise in the wage, price, and productivity areas, the Cost of Living Council, the Pay Board, and the Price Commission would be seriously hampered in the performance of their responsibilities. In terms of manpower, the Bureau has directly contributed staff members to the stabilization agencies and has provided many additional man-hours of in-house technical advice and assistance, at the cost of some delays in its regular program and considerable use of overtime.

Since the initiation of the stabilization program, the Bureau has provided a series of reports on labor management agreements expiring before and during the Phase I and Phase II periods and those with reopenings and deferred increases. In addition to providing tabulations on the number of workers covered by these agreements, the Bureau is providing information on the costs of these settlements, developed in the course of its regular program. The Bureau's monthly index of hourly earnings, which has been published since last summer, has also proved useful in analyzing the effects of wage controls. The index eliminates the effect of seasonal variations on earnings, overtime pay in manufacturing, and variations in employment in high-wage versus low-wage industries, and hence provides a better measure of wage rates than measures hitherto available.

In the area of price statistics, the Bureau's monthly CPI and WPI press releases contained special analyses separating the effect of each month's movement attributable to controlled and uncontrolled items. During Phase I, the effects of imports and of price changes for those

items in the CPI not priced on a monthly basis were also analyzed and published. Now that the freeze has ended, the Bureau is continuing to report in the CPI press release the percentage of prices increasing, decreasing, and remaining unchanged among the 97,000 individual price quotations reported monthly.

Finally, in the productivity area the Bureau has provided the Price Commission with productivity measures for a large number of manufacturing industries in addition to its regularly published data.

GENERAL PRICE INDEX

Mr. CONTE. How long do you estimate it will take to develop and implement the General Price Index?

Secretary HODGSON. Current plans calls for the development and publication of an interim General Price Index within 12 months of receipt of the fiscal year 1973 budget request. This interim measure will be a fixed weight base for the total U.S. economy and will provide sector detail for approximately 280 of the 700 Standard Industrial Classification industries, or about 40 percent of the total economy. Additional funds will be required to complete the industrial coverage and provide for a fully developed GPI.

MONTHLY UNEMPLOYMENT SAMPLE

Mr. CONTE. How large is the sample that is currently used to determine monthly employment and unemployment figures?

Secretary HODGSON. Statistics on the employment status of the population, the personal, occupational, and other characteristics of the employed, the unemployed, and persons not in the labor force and related data are compiled for the BLS by the Bureau of the Census in its current population survey (CPS). Each month, about 47,000 households are designated for interview. These households include, in the aggregate, about 101,000 persons, 16 years of age and over.

JOBS FOR VETERANS

Mr. CONTE. What "significant results" can you report from your efforts to place unemployed Vietnam-era veterans in job or training programs?

Secretary HODGSON. To date, the President's veterans program effort to place unemployed Vietnam-era veterans in jobs or training programs has resulted in 330,431 job placements and 568,673 training placements for a total of 899,104 major services. The fiscal year 1972 goal for the number of Vietnam-era veterans to be served is 1,038,000.

LISTING OF JOB OPENINGS BY FEDERAL CONTRACTORS

Mr. CONTE. How responsive have Federal contractors been to the new requirements of listing their job openings with State employment services?

Secretary HODGSON. Executive Order 11598, which requires that Federal contractors list their job openings with the State Employment Services, became effective on September 24, 1971. Considering the gearing up time required, we cannot yet measure contractors' response

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to the Executive order. An intensive campaign is currently underway to insure that the requirements of the order are implemented by all Federal agencies. A meeting was held recently with the procurement officers of the various agencies involved in the President's veterans program to discuss the mandatory listings being made by their Federal contractors with the requirements of Executive Order 11598. President Nixon himself is writing to key individuals in business and Government to express his concern to help the Vietnam-era veterans obtain jobs through the job openings generated by the Executive order.

UNEMPLOYED SCIENTISTS AND ENGINEERS

Mr. CONTE. What steps have the National Science Foundation and Small Business Administration taken to cooperate in your efforts to help unemployed engineers, scientists, and technicians?

Secretary HODGSON. As an outgrowth of discussions with the DOL and Office of Science and Technology, the National Science Foundation set up a program of Presidential internships in science and engineering. This program enabled 579 unemployed engineers and scientists possessing advanced degrees to work a year at 81 Federal R. & D. installations. NSF granted the installations the amount of $7,000 per year for stipends for each intern on a 1-year nonrenewable basis. The installation in which the intern is appointed provides matching funds in the form of stipend supplementation, research costs, or an appropriate mixture of both. The aim of this program, aside from the reemployment feature, is for scientists and engineers to broaden their work experience and thereby facilitate their transition to future jobs needed in our society.

Discussions with the Small Business Administration have been held to explore the possibilities of assistance to unemployed engineers and scientists for business training and funding support for entrepreneur activities. Discussions have produced a strong possibility for a joint effort between SBA and DOL and possibly the Department of Commerce. Firm working agreements have not yet been worked out but discussions are continuing. These discussions are aimed at establishing ground rules for potential assistance to individuals or groups of individuals with entrepreneur aptitude and potential programs and products which would develop into providing business opportunities.

UNION ELECTIONS

Mr. CONTE. How often last year did the Department conduct union elections?

Secretary HODGSON. During fiscal year 1971, the Department of Labor supervised 48 elections of union officers.

Mr. CONTE. For which election rerun were 23 man-years expended by the Department last year?

Secretary HODGSON. The reference I made in my opening statement was to an election rerun which we may have to supervise in the future under a court order, and we estimate that it will require 23 man-years to do the job. The union is District 50, Allied and Technical Workers, and the election is for international officers other than executive board members.

The greatest number of man-years expended by the Department in supervising a union election was in the case of the same District 50, Allied and Technical Workers, during the period April 1 to September 1, 1971. During that period a total of 14.4 man-years were expended in supervising the election of delegates by 1,305 District 50 locals and the election by those delegates of 40 executive board members at convention.

Often the investigation of a complaint concerning an election of national union officers is more costly to us in manpower than the supervision of the election conducted to remedy the violations. Because of the timetable prescribed in the law, the investigation must be completed in time to file the case in court within 60 days after receipt of a complaint. One such investigation required 26 man-years and another required 21 man-years of staff time.

PENDING COMPLIANCE CASES

Mr. CONTE. What is your present backlog of compliance cases?

Secretary HODGSON. If backlog is defined to mean the pending, uncompleted planned workload the figures shown below reflect the backlog. It must be borne in mind, however, that no delinquent reports investigations under the WPPDA have been planned and very few deficient reports investigations under that law have been planned because of the lack of resources.

In the administration of the reporting and disclosure Laws, as of March 31, 1972, there were pending 8,258 cases. These are broken down in the following way.

Under the LMRDA, 3,025 cases consisting of: 72 election investigations, 2,343 delinquent reports investigations, 105 deficient reports investigations, 152 field audits, and 353 basic investigations.

Under the WPPDA 244 cases consisting of: 152 deficient reports investigations and 92 basic investigations.

Under the standards of conduct provisions of Executive Order 11491, 377 cases consisting of: three election investigations, 357 delinquent reports investigations, 11 field audits, and six basic investigations.

Under the organized crime program 4,612 reports investigations.

RAILROAD WORK-RULES CHANGES

Mr. CONTE. What major productivity gains have been possible in the railroad industry because of work-rules changes?

Secretary HODGSON. The work-rule changes included in the 1971 agreement between the UTU and the Nation's railroads did not become effective until the pay board approved the contract on January 25, 1972. In addition, some of the work-rules changes, such as the interdivisional run, are subject to further negotiations on a local basis. The details of working out the interdivisional runs work-rule changes are, in some cases, still being discussed by the parties and are yet to be implemented. Thus, there has been at this time insufficient experience with the work-rule changes to accurately determine the full impact of the productivity gains. However, the union in its presentation to the pay board indicated that a savings of some $782 million will be real-

ized by the carriers through these changes. Railroad industry officials, on the other hand, put the estimated savings closer to $400 million.

LABOR-MANAGEMENT RELATIONS WITHIN THE FEDERAL GOVERNMENT

Mr. CONTE. What are some of the new tasks in Federal labor relations that you have undertaken recently?

Secretary HODGSON. The President has amended Executive Order 11491, which governs labor-management relations in the executive branch. Those changes in the amended order which are expected to have the most impart to: (1) the option given to the charging party to file an unfair labor practice complaint rather than proceeding with a grievance on a matter pertaining to the alleged unfair labor practice, and (2) the Assistant Secretary's authority to determine whether disputed grievance matters come within the negotiated grievance-arbitration procedure.

As aggrieved parties realize they now have the choice, I anticipate that the unfair practice route will be utilized and there will be a significant, but at present an undeterminable number, of additional unfair labor practice filings in fiscal year 1973.

Additionally, a number of requests for determination of disputed grievance-arbitration matters will affect both the field and the national office.

"HOMETOWN PLANS"

Mr. CONTE. Why were you not able to achieve the major gains you hoped for in the "hometown solutions" area?

Secretary HODGSON. The major obstacle to achieving our goals with respect to the "hometown plans," has been getting the concerned parties to come to an agreement which they can all live with. Not only are such negotiations difficult in themselves but they are time-consuming as well, and as a result we don't have as many plans in effect as we would like. Through the recently completed reorganization of the Employment Standards Administration field staff, we expect to be able to make more progress in this area.

CONSTRUCTION INDUSTRY STABILIZATION COMMITTEE

Mr. CONTE. What factors are involved in determining whether to finance the Construction Industry Stabilization Committee's activities under the Economic Stabilization Act?

Secretary HODGSON. Availability of funds, the administration's position with regard to allocation of funds, and the relationships of the committee's activities to the Cost of Living Council and the Department of Labor.

Mr. CONTE. How many construction strikes have there been thus far in 1972?

Secretary HODGSON. Only 10, as of the end of March 1972, according to the FMCS.

PENSION REFORM

Mr. CONTE. What are your major legislative goals in the area of pension reform?

Secretary HODGSON. We want the Congress to enact the Employee Benefits Protection Act, which would strengthen the present Welfare

and Pension Plans Disclosure Act in many ways. It would impose a Federal standard of fiduciary responsibility on fiduciaries of both pension and welfare plans.

We also want the Congress to amend the Internal Revenue code to: Establish a minimum vesting standard for tax qualified plans; allow tax deductions for amounts which individuals set aside for retirement purposes; and give self-employed persons who establish pension plans for themselves and their employees a more generous tax deduction than they now receive.

Mr. CONTE. That is all, Mr. Chairman.

Mr. FLOOD. We will adjourn until 2 this afternoon.

AFTERNOON SESSION

EMERGENCY EMPLOYMENT ASSISTANCE

Mr. MICHEL. Mr. Secretary, when we broke this morning I had not had an opportunity to inquire about several things in the course of your testimony. There is a $250 million increase in 1973 over 1972 for the Emergency Employment Assistance Act. As I recall Mr. Lovell's response this morning to a question of the chairman, the incidence of those who may have left public service employment, and then rehired with Federal money, was something like 12 percent.

Mr. LOVELL. Yes.

Mr. MICHEL. And you felt that was a pretty good record.

Mr. LOVELL. Yes.

Mr. MICHEL. You recall that when this thing was being debated, not so much legislatively as when we had the supplemental for the money, I raised the question any number of times about the prospect of this thing happening, and hoping that you would certainly have the kind of machinery that would guard against it.

UNEMPLOYMENT PERIOD REQUIRED IF REHIRED TO FORMER POSITION

You say that one has to be unemployed for a period of 30 days to qualify.

Mr. LOVELL. Not to qualify. If they are to be recalled from their former position, they have to be out of work for 30 days.

Mr. MICHEL. I say that is pretty lenient. The program is going to be increased in fiscal year 1973 over 1972. What would be wrong with changing your rules and regulations to require, say, 60 or 90 days? Would that tend to further inhibit an agency that might be tempted to dismiss employees and then hire them back with Federal funds?

Secretary HODGSON. I would like to talk about that.

Mr. MICHEL. I know you have testified that the intent of the law is to not have that happen, but the chairman indicated, and I know, it has happened. We want to see that it is kept to a minimum.

Secretary HODGSON. I am just delighted to get this kind of support. I will go into the reasons why. Because we are convinced that the overall intent of the law was to create additional employment opportunities rather than to substitute Federal pay for State pay or municipality pay for existing employed people, we adopted this 30-day rule. We also adopted it because in Senate hearings there was mention made that no money should be paid to people who had been on the payroll

of the program agents during the preceding 30 days. We felt that that last provisions was such that it amounted to law, that we had to require 30 days.

Because of the complaints that have occurred regarding our holding tight to that 30-day restriction, the very Senators who were responsible for putting that in the legislation have now written me and told me that they no longer regard that as a requirement, and have asked that it be eased, that it is not a fair requirement, and it is inappropriate for us to continue to require it. In effect, by not changing our regulations, I have disagreed with them.

I feel that we do need some sort of regulation. It needs to be definite, and apply to everybody everywhere. I am not sure that we need exactly the kind of regulation that we have now. I am willing to consider others, if they will accomplish the same purpose. I would not suggest that we extend the present one. I do not think the 12 percent figure really indicates what you may think it indicates. It doesn't indicate people have left job A and x number of days later returned to job A. It means those who have been on a payroll of some kind somewhere at sometime and then coming back. It doesn't represent a 12-percent penetration into our barrier. It is just an handful, I would say, of penetration.

The problems that this causes cities and States I have to give some sympathy to. An example is where a city has a contract with, say, a maintenance union to maintain the schools in the city, provide custodial services, and that sort of thing. They have, under the Emergency Employment Act, supplemented that force now with additional people, say 50 for the school system, to provide additional necessary and desirable custodial services, but ones they couldn't afford before.

Then they run into a budget bind, and they find they can no longer support even their previously existing services, and so they have to cut back their custodial services. So what they find themselves doing is laying off custodians who have 5, 7, or 10 years of service from their own payroll, at the same time retaining over here on Federal payroll people who have 30, 60, 90 days doing the same kind of work. The fellow who is out of work has a collective bargaining agreement that says he shall work and be laid off in accordance with his seniority. These people over here doing the same kind of work are now going to, next week when he is not there, be doing his work. The whole tradition and history of the American labor movement is against that sort of thing.

They don't like it. I am sympathetic to it, and within the constraints that we have to operate, and that is a constraint that I consider a congressionally ordained purpose of the bill for additional employment, we want to help minimize that thing as much as possible.

I would ask that you reaffirm, as I think you have done, congressional intent that we maintain barriers to caprice on the part of local program agents in laying people off one day and bringing them back the next. But I would not want to further change the capacity that we have for minimizing the solving of the problems with the cities that are represented by my last illustration. I think there is a little to be said on both sides, and I want to try to help as much as I can with it.

Mr. MICHEL. Yes. My own feeling is that if we don't have at least those 30 days, and as I indicated, I would just as soon see it 60 or 90,

then we end up really, in effect, encouraging the cities particularly to engage in this kind of thing, and then we find ourselves locked into a permanent program as against one that was supposed to be of an emergency, temporary nature.

There are those who, I think, very legitimately argued, when we were considering this for the first time on the floor, that here is revenue sharing in its purest form, $1 billion of it, but I don't think that is the way we want to do it.

BREAKDOWN OF EMERGENCY EMPLOYMENT FUNDS BY STATE

How many States are participating in this emergency employment program?

Secretary HODGSON. I believe it is all the States of the Union.

Mr. LOVELL. Yes. As a matter of fact, it is not only in every State, but every geographic area of this country is covered with some sort of allocation.

Secretary HODGSON. Including the District of Columbia and Puerto Rico.

Mr. MICHEL. Can we have some kind of display in the record of roughly how much each State is getting?

Secretary HODGSON. We will give it you by money and by people.

(The information follows:)

State	Fiscal year 1972 funds	Funded slots	State	Fiscal year 1972 funds	Funded slots
Alabama	$7,155,000	1,448	Montana	$5,400,000	925
Alaska	5,994,000	930	Nebraska	2,927,000	487
Arizona	8,761,000	1,302	Nevada	2,824,000	355
Arkansas	6,871,000	1,302	New Hampshire	1,996,000	281
California	184,303,000	21,576	New Jersey	61,203,000	7,663
Colorado	3,644,000	620	New Mexico	5,382,000	1,101
Connecticut	28,623,000	2,293	New York	88,545,000	10,421
Delaware	2,268,000	423	North Carolina	7,501,000	1,349
District of Columbia	3,669,000	624	North Dakota	2,365,000	325
Florida	10,928,000	1,757	Ohio	33,285,000	3,887
Georgia	8,004,000	1,366	Oklahoma	7,113,000	1,254
Guam, Samoa, trust territories	970,000	346	Oregon	12,464,000	2,330
Hawaii	2,499,000	378	Pennsylvania	37,752,000	6,818
Idaho	2,751,000	682	Puerto Rico	27,948,000	10,624
Illinois	47,596,000	6,684	Rhode Island	6,517,000	943
Indiana	21,865,000	2,599	South Carolina	11,396,000	2,722
Iowa	4,636,000	806	South Dakota	2,430,000	614
Kansas	9,560,000	1,736	Tennessee	10,174,000	1,914
Kentucky	12,941,000	2,487	Texas	18,184,000	3,502
Louisiana	16,611,000	3,339	Utah	5,717,000	927
Maine	6,921,000	1,231	Vermont	2,453,000	406
Maryland	7,256,000	1,412	Virginia	5,282,000	785
Massachusetts	37,041,000	4,840	Virgin Islands	530,000	130
Michigan	66,755,000	8,847	Washington	51,120,000	7,379
Minnesota	14,736,000	2,513	West Virginia	8,480,000	2,020
Mississippi	4,961,000	1,222	Wisconsin	16,019,000	2,114
Missouri	16,904,000	2,841	Wyoming	1,755,000	316

COMPLAINTS CONCERNING ADMINISTRATION OF OCCUPATIONAL SAFETY ACT

Mr. MICHEL. Let me turn, if I might, to the Occupational Safety and Health Act, because this budget request is double that of 1972. I have got to reaffirm what the chairman said in his line of questioning, that we are getting more and more pieces of correspondence, communications, and firsthand complaints. As a matter of fact, I have had several calls from harried smaller businessmen who don't have the resources, don't have time to sit down, dictate a letter, and go through

all the formality. The quickest thing is to pick up the phone and say, "Bob, what is going on? You want to coke up the economy to try and get things moving. We have shackles here, there, and everywhere. I am just trying to make a buck and get people employed."

They turn to their elected Representatives and say, "What did you do to us?" As the chairman indicated when the Commission was here, we were posing some questions to them that probably more properly should be directed to people in the Department of Labor, who are actually setting some of these rules and regulations.

COMPLIANCE APPROACH IN OCCUPATIONAL SAFETY

I get the feeling, from some of the inspectors who have been around, that rather than counseling with the individual businessmen or industry people on whether or not they are complying, there is the attitude, "Well, let's quickly find something wrong, get out of here," and then in 6 or 8 weeks you are going to get the notice that you are either fined or cited for some kind of violation. That seems to be the biggest complaint we are getting. Is that required under the act, rather than the type of inspection we have been accustomed to at the State level particularly, whether it is checking the scales to see that people were getting the amount of meat the scale said, or checking up periodically with a business or an industry to see that they are complying with the law, and then, of course, getting tougher with repeated violations?

Here you get the general feeling, the way this thing is operating, that there is none of that at all. It is just simply a fellow coming around, and if he can find something, he just can't wait to get back and write an adverse report, and see to it that there is a citation or fine. What kind of response do you have to that general feeling that seems to prevail out in the business community?

Secretary HODGSON. That is exactly the feeling that we get from our inquiries and correspondence. You asked the question is that the law. I suppose in most regulations that deal with compliance by employers, it is possible for an inspector, examiner, or representative of the U.S. Government to visit a plant and counsel with them on deficiencies, suggest they do something about them, depart, that is the thing that is done and that is it.

That is not the kind of law that the Congress gave us here. If indeed an inspector visits a plant, either at the request of the employer or on his own, the requirement is that if he sees any violation he has to cite the employer. It is not the kind of circumstance where a representative of our Department can be invited into the plant, office, mine, shop, whatever, and give advice. We are required to do what we do.

I would like to ask Assistant Secretary Guenther to elaborate on this process a little bit because the process needs understanding to know the nature of the complaints, but I would say in general that this process is a good deal different, a good deal more singular to its approach to compliance than a great many legislated things that we deal with in the Labor Department.

Mr. GUENTHER. The compliance approach outlined by the act really goes to the heart of an important element considered in the legislative process, which is that over the years, either through State safety programs or through insurance company programs or programs under

whatever auspices, they have been largely permissive, in that the inspector has advised, cajoled, urged, and so forth, but in fact the results have been uneven.

It was the congressional judgment that because of the history of the last 10 or 12 years of increasing industrial injuries and illnesses, the uneveness of the States and the relatively permissive approach that had been used in the past was not adequate and therefore the language of the enforcement section of the act, section 8, was quite specific that where a Federal compliance officer believes he has discovered a violation, that he shall, in the first instance, cite the employer for the alleged violation. This is the procedure that is very clearly spelled out by the language of the act and this is the procedure that we have been following.

You must believe and we can demonstrate in many ways that we have addressed ourselves to the question of providing information in consultation with employers to the maximum extent possible. We have a jurisdiction that covers 5 million work places, 60 million employees. Disseminating information, particularly dealing with the somewhat technical kind of subject we are talking about is a difficult process and we are not satisfied that we have done the job. We have a long way to go, in terms of informing people more specifically of what their responsibilities are. That information process is on-going.

COMPLIANCE PERSONNEL

Now with regard to another matter which you mentioned, that is, the attitudes of our compliance officers. In the very beginning of implementing the program, which is now just about 11 months old, the Department made a very specific policy decision that we shall employ as compliance officers professionals who are well qualified in safety engineering, industrial hygiene, or other elements of this business.

Mr. MICHEL. How many of these fellows are on board?

Mr. GUENTHER. We have about 475 professionals in the field at the present time.

Mr. MICHEL. And with what kind of a GS rating?

Mr. GUENTHER. When we originally started hiring, we hired at the GS 12, 13, and 14 levels. As the program develops, and as our training capability develops, and indeed we opened an institute in Chicago at the beginning of January, we are reducing the entry levels and we are now down to a point where we have a few GS–7's, we have GS–9's, GS–11's. And those grades as the training capability progresses——

Mr. MICHEL. As I recall in our earlier hearings we were wondering where all these people were going to come from, whether they were going to be professional people, qualified and competent. We received the impression that with a reduction and scaling back in the aerospace industry, there would probably be a number of applications received from individuals who would no longer be employed in that area. Has that been true?

Mr. GUENTHER. The initial group hired last year, the GS–12's, 13's and 14's, almost all of them are at least college graduates with engineering degrees. Subsequent to that time, as we have been expanding the program, and as we have increased our training——

Mr. MICHEL. Were you bound to take these from a civil service register?

Mr. GUENTHER. Not in the sense that they had to be currently employed by the Federal Government, particularly not in the beginning of the program where we had to bring people on rather rapidly.

Mr. MICHEL. It wasn't a condition precedent that they have x number of years of experience in the Federal civil service.

Mr. GUENTHER. No; we did not have that requirement. Indeed my Deputy Assistant Secretary was an industrial hygienist.

Mr. MICHEL. In the hearing examiner area——

Mr. GUENTHER. That is a different situation.

Mr. MICHEL. Right. They are up to GS–16, and the law specifically states they have to get them from the civil service register, which in my opinion tends to inhibit and probably precludes some very capable and able people who might be on the outside who would like to be breaking into the system, so called.

Mr. GUENTHER. Our applicants must meet the basic requirements of the position, but they do not have to be previously employed by the Federal Government.

Mr. MICHEL. Are all going through some training period?

Mr. GUENTHER. All of them go through a minimum of 4 weeks of basic training and 2 weeks of up-date training every year. In other words, our initial group is right now at the training institute, going through a 2-week up-date, and in some cases a 3-week up-date, training program.

OCCUPATIONAL SAFETY INSPECTION PRIORITIES

Mr. MICHEL. When Chairman Moran was testifying the other day, he said, "The Department of Labor's budget request now pending before this committee indicates that they plan 110,000 occupational, safety, and health inspections during 1973." Now that we have you people here, I ask, what is magic about 110,000? How do we arrive at that figure, and who makes the determination as to where the important areas are, or just who gets investigated and who doesn't, and what are the critical areas? How did you go about dreaming up that figure of 110,000?

Secretary HODGSON. Obviously, when something gets instantly born, such as this baby did, you can't cover all the bases at once, so you have to establish some priorities. Further, it seems obvious that the principal objective of this is to give the maximum impact of reducing injuries, and that means that you ought to pay attention to those industries and those occupations where injuries occur most frequently.

We apply what is known as the worst-first-policy, going after the places that have the most difficulty or the least satisfactory safety experiences. This is the basic policy that we follow.

Then in application of that policy I will let Mr. Guenther describe it.

Mr. GUENTHER. One of the first things we did to implement the Secretary's worst-first-policy was to establish what we called a target industry program in which we selected five high-hazard injuries with high-frequency incidents over the year.

Mr. MICHEL. Those are?

Mr. GUENTHER. Longshoring, lumber and wood products, meat and meat products, roofing and sheet metal, and miscellaneous transportation equipment, which is the manufacture of snowmobiles, mobile homes, and that sort of thing.

PROBLEMS IN MEAT INDUSTRY

Mr. MICHEL. Let me take that middle one. Why meat?

Mr. GUENTHER. Meat and meat products? If you consider the work done in the meat and meat products industry, it all has to do with knives. I think their injury-frequency rate is somewhere around 38 disabling injuries per 1 million man-hours worked. The all-manufacturing average for all industries is 15 disabling injuries per 1 million man-hours worked, so that they are well over twice the frequency rate of manufacturing in general.

Mr. MICHEL. Is our statistical information refined enough to tell us in what kind of meat industries you get the highest frequency rate—in a packing plant, a large, or small one?

Mr. GUENTHER. With regard to the first part of your question, I would say no, our statistical information is not at the present time adequate, and indeed that is why in the act Congress has specific provisions requiring us to do a better job of determining just what the situation is.

Mr. MICHEL. Here we are with people complaining about the price of meat, and I just tested out one of my own little locker plants at home, and I find they are paying the fellows with the knives out there $7.35 an hour instead of $2 just a few years ago. Then they get harassed by some inspector who says the door is 1 inch oversize, or this isn't exactly right, and he has to hold up the whole operation to get something else changed, and it all increases the cost of putting meat on the table.

We are a party to it, and it doesn't always get properly displayed in Time mazagine, the most recent article I read.

Secretary HODGSON. We want the consumer to get all beef and not part thumb.

Mr. GUENTHER. Mr. Secretary, you were reading my mind. I didn't talk about ground round.

Mr. MICHEL. The increase in just the last few years in labor cost is a real factor.

Secretary HODGSON. One thing we are trying to be understanding about is where in order to comply with the law there is some additional equipment required, and it takes time for manufacture and delivery of that equipment, we try to take that sort of thing into consideration.

SMALL BUSINESS ASSISTANCE

Mr. GUENTHER. Indeed the act itself addresses itself to the small businessman in a number of cases, and most specifically where it authorizes financial assistance through a small Business Adminitration loan where an employer who requires financial support to make corrections in his workplace needs this. There is provision for subsidy and we have had a few applications for such assistance.

Mr. CONTE. Will you yield?

I am the ranking Republican on the Small Business Committee.

Small businessmen are concerned. Small businessmen can't seek advice from your shop any longer; is that right? They don't have the money to get safety engineers and they don't know who to turn to. They don't know what safety features they need. They say the Federal Register posted certain regulations which they can't interpret. They are very worried that you people will walk in and make it very tough for them.

Secretary HODGSON. I think they should be worried. They have got an unusually difficult problem. For one thing they don't usually have the services of a trade association that brings them up to date every week with what is new and will even supply technical counsel if necessary. That is one problem they have.

Second, in our informational program, we try to do a saturation job but we are bound to miss a few, and more small ones than anybody else, so we have had to set up some particular kinds of activities to deal with that. We are doing this in a number of Western States where this was particularly a problem, where metropolitan areas are few and far between. We set up regional information sessions. In northwestern Wyoming, we will pick out a small but convenient community there and go in and bring in our staff experts and invite all the businesses, even though small, from around there to come in and listen to our description of what the requirements are, what they can expect, and to really try to understand the nature of the law.

We have just started this, and it is sort of in response to a demand. You can elaborate on that, Mr. Guenther.

Mr. GUENTHER. The approach to which the Secretary refers is a 1-day seminar which each of our 51 area offices is required to put on at least once a month. There are two types of seminars, one for employers, the other for employees. Each of our 15 area offices is required to put on one of these at least once a month and more, depending upon the demand. That means that each month we will have 51 of these sessions for employers, 51 for employees, or 102 a month, or a minimum of 1,200 of these training seminars during a year. I expect there will be many more than 1,200 based on the demands we have had for participation in these seminars.

CONSULTATION IN THE WORKPLACE

Above and beyond that, I would like to comment on the business of consultation in the workplace. One of the problems we have had since the beginning of the program is the fact that the language of the act requires our compliance officer, when he visits a workplace, to utilize a number of techniques. When he comes into a workplace he can't just walk in, look around, advise, consult, and be everybody's pal. The act requires that when he comes in, he must have an opening conference with the employer, he must determine if there is an employee organization which can select an employee representative to accompany him in the course of his travels through the workplace. If there is such an organization, there is a representative. As he goes through the workplace that representative accompanies him along with the representative of the employer. They both may point out what they consider to be problems. The compliance officer must consult with or must receive complaints from employees who may wish to complain to him in the course of his walk around.

We are required by the act to initiate that total process whenever we go into a plant. We have had lots of employers who want us to come in and advise them, and we have told them that if we do, they will be placing themselves in this kind of situation, and if they accept that, then we do in fact go in and conduct a full investigation and consult to the maximum extent possible.

If, however, they don't care to go that route, we will consult with them outside of their workplace, in our offices, or in some other appropriate place with regard to whatever problem they may have, and we have had thousands and thousands of letters on various issues which we have responded to.

Indeed part of the problem seems to be that there are many employers who wish us to conduct an inspection, if you will, free of charge, come in and say, "Now if we were here for real we would do this, this and this." Under the terms of the act there is just no way we can do that.

Mr. MICHEL. So you are bound lock, stock, and barrel by the language of the act to do some of these things we have been getting the most complaints about from some of our people. The inspectors have to proceed in this way. Is that what you are telling us?

Mr. GUENTHER. Our people have been carefully selected, albeit, we are not completely competent in this area, with regard to exactly how you inform the employer. Some months ago we had a number of instances where the technique we used to inform the employer of this restriction on our activity in his workplace was somewhat brusque and we had a lot of complaints from people who accused us of refusing to help them, or a lot of other things. Indeed that was more a matter of style than of substance, because the substance is clear. The style of how you say it has an awful lot to do with it.

Mr. MICHEL. There is a natural tendency on the part of any businessman to feel that any representative of the Federal Government whether he is from Internal Revenue or Labor, is there to nail you to the mast for something. It is big Government interferring with private industry. I think it is a natural reaction. There are very few people from Government out there anxious to help you make a buck more easily in the private sector today. It is all additional cost of doing business. I am not so concerned about the big industry. Caterpillar Tractor Co. will teach their employees good safety measures and can provide good safety equipment. It is a cost factor for them, but they have the know-how. It is the fellow Mr. Conte is talking about here in the main, the small, real bedrock of the private free enterprise system, the little fellow who really has to go to the mat here. He doesn't have all these resources to turn to.

Mr. CONTE. And he runs a pretty good shop, a very low accident rate.

ANTICIPATED INCREASING ACCEPTANCE OF OCCUPATIONAL SAFETY ACT

Secretary HODGSON. One of the things that strikes me about this, originally when this law was passed I said I thought this law was to the realm of industrial health and safety as landmark a piece of legislation as the Fair Labor Standards Act was with regard to wages and salaries, and the National Labor Relations Act was to labor relations in this country.

You remember the history of those two acts. For the first few years after them, they were the scene of some of the most bitter kinds of controversy, because they were new, they were a Federal presence in an area where the Federal presence had not previously existed. There was resistance both as to the purpose and to the fact of this Federal presence.

I think that we are not running into the same extent and nature of that kind of thing today, but there is very much of that element in what resistance we are running into; that is, there is some concern that here the Feds are in something that they don't really belong in, and we wonder why they have to be here.

My own feeling is that as we do an informational job, and as we start making this program felt in terms of reduced injuries and a more healthy work place, it will become increasingly accepted. We are going to contribute to the speed of that increasing acceptance by making sure the kinds of people we put in this job are trained, trained not only as to the law itself, but as to the problems they are going to experience as they enter the work places of this country and improve on the techniques. They have an unusual law as has been demonstrated here. They don't have the same latitude as to how to treat the empire.

Mr. MICHEL. I am glad to have that assurance from you and I think it is important to have it on the record here that you are obliged to follow the letter and spirit of the law. We write the laws up here, whether for good or bad. I can't say that I was an enthusiastic supporter of the legislation. As a matter of fact, I have felt all along it was probably too tough in many respects, but nevertheless, you get cast as being totally opposed to trying to improve the lot of the working man.

It is like being against God, mother, country. The same thing prevails in the environmental area. My questionnaire just came back. I posed a question: "Do you think we ought to require the automobile companies," for example, "to have pollution free engines by 1975?" Well, we found the younger set responding: "Why 1975? Why not right now?

Of course this is the natural tendency of those who don't think beyond the end of their noses, who don't realize that you have to have research, development, tooling, prototype and then production. The same thing applies here in a little different form. I think it is good that we at least have this exchange. I think you get it from a bipartisan approach here. We are getting besieged with complaints from out there in the hustings from both labor and management. It is our obligation to see that you are aware of those complaints, and obviously you are getting letters also in your shop in the executive branch. We just want to let you know we are concerned about it and hope you will do the best job you can, knowing that your hands are tied to a great extent by the spirit and letter of the law.

Mr. GUENTHER. If I may, it might be of interest to you to hear a couple of quotes from some of the correspondence we are getting from both sides. It is very interesting.

Mr. MICHEL. In the interest of time why don't you put those in the record?

(The information follows:)

REACTION TO OSHA TO DATE—HEATED

A. OSHA IS OVERZEALOUS

1. "Reports which I have had from my district indicated that your people are operating under this law in a highhanded, dictatorial manner which is reminiscent of the days of Mr. Hitler in Germany . . . in many of the Department of Labor's actions. As the chairman of the committee charged with oversight of this act, I feel that if the Department does not speedily correct its attitudes and actions in this matter, I will exercise full authority to bring about these changes."

2. "If you people cannot eliminate some of the completely silly and assinine regulations which you have decided upon, there should be a mass replacement of personnel in the Departmene of Labor. . . . You are going to have a mass revolt and mass violations of the regulations which you people have put out unless you backtrack and the Congress is already incensed at the manner in which you have begun to enforce this act."

B. OSHA IS UNDERZEALOUS

1. AFL-CIO Executive Council statement of February 18: "We have weighed the President's words against his deeds and found them wanting. The record is one of foot dragging, flabby enforcement, and adulteration of the special provisions of the act setting forth specific rights and protections for employees."

2. Congressman Daniels, New Jersey: "Now the hopes of this Congress and their constituents have been undermined by the inept and lax adminisration of important parts of the occupational safety and health law. A spirit of protecting the lives and health of our workers is barely discernible . . ."

CONSUMER PRICE INDEX

Mr. MICHEL. The $7.4 million increase for the fourth increment of the 6-year program to update the Consumer Price Index, will make what total cost up to this point for revision of the index? A total expenditure of how much?

Mr. HODGSON. You mean from the time we started this particular thing?

Mr. MICHEL. Right, for this revision. Why don't we just have that put into the record.

Mr. MOORE. Mr. Michel, the increase requested this year is not $7.4 million for the CPI revision, but $3.8 million, and the accumulated costs including that $3.8 is $9.8 million.

Secretary HODGSON. Over how many years?

Mr. MOORE. Four years.

Secretary HODGSON. How many years to go?

Mr. MOORE. Two to three years to go.

TALMADGE AMENDMENTS TO WIN PROGRAM

Mr. MICHEL. Mr. Secretary, what are the Talmadge amendments to the work incentive program that you made reference to in your testimony? You may submit a response for the record.

(The information follows:)

Talmadge Amendments to the Social Security Act

The 1971 (Talmadge) amendments to the Social Security Act (Public Law 92-223) include substantial revisions to the work incentive program. The net result of these changes will increase the performance capability of the program and lead to a smoother transition to H.R. 1. Following is a listing of the more substantive amendments to WIN.

1. Applicants for AFDC must now register with the Department of Labor for Manpower Services, Training and Employment as a condition of eligibility for AFDC, unless they are specifically exempted by law (sec. 402(a)(19)(A)). At present the welfare agency decides who is appropriate for referral to WIN and makes a referral to a WIN project.

2. The non-Federal contribution for Manpower (DOL) and Social and Supportive Services (HEW) is set at 10 percent. Prior to Talmadge the non-Federal contribution was 20 percent for Manpower costs and 25 percent for most social and supportive services.

3. Talmadge strikes out the provision of special work projects and substitutes a component called Public Service Employment (PSE). This component calls for the creation of jobs with public and private nonprofit agencies for those persons for whom a job in the regular economy cannot be found. The cost of such employment will be reimbursed by the Federal Government on the following scale: First year, up to 100 percent; second year, up to 75 percent; third year, up to 50 percent.

The remainder of costs will be borne by the employing agency. The amendments further require that 33⅓ percent of all Manpower WIN funds be used for PSE or on-the-job-training.

4. There is to be established a separate welfare administrative unit, at the local level, to provide social and supportive services to prepare registrants for participation in WIN. This unit will then certify registrants to the local manpower agency for WIN services. Each State must certify, to WIN, a minimum of 15 percent of the persons required to register. This unit must also participate in the development of an employability development plan for each certified registrant.

5. The Secretary of Labor, jointly with the welfare administrative unit, will develop statewide operating plans.

6. Talmadge requires the establishment of:

A. Labor market advisory councils which will advise the manpower agency as to the types of jobs which are available or are likely to become available. Institutional training may not be conducted if it is not related to these kind of jobs.

B. Regional coordination committees which will review and approve statewide operational plans.

C. A national coordination committee (jointly established by the Secretary of Labor and the Secretary of HEW) to establish reportive and similar administrative policies.

7. The law now authorizes DOL to provide allowances for transportation and other costs related to training. Such allowances are currently the responsibility of the welfare agency. Payment of incentive allowances remain the responsibility of DOL.

These Amendments are effective July 1, 1972.

In addition to the amendments listed above, the Internal Revenue Act of 1971 provides a tax credit to employers who hire an individual from a work incentive program and retain that individual in employment for a minimum of 12 months (not necessarily consecutive) in the first 24 months following the hire. The tax credit is equal to 20 percent of the individuals wages during the first 12 months of employment. This provision became effective January 1, 1972.

ECONOMIC BENEFITS OF GOOD SAFETY LEGISLATION

Mr. MICHEL. I notice you made mention here of the fact that the American National Standards Institute and the National Fire Protection Association were expressing more than just passive interest, of course, in how the Occupational Safety and Health Act is administered. Does that indicate at all that by industry conforming to these higher standards there are any prospects for reduction in, say, fire insurance premiums, or would we expect that there will just be a reduction in the incidence and causes of fire with maybe no resultant reduction in premium.

Secretary HODGSON. In the early 1960's, Congress enacted a bill to provide for special safety legislation in the longshore industry. The interesting effect of that has been twofold. The level of accidents has

been reduced, but along with it so has markedly been reduced the workmen's compensation cost to employers, so there are economic as well as human benefits to be gained from well executed safety legislation. The prospect for some economic recovery from a good safety program is significant.

How much, of course, depends on how effective it is.

STATE PARTICIPATION IN OCCUPATIONAL SAFETY AND HEALTH

Mr. MICHEL. I don't want to belabor this point too long, but in your testimony you say that, "Until we get a better fix on the degree of State participation, we feel it would be irresponsible to seek vast numbers of Federal inspectors to enforce the act".

Secretary HODGSON. Congress felt that, for two reasons, we ought to try to get maximum participation by the States in this program. No. 1, administration close to the source of the problem quite frequently is the most realistic kind of administration.

Second, there is a limited amount of talent available in the health and safety field, and the States have much of that talent. So to capitalize on both of those two things they wrote into the law provision for the Federal Government to assist the States in two ways: In its planning for occupational health and safety activity it will provide 90 percent of the funds needed for such planning, and on a 90/10 basis participate with the States in planning.

Second, that when it comes to the operation of an approved program, it will supply 50 percent of the funds to the States and participate financially with the States on a 50/50 basis on administrative costs.

Because of this incentive to the States to participate, a number of States will do so. We would hope that every single one of them would do so. I don't believe that that will be realized, at least not in the early portion of the program, but we are attempting to promote it a great deal because we agree with the congressional intent that we ought to maximize State participation.

At the present time we can say that a number of States will be coming in, but how many we don't know, and until we do know, we won't know what the scope of Federal responsibility will be. And since we don't know what the scope of Federal responsibility is, it would be unwise to overestimate that scope, and hire people who subsequently would not be required.

Mr. MICHEL. How many States are currently in?

Mr. GUENTHER. No State is currently in with an operating program. This is a many-phased effort. As of now, 53 of the 56 eligible jurisdictions—in other words, 50 States, the District of Columbia, Puerto Rico, and four other jurisdictions—have informed us in writing of their intention to submit a plan. Fifty-three of the 56 have received the 90-percent planning grants to date, and they are all actively working, with legislation having been passed in a number of States already and under active consideration in other States. Your State is one of the leaders in passing a new health and safety act and indeed we have received the first operating plan from a State, which is South Carolina.

Mr. MICHEL. Are they bound by the law to have those operating plans in by any specific date?

Mr. GUENTHER. They are not bound by the law to have them in by any specific date. However, the act provides that States not having submitted plans as of the end of this calendar year, the 29th of December, will have their standards preempted by Federal standards, so that for all practical purposes the end of this year is the cutoff date. However, it is possible to submit a plan later than that.

NEED FOR SOUND STATISTICAL DATA

Mr. MICHEL. You go on to say: "Never has the demand for economic data been as intense as it is today". Probably we ought to have what, a combination of the Consumer-Price Index, the Industrial Wholesale Price Index, a price deflater? Is there any example that could be cited where if we had better statistics available, this or that crisis could have been avoided?

I am always a little bit skeptical, as much as I appreciate and realize you have to have good, sound data and information upon which to predicate a decision or a sales production schedule, et cetera. We always get requests for increased amounts, increased personnel, refined statistics, but still we fall short. They are never perfect.

Secretary HODGSON. For years I had a similar kind of view that we ought to look somewhat askance at requests for additional data because we seem to have an enormous amount as it is, but one of the things that changing economic conditions have pointed up is that the projections of economists, and particularly those who are charged with policy setting responsibilities, are based upon inadequate data, and to the extent they are, they are more estimates than knowledgeable projection.

This means that, to the extent that the data is not accurate we are flying by the seat of our pants rather than proceding on an informed basis. We have found during the past year that at least 50 percent of the interest in additional data is caused by government ventures in the wage and price control field plus their concern for productivity in this country. As we get into wage and price control, we find there are dimensions to that problem that indicate we really don't have the kind of data we need to make the kind of policy regulations and decisions that are required.

What sort of allowance for productivity improvement, for instance, should the Price Commission make, in determining an appropriate pass through for price increases? Should they do it by overall industry? Should they do it by company? Should they do it just within the industry in which the firm that is under consideration is active?

The fact is that they don't really have the data to do it all of those ways, so they have to do it in accordance with the way in which they have the data, and that is pretty limited.

We have found that we have a limited amount of tools to use in building a ship that needs some pretty elaborate tools. We find in productivity, which is probably one of American industry's principal problems now, while we are faced with the kind of international competition that we haven't faced since World War II, that our data is meager by standards of need. And we find ourselves trying to determine in such instruments of policy as the productivity commission what is the best way to spend our research money in this country

in order to get the maximum return with regard to ability to compete abroad, and to create jobs at home.

The information is really quite sketchy. In the construction industry we know that productivity is a problem. In fact, there is almost no facet of that industry except demand that doesn't have a problem, and yet we have very inadequate data for dealing with it. So almost wherever we turn for the kind of answer we need to make a policy decision that is supposed to be based on verifiable data, we find some limitations.

We certainly have not asked for anywhere near all that people have asked us for and would like to have, but the demands this year haven't come from just one quarter, not just from labor, not just from management, not just from the Congress or from policymakers or academicians. It is general. It is for the first time since I have been around here, which is a reasonably short time, that I have seen anything like the intense, almost impassioned interest for getting better data so people will know what they are doing.

TAKEOVER OF "BLACK LUNG" PROGRAM

Mr. MICHEL. The Department of Labor is obligated to take over the administration of the Federal Coal Mine Health and Safety Act, the black lung program, by when—January 1, 1973?

Secretary HODGSON. Yes.

Mr. MICHEL. You are asking for 100 positions to administer that act; is that correct?

Secretary HODGSON. For the Department.

Mr. MICHEL. Is that comparable to the number of individuals who are currently handling that program over in Social Security?

Mr. GRUNEWALD. I don't have the exact figure but there are more positions than that in Social Security. But also the plan is that some of this will ultimately go to the States in terms of administering when we take it over. That has been taken into account in the number of positions.

Mr. MICHEL. In terms of man-years, what do you estimate for next year?

Mr. GRUNEWALD. We are talking about 45 man-years and 100 positions for the last 6 months of fiscal year 1973.

Mr. MICHEL. I think that is all.

Mr. FLOOD. Mr. Patten.

CONGRESSIONAL ACTION ON TRANSPORTATION DISPUTES

Mr. PATTEN. Mr. Secretary, 10 years ago in my first year in Congress we were asked to vote for an emergency resolution to prevent a railroad strike. In the interim many Members have hoped out of their own legal experience and labor negotiations that they could make a contribution. You state that you are looking to the future enactment of laws dealing with emergency disputes. The first thing I question, based on the last 10 years of experience and probably five votes of that type, including the longshoremen, can you and I call this an emergency if something turns up next month? We have had 10 years to come up with some answers. I would just like you to appreciate what happened to me on the longshoremen's vote.

The House committee met Thursday, with TV cameras and big newspaper coverage, and they met on Friday and some of us who are a little conscientious here in the public interest were asked to come in Monday to vote, and the other side brings in a new ballgame, which we had never seen, never discussed, and didn't have a chance to read. There were no printed hearings. But because it was a popular thing to vote for it, it passed the House overwhelmingly. The President, of course, keeping the high road as usual, made the speech over in Peking and that kept politics out of it.

I don't think it is an emergency any more. We know we have these transportation troubles. And if as you say we are going to make some progress, I think most of us who like to do it conscientiously would like time to consider, and we should have a fair opportunity to discuss. We shouldn't be asked on 10 minutes' notice to vote and then if you don't go along, to be accused of not acting in the public interest.

Do I make myself clear?

Secretary HODGSON. Absolutely.

Mr. PATTEN. In other words, books are written on this subject. I have tried to gather all of them. I know I must have five or six anyway. Certainly millions of words have been lost on this subject.

I don't intend to pursue the whole subject, but I want to tell you I have a definite feeling as a Congressman sitting upstairs we are making a great mistake to throw this in the lap of the Congress under the guise of an emergency. I think we now have the time, if we have the judgment, if we have the thoughts, to come forward with what is in the public interest. I don't know what it is. I have pursued it and thought about it and talked to labor leaders, talked to management, and I frankly don't know the answer.

But you say "public interest requires some better way of dealing with these crippling disputes in the transportation industry."

I don't think it is in the public interest to pass legislation the way the longshoremen's legislation was handled. That is my honest opinion. I don't think it is fair to those of us who are conscientious about doing a good job. There are some little details about this whole thing we didn't like.

I think the problem is well known and has been well known for at least 10 years. There is no emergency about knowing the problem. I think if we do have something forthcoming, we ought to have an opportunity to properly consider it and deal with it if solutions are possible.

I will tell you categorically, after thinking about it for 10 years, we are going to rue the day that we throw these emergency resolutions on the floor of Congress to get a popular vote. That is my judgment. There will always be one side or the other who says you are not acting in the public interest.

There are 50 points to this little thing that could be considered. You indicated that, "there seems to be developing in the collective bargaining in this decade—I think we are going to see it shaped more than in the past by public interest."

At whom is that expression directed, less by private influence. My judgment is, looking at the acts of Congress on probably five occasions, the Congress promptly and overwhelmingly acted on these resolutions in what was probably the consensus of the public interest. But it leaves me greatly unsatisfied. These terms are used continuously

and I just feel we don't have the answers. Of course I am not on these committees and I don't know if other people have different opinions that some special interest is presenting, desirable or not.

I certainly don't regard the next resolution to come on the floor to settle a labor dispute in the transportation field an emergency. I think we have had 10 years to think about it. I have never even had a chance to discuss it in debate, the merits of the issues, and where we are going.

To give you one illustration—

Mr. MICHEL. If my friend will yield at that point, you know there have been a number of proposals to deal with this thing in a very orderly fashion, but unfortunately you and I don't serve on that committee where we could maybe make things move a little bit. It was an emergency for us out our way when we had beans and corn stacked up on the highways and in the fields because we couldn't move it. It was an emergency for us.

REASONS FOR DISPUTES COMING TO CONGRESS

Secretary HODGSON. If I sense your complaint, sir, it is that you shouldn't have to, as a Congress, on top of your other work, try as a body of 535 arbitrators, so to speak, to sit down under crisis conditions and do something that really should have more deliberation; that the solution to these things isn't best done under those kind of circumstances. This is right. We think that what we need is some permanent legislation that will mean these kinds of disputes won't come to Congress.

I would like to start our discussion if I may on why I think these things are coming to Congress as often as they do.

I have been in collective bargaining now around 30 years, and in the early years, the first 20 or 25 years, the general feeling was that the last thing that either side of the bargaining table wanted was to let its dispute wind up in Congress. There was the general feeling, "You never know what those guys will do with it up there."

In the end when it looked like Congress was getting interested in the dispute from an emergency standpoint, they would find ways to settle it themselves.

As you say, about 10 years ago the first real one in a long time came before Congress and was resolved by an independent emergency crisis piece of legislation. In the late sixties still another one, and then gradually more and more so within the last 2 years four disputes have come to Congress in the transportation industry all of them requiring Congress to put aside what it was doing to legislate in that particular kind of an emergency action to deal with it.

These things are coming to Congress because the bargainers no longer fear Congress, they no longer fear congressional action in their disputes. They have found as a result of the experience they have had in the last 10 years that when a dispute comes to Congress, neither side really gets hurt very much. We had a fascinating experience in the one case a year ago when Congress on one hand voted to provide legislation that called for some wage increases for a group of workers in the railroad industry, and followed it up within a month to provide the management with the money to pay those increases. It all becomes

just a little bit too easy then for bargainers to say, "We have a terribly difficult problem."

On one hand industry bargainers feel they are economically badly pressed and on the other hand the unions feel they just haven't been getting what is due them. So why not let the thing go to Congress? The leaders and bargainers on both sides can then tell themselves, "At least we won't be any worse off than we are now, we may be a little better off, and we can then always blame whatever happens on the Congress and not on ourselves for making a contract."

This is just too much of a temptation in such a difficult thing as bargaining in some of these critical, critical transpotration industries.

NEED FOR LEGISLATION TO PROVIDE PERMANENT SOLUTION

As a result we have proposed there shall be legislation to deal with this problem—legislation that provides new safeguards, that changes the out-of-date Railway Labor Act which seems to project disputes into Congress lap now on the average of once every 6 months and is apt to increase as time goes on, that provides some legislation of a permanent nature to deal with disputes generally so Congress won't have to act in each individual dispute.

The legislation needs to be examined. We think the legislation the administration has proposed is good legislation. We think of all of the legislation that has been proposed to deal with such circumstances, either by academicians, professionals, or Government officials, in the last 10 years this is the bill that is best apt to preserve collective bargaining, and we think it is worth preserving.

But we are as sure as we can be that unless we get some legislation like this, unless we learn to deal with these emergencies—the public—and by public I mean the nonparticipants to the bargaining—is going to demand that something be done about collective bargaining, and collective bargaining is just too good an institution to chuck by the wayside. We ought to try to preserve it with some permanent legislation that will encourage it.

Mr. PATTEN. Then you are not indicting the Congress, I take it, when you say you think in the future it will be shaped more than in the past by the public interest and less by private influence?

Secretary HODGSON. That is right.

Mr. PATTEN. You are not suggesting the Congress of the United States has failed to solve this problem because of private influence?

Secretary HODGSON. No, exactly not. The big battles in the past in labor-management have been between a labor organization on one side and a management group on the other side. That is what I mean by private influence. That is how the whole labor-management picture has shaped up.

I think in the future because of the fact that in our intermeshed economy today the public gets hurt more than it used to by a strike—particularly a strike in the distributive industries like transportation—that Congress it seems to me has really one of two choices—either it has to go into the dispute settling business in a big way, get itself a staff and be prepared to legislate on an ad hoc basis as these disputes come along and create emergencies—I don't think it wants to do that—or it has to enact some permanent legislation that will give the executive branch ways of dealing with it. That in our mind is the preferred

way and in our mind it should be done in a way that tries to preserve the good parts of collective bargaining, because certainly collective bargaining has contributed a lot to this country in the last 25 years.

Mr. PATTEN. Of course you could pursue this for many hours. You know what I am saying. I for one resented that little show put on at Peking. Don't you have any doubt about it.

Secretary HODGSON. Remember that was after the legislation had been passed.

Mr. PATTEN. I resented the way the so-called amendment was brought up on Monday when some of us who would like to act conscientiously didn't have a chance to know what we were doing. We had no hearings, we had no committee statement, and the thing was put through very quickly.

Secretary HODGSON. I don't think Congress likes to get into these things at all.

Mr. PATTEN. Somebody said something about some better values were thrown to the wind. You can holler wolf once too often. Those of us in the Metropolitan New York area are used to Mike Quill every Christmas and the subway strike, and a few other strikes that were annual shows on New York TV and radio and other communications, spoiling our Christmas and New Year's year in and year out. I have my own opinion of the finale of that bit.

OUTLOOK FOR ANOTHER RAIL STRIKE

If we have the ability, we know what we want for the national interest, let's do it, and not wait until next November when there is a strike on, because as sure as you sit here we are going to have another round.

Secretary HODGSON. Right now the Congress has got 47 days to look at legislation. It has been in committees here now for 2 years. It has been the subject of hearings in both Houses, so Congress can now see whether or not it wants to do something about it on a permanent basis before a potential crisis occurs in either one of two disputes in the railroad industry that could—hopefully won't, but that could—produce a widespread emergency in June. The *Penn-Central* case we discussed this morning is one, the other one is a contract dispute between the Sheetmetal Worker's Union and the railroad industry.

In both of these two industries the countdown has started, we are 47 days away from the final day of peace that is guaranteed by the Railway Labor Act. The President has taken the final step available to him under the act and it is possible that a settlement can be reached in both cases before June, and it is also possible that both could result in a shutdown of the Nation's entire railroad system or a major portion of it.

Mr. PATTEN. Thank you. I won't discuss it further, but I would like to state categorically that I think the Members of Congress, as I observed things in the last 10 years, would act in the public interest without hesitation if a leadership course of action was indicated that was fair and reasonable.

Secretary HODGSON. Thank you.

Mr. PATTEN. I have no further questions.

Mr. FLOOD. Mr. Conte.

Mr. CONTE. Forty-seven days to act on general legislation which would handle this situation Congressman Patten is talking about forever.

Secretary HODGSON. That is the purpose of that bill. And it is a bill that has increassing support, and I think it is getting increasing support for the reason Congressman Patten says. It is a recognition there is a problem here with public interest involved, and this is the kind of thing Congress is concerned about.

There is also some concern about this legislation on the part of both labor and management. If this regulation or any other kind of legislation is enacted, that will really deal with this problem, and in an effective way, there will have to be some limitations placed on somebody. And nobody in the private sector likes limitations placed on him. We say that here is one kind of circumstance; that is, in the transportation industry only, in that industry only where those strikes are sufficiently widespread as to cause a major emergency and then only after an extraordinarily long process of bargaining, emergency measures, cooling off periods, final votes, does any limitation on freedom of action of the parties ensue. We think we have a piece of reasonable, operationally feasible legislation. And in those 47 days we are going to be doing everything we can to encourage Congress to come to grips with it.

BASIS FOR PREDICTING IMPROVED ECONOMIC CONDITIONS

Mr. CONTE. In view of the fact the unemployment rate increased to 5.9 percent last month, what is the basis for your expectation of improvement in the general economic situation?

Secretary HODGSON. Because the unemployment month-to-month figure is a figure subject to considerable bouncing around, and this happens whether the trend is up or the trend is down. In our judgment the trend is basically down now.

Further, we are supported in that prediction by another figure that came out last month in the employment report, and that was the employment. Employment in the last month alone on a seasonally adjusted basis went up 600,000 jobs in this country. That, within a single month, is nearly half of the number of new jobs that normally occurs over the entire span of a year.

What this means is that during last month the numbers of people entering the work force was so much higher than normal that even an abnormally large increased gain in employment wasn't enough to preclude a slight rise in unemployment. But the trend in unemployment in our judgment is distinctly down.

One figure sticks in my mind on this. Today 80 percent of the industrial categories that we follow, project and are showing rising employment. A year ago that number was 15 percent. That shows you the difference in the kind of economy we are in now from what we were.

UNEMPLOYMENT BENEFITS FOR VETERANS AND EX-FEDERAL EMPLOYEES

Mr. CONTE. How many veterans and former Federal employees will be receiving unemployment benefits during fiscal 1973?

Secretary HODGSON. We had better supply that for the record.

(The information follows:)

Approximately 850,000 veterans and 700,000 former Federal employees will draw unemployment benefits in fiscal year 1973.

STRENGTHENING CONTRACT COMPLIANCE ACTIVITIES

Mr. CONTE. What major weaknesses in the compliance activity in the Employment Services Administration do you plan to strengthen?

Secretary HODGSON. The principal thing there has been, at least in our judgment, the problem of getting the various agencies of the U.S. Government that are responsible for handling the procurement policies of those receptive agencies to work together with a uniform, comprehensive, cohesive approach, all with the same standards, with the same objectives, with the same level of effort, and getting them headed down the same road at the same speed, in other words, to accomplish the job that needs to be done.

The administrative mechanism for the Office of Federal Contract Compliance standards and regulations is through the various different agencies of the Government, to each of which are assigned various industrial categories, such as Defense has aerospace, Veterans' Administration has drugs, the Department of Transportation has transportation, and so on. And each of them has to proceed in their own respective areas. We are now establishing new mechanisms to make sure there is a more even distribution and impact of efforts.

Second, we are trying to make sure that in our field activities there is greater ability to use a broader range of resources than just the people at any one place at any one time specifically assigned to this function. If there is a special problem in one area, they can expand and utilize people from related resource groups inside the Labor Department to go to work on that problem. There are others, but those would be the main two.

IMPACT OF FOREIGN TRADE ON DOMESTIC EMPLOYMENT

Mr. CONTE. How serious an impact on domestic employment do you believe trade with foreign countries has?

Secretary HODGSON. In general in this country, it can be shown that we have more jobs as a result of exports than we, let's say we use the term "lost" as the result of imports. The trouble with this kind of an observation is that it is in general, and there are a lot of circumstances that need to be examined individually. That is one of the reasons we have proposed a greater examination of this problem than now exists.

One example is this: You notice we have said we want to study the effects of multinational corporations. One common bit of conventional wisdom in some quarters these days is that multinational corporations diminish jobs for workers in this country. I was visited by Mr. Woodcock of the UAW about 2 months ago. He said that this had been his general opinion, but he was now starting to question his opinion because he had just come from the Caterpillar Tractor Co. in Peoria where they had shown him the result of expanding their operations abroad. And in each country where they had established operations abroad, they had increased the market for their products to such an extent that the amount of production in the foreign countries com-

pared to the amount that they were able to get in additional market for American products was distinctly less.

So we actually increased the number of jobs for American employees by establishing these operations in foreign countries. This was true in every single country they had gone in. They had chapter and verse, figures, and dollars. So you have to particularize on this subject.

We would like to be able to do that by getting more information than anybody I know of anywhere now possesses on the subject.

Mr. CONTE. The Caterpillar case is a unique one though.

Secretary HODGSON. It may be.

WORK INCENTIVE PROGRAM

Mr. CONTE. How soon do you plan to implement the amendment regarding the work incentive program, and approximately how much money will this entail?

Mr. SILBERMAN. We can't be sure, because OMB, as you know, is involved in that process. But I should think sometime within a month.

Mr. CONTE. How much money will that entail?

Mr. SILBERMAN. That we can't tell you at this point.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you very much, Mr. Secretary.

Secretary HODGSON. Thank you very much, Mr. Chairman. It is a very constructive hearing.

WEDNESDAY, APRIL 12, 1972.

MANPOWER ADMINISTRATION, SALARIES AND EXPENSES AND MANPOWER TRAINING SERVICES

WITNESSES

MALCOLM R. LOVELL, JR., ASSISTANT SECRETARY FOR MANPOWER
PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY FOR MANPOWER AND MANPOWER ADMINISTRATOR
HAROLD O. BUZZELL, DEPUTY MANPOWER ADMINISTRATOR
ROBERT J. BROWN, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR U.S. EMPLOYMENT SERVICE
ROBERT C. GOODWIN, ASSOCIATE MANPOWER ADMINISTRATOR FOR UNEMPLOYMENT INSURANCE SERVICE
WILLIAM B. HEWITT, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR POLICY, EVALUATION, AND RESEARCH
KATHARINE MANY, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR MANAGEMENT AND ADMINISTRATIVE SYSTEMS
ROBERT J. McCONNON, DIRECTOR, OFFICE OF NATIONAL PROJECTS ADMINISTRATION
ALFRED M. ZUCK, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
MERWIN S. HANS, ACTING DEPUTY ASSOCIATE MANPOWER ADMINISTRATOR FOR THE OFFICE OF EMPLOYMENT DEVELOPMENT PROGRAMS
JOHN L. BLAKE, ACTING DIRECTOR, JOB CORPS
HUGH C. MURPHY, ADMINISTRATOR, APPRENTICESHIP SERVICES
JAMES P. ROBERTS, JR., CHIEF, DIVISION OF BUDGET, OFFICE OF FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
HOWARD A. MATTHEWS, DIRECTOR, MANPOWER DEVELOPMENT AND TRAINING, OFFICE OF EDUCATION
DUANE J. MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS, OFFICE OF EDUCATION

SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
MANPOWER ADMINISTRATION			
Personnel compensation:			
Permanent positions	37,292	55,162	56,225
Positions other than permanent	50	112	112
Other personnel compensation	275	302	302
Total personnel compensation	37,617	55,576	56,639
Personnel benefits: Civilian	3,161	4,228	4,471
Benefits for former personnel	10		
Travel and transportation of persons	2,598	3,702	3,753
Transportation of things	146	261	265
Rent, communications, and utilites	1,619	4,118	5,248

SALARIES AND EXPENSES—Continued

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Printing and reproduction	656	989	998
Other services	18,065	12,421	11,713
Services of other agencies		1,257	1,257
Supplies and materials	159	316	322
Equipment	358	473	495
Grants, subsidies, and contributions	101		
Total costs, funded	64,490	83,341	85,161
Change in selected resources	6,794		
Total obligations, Manpower Administration	71,284	83,341	85,161
ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
Personnel compensation:			
Permanent positions	1,676	1,855	1,839
Positions other than permanent	23	23	23
Total personnel compensation	1,699	1,878	1,862
Personnel benefits: Civilian	151	130	130
Travel and transportation of persons	146	175	175
Transportation of things	4	3	3
Rent, communications, and utiilties	120	116	116
Printing and reproduction	25	35	35
Other services	544	285	285
Supplies and materials	5	15	15
Equipment	26	18	18
Total obligations, Health, Education, and Welfare	2,720	2,655	2,639
Total obligations	74,004	85,996	87,800

PERSONNEL SUMMARY

MANPOWER ADMINISTRATION

Total number of permanent positions	2,894	3,904	3,937
Full-time equivalent of other positions	4	8	8
Average paid employment	2,644	3,635	3,665
Average GS grade	10.2	10.0	9.9
Average GS salary	$15,124	$14,926	$15,292

ALLOCATION TO HEALTH, EDUCATION, AND WELFARE

Total number of permanent positions	159	148	148
Full-time equivalent of other positions	1	1	1
Average paid employment	149	140	140
Average GS grade	9.5	9.3	9.2
Average GS salary	$13,445	$13,387	$13,269

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Planning, evaluation, and research	4,382	4,670	4,764
2. Training program development and administration:			
(a) U.S. training and employment service	20,818	33,195	34,046
(b) Job Corps direction		9,667	9,905
(c) Institutional training administration	2,671	2,655	2,639
3. Apprenticeship services	7,422	7,702	7,892
4. Unemployment insurance service	5,322	7,165	8,007
5. Civil rights compliance	732	796	816
6. Executive direction:			
(a) General administration	2,946	4,367	4,461
(b) Management and administrative services	2,374	3,622	3,694
(c) Financial and management information systems	7,690	11,406	11,576
7. Experimental, demonstration, and research program	12,853	751	
Total program costs, funded	67,210	85,996	87,800
Change in selected resources[1]	6,794		
Total obligations	74,004	85,996	87,800

See footnote at end of table.

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)—Continued

	1971 actual	1972 estimate	1973 estimate
Financing:			
Receipts and reimbursements from:			
Federal funds	−115		
Trust funds	−23,817	−24,626	−25,910
Unobligated balance available, start of year	−456	−751	
Unobligated balance available, end of year	751		
Unobligated balance lapsing	122	1,893	
Budget authority	50,489	62,512	61,890
Budget authority:			
Appropriation	50,689	63,775	61,890
Transferred to other accounts	−200	−1,263	
Appropriation (adjusted)	50,489	62,512	61,890
Distribution of budget authority by account:			
Bureau of Apprenticeship and Training, salaries and expenses	7,409		
Manpower Administration, salaries and expenses	43,080	62,512	61,890
Relation of obligation to outlays:			
Obligations incurred, net	50,072	61,370	61,890
Obligated balance, start of year	22,690	25,789	12,481
Obligated balance, end of year	−25,789	−12,481	−3,839
Adjustments in expired accounts	−1,170		
Outlays	45,803	74,678	70,532
Distribution of outlays by account:			
Bureau of Apprenticeship and Training, salaries and expenses	7,284		
Manpower Administration, salaries and expenses	38,144	74,666	70,532
Bureau of Employment Security, salaries and expenses	375	12	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $25,454,000; 1971, $32,248,000; 1972, $32,248,000, 1973, $32,248,000.

MANPOWER TRAINING SERVICES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
MANPOWER ADMINISTRATION			
Personnel compensation:			
Permanent positions	17,383	1,077	
Other personnel compensation	5	14	
Total personnel compensation	17,388	1,091	
Personnel benefits: Civilian	1,414	88	
Benefits for former personnel	21		
Travel and transportation of persons	1,791	16	
Transportation of things	46		
Rent, communications, and utilities	1,253	24	
Printing and reproduction	210	5	
Other services	4,337	17,917	19,200
Supplies and materials	39	8	
Equipment	124	10	
Grants, subsidies, and contributions	956,325	1,389,841	1,397,700
Total costs, funded	982,948	1,409,000	1,416,900
Change in selected resources	470,077	31,813	53,466
Total obligations, Manpower Administration	1,453,025	1,440,813	1,470,366
ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
Grants, subsidies, and contributions	150,537	155,000	160,000
Total costs, funded	150,537	1550,00	160,000
Change in selected resources	4,444	5,000	3,000
Total obligations, Health, Education, and Welfare	154,981	160,000	163,000
Total obligations	1,608,006	1,600,813	1,633,366

MANPOWER TRAINING SERVICES—Continued

PERSONNEL SUMMARY

	1971 actual	1972 estimate	1973 estimate
MANPOWER ADMINISTRATION			
Total number of permanent positions	1,418	103	
Average paid employment	1,188	80	
Average GS grade	10.1	8.6	
Average GS salary	$14,562	$11,936	

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Private sector on-the-job training	172,912	186,300	178,100
2. Public sector on-the-job training	52,700	110,600	84,700
3. Institutional training:			
(a) Regular classroom training	321,700	359,500	363,500
(b) Job Corps	134,283	158,900	164,700
4. In-school work support:			
(a) In-school	49,361	75,200	75,200
(b) Summer youth training	149,545	243,800	270,700
5. Postschool work support	127,505	196,100	195,900
6. Special targeting	70,622	155,000	155,000
7. Computerized job placement	19,800	25,800	29,600
8. Program support:			
(a) Planning and technical assistance	16,490	30,200	35,200
(b) Labor market information	4,281	4,800	5,100
(c) Contractual research, demonstration, and evaluation	442	17,800	19,200
(d) Federal salaries and expenses	13,844		
Total program costs, funded	1,133,485	1,564,000	1,576,900
Change in selected resources[1]	474,521	36,813	56,466
Total obligations	1,608,006	1,600,813	1,633,366
Financing			
Receipts and reimbursements from: Federal funds	−151		
Unobligated balance available, start of year	−68,910	−75,507	−29
Unobligated balance available, end of year	75,507	29	
Unobligated balance lapsing	14,579	181	29
Budget authority (appropriation)	1,629,031	1,525,516	1,633,366
Relation of obligations to outlays:			
Obligations incurred, net	1,607,855	1,600,813	1,633,366
Obligated balance, start of year	599,115	1,072,365	1,243,867
Obligated balance, end of year	−1,072,365	−1,243,867	−1,454,514
Adjustments in expired accounts	−15,285		
Outlays	1,119,320	1,429,311	1,422,719

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $559,210,000; 1971, $1,033,731,000; 1972, $1,070,544,000; 1973, $1,127,010,000.

Mr. FLOOD. We now continue with the Department of Labor, and will take up the first two appropriations for the Manpower Administration, "Salaries and Expenses" and "Manpower Training Services." The presentation will be made by Malcolm R. Lovell, Jr., Assistant Secretary for Manpower.

INTRODUCTION OF SUPPORTING WITNESSES

I see you have some of your staff with you.

Mr. LOVELL. Mr. Fasser is Deputy Assistant Secretary for Manpower and Manpower Administrator. Mr. Zuck is Acting Associate Manpower Administrator for Financial and Management Information Systems.

BIOGRAPHICAL SKETCHES OF WITNESSES

Mr. FLOOD. We would like to have biographical sketches of the principal witnesses.

(The biographical sketches follow:)

BIOGRAPHICAL SKETCH OF MALCOLM R. LOVELL, JR., ASSISTANT SECRETARY FOR MANPOWER

Born in Greenwich, Conn. on January 1, 1921, Mr. Lovell holds an industrial administrator degree and a master of business administration degree from the Harvard Business School.

From June 1969 until his appointment as Assistant Secretary for Manpower, Mr. Lovell served as Deputy Assistant Secretary for Manpower and Manpower Administrator.

From January 1969 until June 1969, Mr. Lovell served as executive associate for manpower with the urban coalition.

From July 1965 until 1969, Mr. Lovell served as director of the Michigan Employment Security Commission. He also acted as a special assistant to Governor Romney and served as chairman of the State labor mediation board. Mr. Lovell has also managed the employee services office at American Motors and served on the company's national labor bargaining committee.

Druing World War II, Mr. Lovell was an officer in naval intelligence stationed in China. His distinguished performance was rewarded by the Secretary of Navy's Letter of Citation, and the Hung Hua decoration of the Government of Nationalist China.

BIOGRAPHICAL SKETCH OF PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY OF LABOR FOR MANPOWER AND MANPOWER ADMINISTRATOR

Paul J. Fasser, Jr., was appointed Deputy Assistant Secretary of Labor for Manpower and Manpower Administrator in October of 1970.

He joined the U.S. Department of Labor after 19 years with the United Steelworkers of America.

Mr. Fasser started with the Steelworkers Union in April of 1951 as a research associate in the research department, moved to the arbitration department in 1963 as a contract and arbitration technician, and became assistant director of the contract administration department in 1967.

Among his major responsibilities with the Steelworkers were those of administrator and manager of the major operating section of the contract administration department; membership on numerous standing union—basic steel industry committees such as testing, apprenticeship, contract language review and benefits. In addition, he functioned as the international representative on several innovative programs which include the Kaiser long range sharing plan, the Alan Wood joint economic expansion plan and the basic steel earnings protection plan. He was the technical coordinator of the Can and Aluminum Industry negotiating conferences and acted as union consultant to the USW–U.S. Steel board of arbitration.

He was educated in the public schools of Farrell, Pa. While working summers at the Steelworkers headquarters offices in Pittsburgh, he attended Grove City College, the University of Pittsburgh where he studied business administration, and the New York State School of Industrial and Labor Relations of Cornell University where he received his Bachelor of Science degree in Industrial and Labor Relations in 1951.

A World War II veteran, he served in Europe with the 45th Infantry Division.

Born June 15, 1926 in Gary, Ind., Mr. Fasser is married to the former Mae A. Carino of Pittsburgh. The couple has three children and make their home in McLean, Va.

BIOGRAPHICAL SKETCH OF ROBERT J. BROWN, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR THE U.S. EMPLOYMENT SERVICE

Mr. Robert J. Brown has been with the Department of Labor since 1966 and has been at his present position since December 1971. In this position he directs the activities of the U.S. Employment Service within the Manpower

Administration. Before joining the Department, he served from February 1965 to November 1966 as commissioner, Minnesota department of employment security and deputy commissioner of the Minnesota conservation department from July 1963 to February 1965. He served as personnel director with the Minnesota department of conservation from 1955 to 1963; held several positions (including president) with local 41, United Auto Workers from 1951 to 1953.

Mr. Brown was born on September 10, 1929 in Seattle, Washington. He has an associate of arts degree from the University of Minnesota. Mr. Brown is married and has eight children.

BIOGRAPHICAL SKETCH OF HUGH C. MURPHY, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING

Appointed Administrator of the Bureau of Apprenticeship and Training, U.S. Department of Labor on August 3, 1964.

Native of New York City and a former apprentice and journeyman bricklayer. He joined the Bureau in 1946 as a field representative, rose to New York State supervisor in 1952, and was appointed regional director for the New York-New Jersey area in 1959.

Mr. Murphy joined the National Office of the Bureau in 1962 as an Assistant Administrator in charge of the Office of Industry Promotion.

Directs a nationwide organization created by Congress in 1937 to promote and help develop formal apprenticeship programs. Its apprenticeship and training activities have been expanded to assure equal employment opportunity in all of the programs under the Bureau's direction.

Prior to joining the Bureau, he was chairman of the Apprenticeship Committee for Bricklayers Local 34 in New York City as well as of the State Conference of the Bricklayers, Masons, and Plasterers International Union. He still holds membership in Bricklayers Local No. 34, New York.

He attended Fordham Prepatory School and Mechanics Institute of New York and is a member of the American Society of Training Directors.

During World War II, Mr. Murphy served in a naval construction battalion on Iwo Jima and Guam.

He is a member of the American Legion and the American Apprenticeship Round Table.

BIOGRAPHICAL SKETCH OF ALFRED M. ZUCK, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS

Alfred M. Zuck is the Acting Associate Manpower Administrator for Financial and Management Information Systems. In this position, Mr. Zuck is responsible for establishing policy for planning, developing, and administering a financial and management information system for manpower programs.

Prior to assuming this position, Mr. Zuck served as Director of the Office of Evaluation of the Manpower Administration where he was responsible for the program evaluation of the effectiveness of all manpower training, work experience, and job programs operated by the Department of Labor.

Mr. Zuck entered Federal service in July 1958 as a Management Intern in the Office of the Assistant Secretary for Administration, Department of Labor. He has since served in a variety of administrative management positions with the Department, including Deputy Assistant Manpower Administrator for Administration—sharing in the full range of administrative management activities for the Manpower Administration, including budget, financial management, personnel, and management analysis.

Mr. Zuck also served as Director of Federal Programs with the President's Council on Youth Opportunity.

In 1970 Mr. Zuck was chosen to receive the William A. Jump Memorial Award. This award is presented annually to the two most exceptional young men in Federal service in recognition of their outstanding contributions to the field of public administration.

A native of East Petersburg, Pa., Mr. Zuck graduated from Franklin and Marshall College with an A.B. degree, magna cum laude, in 1957. He took his master's degree in political science with distinction at the Maxwell School of Syracuse University in 1958. He is a member of Phi Beta Kappa, Phi Gamma Mu, and Kappa Sigma.

Mr. Zuck is married and has two children. They reside in Vienna, Va.

BIOGRAPHICAL SKETCH OF JOHN L. BLAKE, DIRECTOR OF THE JOB CORPS

John L. Blake was appointed Director of the Job Corps on September 28, 1971. In this capacity, he directs a national residential manpower training program consisting of 65 centers which aid disadvantaged young men and women. The centers provide basic education, job training, necessary health and legal services, and job-placement assistance. Since 1965, more than 300,000 young people (16 to 21) have received educational and vocational training in Job Corps centers across the country.

Before this appointment, Mr. Blake has served as Deputy Manpower Administrator since July 1969.

He came to the Labor Department from his post as assistant secretary for loan administration with the Marine Midland Trust Co. in Rochester, N.Y.

Between 1966 and 1968, he held several positions in Rochester, among them general manager of the Rochester Business Opportunity Corp.; training coordinator with the Sybron Corp.; and deputy director, Monroe Country Human Relations Commission.

Born on June 11, 1921, in Providence, R.I., Mr. Blake received a B.A. in business administration from Michigan State University in 1961 and did some graduate work at MSU, Syracuse University, and the University of Rochester. He was a sergeant combat instructor in the U.S. Marine Corps from 1943 to 1946.

Mr. Blake is a member of the board of trustees, Rochester Institute of Technology, and a member of the American Society for Training and Development. He has received several awards from the American Management Association and the National Chamber of Commerce.

He and his wife, the former Rose Marie Kornegay of Clinton, N.C., live with their two children, Kim and Edward, in Silver Spring, Md.

BIOGRAPHICAL SKETCH OF CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET

Mr. Conrad M. Jones has served as Director, Office of Budget, Office of the Assistant Secretary for Administration, since August 1968. From July 1965 to August 1968 he served as Deputy Director.

Prior to his service in the Department of Labor, he served as a supervisory budget analyst at the Federal Aviation Agency from 1960 to 1965. Mr. Jones served as a fiscal management officer from 1957 to 1960 with the Housing and Home Finance Agency. He entered Government service in 1939 with the National Capital Housing Authority holding increasingly responsible positions in the field of financial management, including Comptroller from 1953 until 1957.

Born on December 30, 1916, in Little Rock, he attended public schools in Joplin and Kansas City, Mo. and received a B.C.S. in 1942 and a M.C.S. in 1943 from Benjamin Franklin University in Washington, D.C.

Mr. Jones interrupted his civilian employment to serve for 2 years in the U.S. Army in World War II, participating in three European campaigns.

He and his wife, the former Catherine L. Dent reside in Rockville, Md., and have three children: Conrad M., Jr., Mrs. Michael L. Hemmis, and Mrs. Stephen Shaw.

BIOGRAPHICAL SKETCH OF DR. HOWARD A. MATTHEWS, DIRECTOR, DIVISION OF MANPOWER DEVELOPMENT AND TRAINING, BUREAU OF ADULT, VOCATIONAL, AND TECHNICAL EDUCATION U.S. OFFICE OF EDUCATION

Dr. Matthews received his public school education in Idaho culminating it with an M.S. degree from the University of Idaho in 1952. He was awarded a doctorate from the George Washington University in 1964, having concentrated his program of studies in the field of administrative law.

He began his teaching career in 1947 as a high school teacher of history and economics following a 3-year tour of duty with the Army. He has also been a principal of both elementary and secondary schools.

Prior to World War II, Dr. Matthews served an apprenticeship in industrial electricity and he holds a current journeyman's license for the State of Idaho.

For 6 years before coming to the Office of Education, Dr. Matthews worked in the public schools of Alaska in a number of administrative positions. As assistant commissioner for institutional services, he developed Alaska's first fed-

erally reimbursed vocational program. Dr. Matthews was later appointed commissioner of education for Alaska, which position he held when Alaska entered statehood. He also served as visiting lecturer for the University of Alaska in history and economic geography.

Dr. Matthews has been associated with the administration of the Manpower Development and Training Act since its inception in 1962, serving first as Chief of Program Operations and since July 1966 as Director of the program for the U.S. Office of Education. Prior positions held in the Office of Education included Specialist in School Law and Specialist in Technical Education.

Mr. FLOOD. I see you have a prepared statement. How do you wish to proceed?

Mr. LOVELL. It is a short statement, Mr. Chairman, and if you like, I will read it.

Mr. FLOOD. Suppose you do.

GENERAL STATEMENT

Mr. LOVELL. Mr. Chairman and members of the committee, the budget request for fiscal year 1973 for Manpower Training Services is for $1,633,366,000, which is a net decrease of $62,447,000 over the 1972 comparable appropriation of $1,695,813,000. The pending summer supplemental request for $95 million and a nonrecurring carryover balance of $75,507,000 from 1971 are included in the 1972 amount. The request for salaries and expenses of the Manpower Administration for 1973 is $87,800,000 and 4,085 positions. This represents a net increase of $1,804,000 over the 1972 adjusted appropriation of $85,996,000 and an increase of 33 positions.

The manpower programs in the Manpower Training Services account will remain essentially at the same level in 1973 as in 1972. The major thrust of Manpower Training Services for fiscal year 1973 will be to meet the manpower needs identified by the States and local communities, including the needs of special target groups such as inmates of correctional institutions, migrant workers, returning Vietnam-era veterans, Indians, and Spanish-speaking persons.

The key to the success of this approach is the involvement of the Cooperative Area Manpower Planning System (CAMPS). Through the judgment of the State and local CAMPS committees, the specific manpower needs and mix of manpower programs across the country can be identified. This information will serve as a foundation for rational resource allocation for manpower programs which meet local needs as determined by local communities. It also will permit the consolidation of programs at the local level. Since the State and local committee plans will not be developed until later in the year, the final allocation of funds among the various manpower program categories cannot be determined at this time. The distribution reflected in the budget is our best estimate. If the State and local plans show the need for a different distribution among program categories we will request a reprograming of the funds.

The manpower training programs in the Manpower Training Services account will remain essentially level in 1973. There are net increases for the Job Corps, computerized job placement, and the Cooperative Area Manpower Planning System. There are small net decreases in the regular classroom training, out-of-school, and special targeting programs.

I will discuss each of these programs briefly, beginning with those for which increases are being requested.

The $32 million computerized job placement request, $4,519,000 above the $27,481,000 available for fiscal year 1972, including carryover, is necessary to provide full-year financing of statewide job bank systems inaugurated during 1972, and their extension into a nationwide interlocking system.

The $15,790,000 request for the Cooperative Area Manpower Planning System will maintain the 1972 level of grants to Governors and mayors. This is an increase of $40,000 over the $15,750,000 available last year including carryover funds.

The request for the 1973 regular classroom training program is $368,410,000 providing 163,400 enrollment opportunities. Although this is a net reduction of $10,466,000 from the 1972 level of $378,876,000, including carryover funds, it is composed of several increases and decreases. The increases consist of: $7,600,000 to provide for higher allowance payments to trainees which are based on an anticipated 5.1-percent rise in unemployment insurance average weekly benefit payments; $5 million to cover increased payroll costs of State employees working on the institutional training program; and $3,358,000 for an additional 1,600 enrollment opportunities above the 161,800 opportunities funded in 1972. A $20 million decrease results from shifting employment services for veterans funded by this appropriation in 1972 to tthe grants to States appropriation in 1973. A decrease of $6,424,000 relates to carryover funds made available in 1972 from 1971.

We are requesting $204,665,000 for the 76 Job Corps centers, providing 25,000 enrollment opportunities. Of the proposed $4,568,000 increase over the $200,097,000 fiscal year 1972 level, $4,500,000 is to provide full-year costs of operating the Job Corps centers contracted during 1972, and $68,000 is for increased contributions to the Federal Employees Compensation Fund for work injuries.

The program decrease of $1,292,000 in post-school work support is a transfer to the departmental management appropriation for audits previously funded in this activity.

The decrease of 103 positions in Manpower Training Services reflects the transfer of all Federal District of Columbia personnel to a State basis.

The Manpower Training Services budget is constructed on the basis of existing legislation. However, the President has submitted to Congress his proposal for manpower revenue sharing which would incorporate the funds requested for this account. We strongly support the President's proposal which would strengthen the role of State and local governments in carrying out the manpower program.

As in previous years, the salaries and expenses appropriation provides for the cost of executive direction, supervision, and coordination of various training and employment, apprenticeship and unemployment insurance programs; for administrative and management services; for administration of the policy planning, research, demonstration and evaluation programs; and for manpower financial and management information systems. The requested increase of $1,804,000 and 33 positions consists of mandatory increases of $2,264,000, a mandatory decrease of $410,000, a program increase of $701,000 and 33 positions and a decrease of $751,000.

The mandatory increase of $2,264,000 provides for payment of within-grade salary increases, Federal telecommunications systems costs, contributions to the Federal Employees' Compensation Fund, and penalty mail payments to the U.S. Postal Service. Partially offsetting this increase is a mandatory decrease of $410,000 resulting from 2 less days of pay in fiscal year 1973.

The program increase of $701,000 and 33 positions will provide staff support for the Unemployment Insurance Service to implement the provisions of Public Law 91–373, the "Employment Security Amendments of 1970." Offsetting this increase is a program decrease of $751,000 which represents the unobligated balance of funds carried into 1972 from 1971. This program was transferred to the Manpower Training Services budget in 1972.

This concludes my statement, Mr. Chairman. My staff and I will be very happy to answer any questions you may have.

REDUCTION AND TRANSFER OF 1972 FUNDS BY PRESIDENTIAL DIRECTIVE

Mr. FLOOD. Page 4 makes it look like we gave you much too much money last year. Not only do you have $3,114,000 in reserve for savings, but $1,153,000 of this appropriation has been transferred to the Cost of Living Council. That makes us wonder who is deciding your level of funding, the Congress, Secretary Hodson, Lovell, the elevator operators, or who.

You came before us last year and told us how much you needed. Congress didn't give you more than you asked for; in fact, we gave you a little less. Yet you apparently have $4,267,000 more than you need. What happened?

Mr. ZUCK. This total of $4,267,000 is a part of the President's reduction of 5 percent in the Federal employment. After this reduction was made, the President then directed that $1,153,000 of the savings be transferred to the Cost of Living Council.

Mr. FLOOD. So you did ask for and we appropriated more than you really had to have for 1972.

Put a table in the record to show the activities from which this total of $4,267,000 was taken.

Mr. JONES. The $4,267,000 is the total savings in the President's program for reduced Federal expense.

(The information follows:)

Manpower Administration, salaries and expenses, fiscal year 1972 reductions due to President's economy actions of August 15, 1972, by Activity

OPER	$264,800
USTES	1,888,100
Job Corps	436,700
HEW	129,200
BAT	446,500
UI	319,800
C.R.	37,400
Gen. Adm	240,500
OMAS	169,200
OFMIS	384,800
Total	4,267,000

UNAUTHORIZED AMOUNTS IN 1973 BUDGET

Mr. FLOOD. Some rather large parts of this appropriation are not authorized for 1973 because the extension of the Office of Economic Opportunity legislation is being held up. Suppose you put in the record a table to identify the amounts by activity. On pages 14 and 15, you did this for last year's hearings.

Mr. ZUCK. We will provide that.

(The information follows:)

MANPOWER ADMINISTRATION, SALARIES AND EXPENSES BY AUTHORITY, FOR FISCAL YEARS 1972 AND 1973

[In thousands of dollars]

Programs	1972			1973		
	EOA Authority	MA Authority [1]	Total	EOA Authority	MA Authority [1]	Total
Planning, evaluation, and research	235	4,435	4,670	244	4,520	4,764
Training program development and administration	20,727	24,790	45,517	21,266	25,324	46,590
(a) Training and employment service	(11,060)	(22,135)	(33,195)	(11,361)	(22,685)	(34,046)
(b) Job Corps direction	(9,667)	----------	(9,667)	(9,905)	----------	(9,905)
(c) Institutional training administration	----------	(2,655)	(2,655)	----------	(2,639)	(2,639)
Apprenticeship services	----------	7,702	7,702	----------	7,892	7,892
Unempoyment insurance services	----------	7,165	7,165	----------	8,007	8,007
Civil rights compliance	----------	796	796	----------	816	816
Executive direction	3,905	15,490	19,395	4,018	15,713	19,731
(a) General administration	(1,412)	(2,955)	(4,367)	(1,448)	(3,013)	(4,461)
(b) Management and administrative systems	(974)	(2,648)	(3,622)	(1,003)	(2,691)	(3,694)
(c) Financial and management information systems	(1,519)	(9,887)	(11,406)	(1,567)	(10,009)	(11,576)
Experimental, demonstration, and research program	----------	751	751	----------	----------	----------
Total	24,867	61,129	85,996	25,528	62,272	87,800

[1] Includes funds authorized by the following legislation: Manpower Development and Training Act, Wagner Peyser Act Social Security Act, National Apprenticeship Act, Trade Expansion Act, Civil Rights Act of 1964, Farm Labor Contractor Registration Act of 1963, and the Immigration and Nationality Act.

MANPOWER ADMINISTRATION, MANPOWER TRAINING SERVICES' BY AUTHORITY, FOR FISCAL YEARS 1972 AND 1973

[In thousands of dollars]

Programs	1972			1973		
	EOA Authority	MDTA Authority	Total	EOA Authority	MDTA Authority	Total
Private sector OJT	----------	194,200	194,200	----------	194,200	194,200
Public sector OJT	26,800	35,400	62,200	26,800	35,400	62,200
Institutional training	----------	372,452	372,452	----------	368,410	368,410
Job Corps	200,097	----------	200,097	204,665	----------	204,665
In-school	75,200	----------	75,200	75,200	----------	75,200
Summer	157,400	113,300	270,700	252,400	18,300	270,700
Operation Mainstream	83,900	----------	83,900	83,900	----------	83,900
Out-of-school	125,520	----------	125,520	124,228	----------	124,228
Special Targeting (CEP)	102,600	52,000	154,600	102,419	51,971	154,390
Computerized job placement	----------	22,274	22,274	----------	32,000	32,000
Program support	5,200	54,173	59,373	5,200	58,273	63,473
CAMPS	----------	(11,690)	(11,690)	----------	(15,790)	(15,790)
Technical assistance and training	----------	(15,900)	(15,900)	----------	(15,900)	(15,900)
Labor market information	----------	(6,815)	(6,815)	----------	(6,815)	(6,815)
R.D. & E	(5,200)	(19,768)	(24,968)	(5,200)	(19,768)	(24,968)
Total	[1] 776,717	843,799	1,602,516	[2] 874,812	758,554	1,633,366

[1] 48 percent of total.
[2] 54 percent of total.

PLANNING, EVALUATION, AND RESEARCH

Mr. FLOOD. You have about $4,700,000 budgeted for "planning, evaluation and research" for both 1972 and 1973 and it is pretty close to that for 1971. Why do you have to evaluate and evaluate the evaluations and research the same activities over and over again? Couldn't you reduce this in 1973?

Mr. LOVELL. We should probably expand it if anything.

The evaluation efforts of course are not repetitious. We are evaluating new program efforts as well as the old program efforts.

Mr. FLOOD. Everybody wants more money to evaluate. It is one of the "in" things. What does the word mean in the context you use it?

Mr. LOVELL. It means finding out how well we do.

Mr. FLOOD. I know that is what the books says.

Mr. LOVELL. It is very important, particularly when working in areas where it is hard to measure what you do, to get a handle on whether you are being effective or not—and to determine whether you are using the money in the right way.

One of the things we are doing, for example, not in regard to the funds we are talking about here, but in the Emergency Employment Act, is conducting a couple of demonstration programs to find——

Mr. FLOOD. This looks like repetition for the purpose of emphasis. Suppose you do give us some examples and then put something more in the record to jusify the funding level for evaluation and research. Tell us about a couple right now and have the record show more detail.

Mr. LOVELL. For example, let me talk about one research project that we have which is a longitudinal study.

Mr. FLOOD. What does that mean?

Mr. LOVELL. The project is conducted by Dr. Pines. It is a study covering a 5-year period of what happens to people participating in manpower programs so that we can tell whether they hold jobs longer after participating in manpower programs, whether their incomes increased, whether women benefit more than men, whether the youth benefit more than the aged, and whether people in certain geographical areas benefit more than those in other geographical areas. It is a long-term effort to find out over time what the performance of our various programs is. We have already produced quite a bit of information on it, but it is a tremendously important project.

Mr. FLOOD. I don't doubt your word that you feel it is tremendously important, but sitting where we are we see that it is costing millions of dollars year after year and we want assurances that what we are getting is worth what we are spending.

Mr. LOVELL. We are talking about a total Manpower Training Services budget of $1,633,366,000. One of the things you want to know is whether that money is being well spent. This money we spend on evaluation is directed to answering that kind of question.

Mr. FLOOD. We know evaluation is necessary for good program operation but some people get the impression you are doing the same thing on a treadmill.

Mr. LOVELL. We are not. For example, take the CEP program. We have made a number of evaluation studies which found the program lacking in many respects. We developed new management systems, and tightened up many loose ends. We eliminated some bad steps and the

program is much better as a result. The same thing happened to the neighborhood youth corps and the out-of-school programs. We found they were providing only work experience without educational benefit and that there were no long-term advantages to the enrollees. As a result of this information, we made basic changes in the programs and provided more opportunities for educational resources to flow into programs, which substantially improved them.

We also made an evaluation of the JOBS program and as a result we made modifications in the process and procedure there. I think you can go down the list and check off the program improvements that have come from constantly taking a look and asking questions about what we do.

Mr. FLOOD. You had better go down the list and show it for the record so that we can take a look.

LIST OF EVALUATION CONTRACTS

Mr. LOVELL. Let me supply for the record a list of all of our evaluation efforts.

Mr. FLOOD. Yes.

(The information follows:)

EVALUATION CONTRACTS IN FISCAL YEAR 1972

Contractor	Amount	Type of study	Initiation date	Termination date	Outcome expected
MDTA FUNDS					
Abt Associates, Inc.	$155,254	Evaluation of pretrial intervention program.	Nov. 1, 1971	June 30, 1973	Assessment of effectiveness of program in diverting participants from criminal careers.
Ultrasystems, Inc.	335,153	Evaluation of job banks.	July 23, 1971	Aug. 7, 1972	Data on impact of job banks/LINCS on effectiveness of Employment Service operations.
Training, Research & Development, Inc.	108,714	Evaluation of 1971 summer recreation support program.	July 30, 1971	Feb. 29, 1972	Appraisal of the program and development of manual materials to facilitate a more effective program.
National Planning Association	25,000	Development of special planning data.	Dec. 12, 1971	Dec. 31, 1972	Analysis of existing data to secure firmer planning base for use in manpower revenue sharing and LMI planning.
Abt Associates, Inc.	29,270	Analysis of COMO followup data.	Dec. 15, 1971	Dec. 15, 1972	Determination of long-range effectiveness of COMO ES model in placing clients in good jobs.
EOA FUNDS					
National Planning Association	748,194	Evaluation of PEP economic model demonstration project.	Jan. 17, 1972	May 17, 1973	Assessment of effectiveness, impact, and viability of this major pilot program.
Decisionmaking Information	1,039,485	Securing enrollee data for PEP demonstration project.	Jan. 26, 1972	May 26, 1973	Auxiliary data-gathering contract to assist evaluators of above PEP demonstration contracts.
Transferred to San Francisco regional office	75,990	Evaluation of Haywood project (RO contract).			Evaluation of usefulness and viability of a new model ES office in San Francisco.
Transferred to OEO	225,000	Cross program longitudinal study in 4 manpower programs.	Jan. 30, 1969	Oct. 31, 1972	Comprehensive major outcome study of trainees in 4 manpower programs over 3 years (Job Corps, MDTA, JOBS, NYC).
EEA FUNDS					
Macro Systems, Inc.	334,437	Design and development of PEP data system.	Sept. 2, 1971	Sept. 27, 1972	Establishment of comprehensive data reference file which can be quickly used by evaluators and administrators.
Systan, Inc.	14,764	Management planning for evaluation of EEA demonstration projects.	Nov. 9, 1971	Apr. 19, 1972	Technical assistance in evaluation design.
Auerbach Corp.	[1] 779,886	Evaluation of welfare demonstration projects under PEP	Jan. 12, 1972	May 12, 1973	Assessment of effectiveness, impact, and viability of this major pilot program.
Westat, Inc.	498,890	Longitudinal evaluation of PEP and validation of PEP data bank	Feb. 1, 1972	June 30, 1973	Validation of reported PEP data and followup of PEP employees for 3 years.
National Planning Association, Inc.	50,000	Work related to apportionment of EEA funds.	Dec. 22, 1971	Dec. 31, 1972	To provide statistical compilation and analysis for use in program planning and allocation of EEA funds.

[1] $679,886 from WIN funds.

MODIFICATIONS TO CONTRACTS IN FISCAL YEAR 1972

Contractor	Amount	Type of study	Initiation date	Termination date	Outcome expected
Olympus Research C rp	$82,487	Evaluation of institutional training versus employer skill needs and evaluation of the MDTA individual referral process.	June 30, 1971	June 30, 1972	Appraisal of relevance of institutional training in manpower programs to actual demands and needs of employers; also an appraisal of the effectiveness and mechanics of the individual referral process.
Training, Research & Development, Inc	37,971	Evaluation of 1971 NYC summer recreation support program.	July 30, 1971	Feb. 29, 1972	Appraisal of the program and development of manual materials to facilitate a more effective program.
Decision Making Information	46,847	Outcomes of MDTA program participants	June 30, 1970	Apr. 15, 1972	Determination and appraisal of actual economic vocational outcomes of MDTA program participants exiting program in 1969 together with analysis of probable causes.
Ultrasystems, Inc	89,037	Evaluation of job banks (LINCS Modification)	July 23, 1971	Aug. 7, 1972	Evaluation of impact of the LINCS job-matching system in California on services to job applicants.
Abt Associates, Inc	(1)	Analysis of COMO followup data	Jan. 3, 1972	Jan. 2, 1973	Determination of long-range effectiveness of COMO–ES model in placing clients in good jobs.
Kirschner Associates, Inc	81,574	Evaluation of Manpower services to veterans	June 23, 1971	June 23, 1972	Evaluation of the continuing programs providing manpower services to veterans, particularly through the State employment service.
Booz-Allen Public Administration Services, Inc	58,465	Evaluation study of job development in standard metropolitan statistical areas.	Apr. 29, 1971	May 31, 1972	Appraisal of effectiveness of job development of urban manpower programs in general.
Bureau of Social Science Research	23,064	Study of operation of RFP's	June 30, 1971	Nov. 1, 1972	Analysis of motivations and methods of contractors who make proposals on competitive contracts.
Transfer to Dallas regional office	42,585	Pilot study of content of manpower programs in Arkansas (RO contract).	June 29, 1971	June 29, 1972	Pilot study by Arkansas ES agency under contract with regional office.

[1] In planning stage.

INVOLVEMENT IN FOOD STAMP PROGRAM

Mr. FLOOD. Take a look at the bottom of page 12. You indicate considerable time is being spent in implementing the food stamp program. We have three members of this subcommittee who are also on the Agricultural Appropriations Subcommittee, and we thought that this was handled by the Department of Agriculture. What responsibility do you have for the food stamp program?

Mr. LOVELL. The amendments to the Food Stamp Act made about 6 or 8 months ago required that any recipient of food stamps who is employable be referred to the Employment Service in order to be entitled to food stamp eligibility, and accept available work, if there is such work.

This was an effort made by the Congress to tighten up on the use of food stamps so that people who are ineligible or who could be working do not gain benefit from the program. The Department of Agriculture has transferred money to us to perform this function.

Mr. FLOOD. Please place in the record reference to that part of the statute, the language, which is directed to what you say.

(The information follows:)

On January 11, 1971, the President approved Public Law 91-671, 84 Stat. 2408. The new statute included an amended section 5(c) of the Food Stamp Act of 1964, 7 United States Code 2014(c), to establish a new legal requirement affecting State employment services and the food stamp program.

The text of section 5(c) of the new statute is as follows.:

"Notwithstanding any other provisions of law, the Secretary of Agriculture shall include in the uniform national standards of eligibility for food stamps to be prescribed under subsection (b) of this section a provision that each State agency administering the food stamp program shall provide that a household shall not be eligible for assistance under this act if it includes an able-bodied adult person between the ages of 18 and 65 (except mothers or other members of the household who have the responsibility of care of dependent children or of incapacitated adults, bona fide students in any accredited school or training program, or persons employed and working at least 30 hours per week) who either (a) fails to register for employment at a State or Federal employment office or, when impractical, at such other appropriate State or Federal office designated by the Secretary, or (b) has refused to accept employment or public work at not less than the highest of (i) the applicable State minimum wage, (ii) the applicable Federal minimum wage, (iii) the applicable wage established by a valid regulation of the Federal Government authorized by existing law to estabilsh such regulations, or (iv) $1.30 per hour if there is no applicable wage as described in (i), (ii), or (iii) above. Refusal to work at a plant or site subject to a strike or lockout shall not be deemed to be a refusal to accept employment." 7 United State Code 2014 (c), 84 Stat. 2050.

APPRENTICES FROM MINORITY GROUPS

Mr. FLOOD. Here is a problem that we had extensive hearings on a couple of years ago, and a great deal of complaint, a great deal of controversy about it and charges and countercharges. We haven't heard much about this very recently. What progress is being made in the elimination of discrimination in the selection of apprentices in the skilled trades and skilled crafts? This was a highly controversial, red hot subject a couple of years ago. What about that today?

Mr. LOVELL. Each year we are getting improvements. As you may recall, about a year ago we published in the Federal Register amendments to 29 CFR 30 which requires all registered apprentice programs to set goals and timetables for bringing minorities into the system.

Mr. FLOOD. At this point in the record give us a synopsis of that.
Mr. LOVELL. Yes, sir.
(The information follows:)

The revision of the original January 1964 regulation was published with an effective date of April 8, 1971. It covers sponsors whose apprenticeship programs are registered with the Department of Labor or with a State apprenticeship agency recognized by the Department. Sponsors are prohibited from discriminating on the basis of race, color, religion, sex, or national origin in the recruitment, selection, employment, and training of apprentices.

The regulations require that sponsors of registered programs develop and implement an affirmative action program to allow full utilization of minority group manpower potential including a program of outreach and positive recruitment. A sponsor's affirmative action plan must provide for a full and fair opportunity to apply for apprenticeship openings and for equality of treatment in determining eligiblity, selection, and training after acceptance. The regulations require that the sponsor examine the minority composition in his program and work force in light of what might reasonably be expected compared with the minority characteristics of the area in which his program operates.

If the sponsor finds that he has deficiencies in terms of underutilization or participation at less than a reasonable level of minorities, he must establish goals to remedy such deficiencies within a reasonable time period. A sponsor is obligated to make good-faith efforts to meet estabished goals and timetables. The regulations also provide that the sponsor shall adopt one of its three prescribed selection procedures, or at the election of the sponsor, any other method including his present method that is approved by the Department as fair and reasonable with objective and specific qualification standards. The regulation exempts sponsors of programs with fewer than five apprentices from requirements of a written affirmative action plan and approved selection procedure. A similar exemption is also provided for sponsors having affirmative action plans meeting the requirements of title VII of the Civil Rights Act and Executive Order 11246, as amended.

Mr. FLOOD. What about today?
Mr. LOVELL. The full effect of these amendments came about this spring, and all States are now in compliance.
Mr. MURPHY. It became effective in the State councils on April 8, Saturday of this past week, and all States are in compliance.
Mr. FLOOD. We are up to date.

DEREGISTRATION OF APPRENTICESHIP PROGRAM

Mr. LOVELL. That is right, and in those States that do not have State councils covered by direct Federal responsibility, goals, and timetables on acceptable programs have also been submitted. There may be a few programs that are deregistered.
Mr. FLOOD. What do you mean by that?
Mr. LOVELL. Those who lose their registration.
Mr. FLOOD. Affirmatively by their own action?
Mr. LOVELL. No, sir; because they have not met the requirements of 29 CFR 30.
Mr. FLOOD. Who decides they are deregistered?
Mr. LOVELL. The Bureau of Apprenticeship and Training.
Mr. FLOOD. By affirmative action on your own part, complaint, or what?
Mr. LOVELL. Apprenticeship councils have to submit plans to us outlining what they are going to do.
Mr. FLOOD. From the States?
Mr. LOVELL. From the States or if they don't have a State program, from employers. In other words, the union and employer get together on an apprenticeship council.

Mr. FLOOD. From State A?

Mr. LOVELL. Yes, sir.

Mr. FLOOD. It doesn't happen in State A. What happens?

Mr. LOVELL. The apprenticeship council in city A submits the plan direct to the Federal BAT region and if that is an unacceptable plan, they face the possibility of losing their registration.

Mr. FLOOD. Has that ever happened?

Mr. MURPHY. The ironworkers in Joliet, Ill., have been decertified, Mr. Chairman. That was the first.

Mr. FLOOD. What happens to that? Now they are deregistered, do they break down and cry or what happens?

Mr. LOVELL. We hope they will.

Mr. FLOOD. Now they are deregistered in Joliet, Ill., so what?

Mr. MURPHY. Decertification means that their program is not registered. Therefore, if there are any veterans in that program who are apprentices, they lose all of the veterans benefits under the GI bill. Under the Davis-Bacon Act where construction is involved, if there are apprentices involved, no permission to pay apprentice wage rates is given.

Mr. FLOOD. When did this happen in Joliet?

Mr. MURPHY. About mid-March.

Mr. FLOOD. To get registered, what do they have to do?

Mr. MURPHY. Mr. Chairman, they must submit to us a program outlining goals and timetables for producing an affirmative action plan to get minorities into their apprenticeship program.

Mr. MICHEL. Joliet is a big industrial center north of my district. Again it would be a very serious thing for a community of that size to have a number of returning veterans who might be very well denied their rights at a time when nationally we have a major program underway to improve the chances of veterans for employment.

Mr. FLOOD. Who is responsible for that in Joliet?

Mr. MURPHY. The Bureau of Apprenticeship and Training.

Mr. LOVELL. The ironworkers refused to submit an acceptable plan to bring minorities into their trade. What they have to do is develop an acceptable plan. When they do develop an acceptable plan they will be registered again and then they can proceed and gain all the benefits to be derived.

Mr. FLOOD. So the next move is theirs?

Mr. LOVELL. Yes, sir.

NUMBER OF YOUNG PEOPLE IN APPRENTICE PROGRAMS

Mr. FLOOD. On the same subject of the apprentice program. Is there any special progress being made to attract larger numbers of young people in total, both from minority groups and majority groups, into the apprenticeship program?

Mr. LOVELL. It is a continuing responsibility to attract young people into the program.

Mr. FLOOD. I know that.

Mr. LOVELL. Mr. Fasser could reply to that.

Mr. FASSER. We have our regular apprenticeship outreach program which we fund in the amount of approximately $10 million in order to reach out and get minorities, prepare them for apprenticeship.

Mr. FLOOD. I am talking about the total program.

Mr. FASSER. In terms of total people we have done more than just conduct a publicity campaign to get these people on. We have published a regulation in the Federal Register, 29 CFR 5A, which became effective on January 30. This regulation requires contractors who work for the Federal Government to put a minimum of apprentices into the program.

Mr. FLOOD I am talking about young people.

Mr. FASSER. These are young people we are talking about. They must bring on the prevailing quota. If there is not a prevailing quota to rely on, they must put on one apprentice——

Mr. FLOOD. Who establishes the quota?

Mr. FASSER. The quota usually is established by the contractors and the unions in their normal collective-bargaining relationship. If there is no quota, they must put on one apprentice for every five journeymen. In addition, 25 percent of these new apprentices must be first-year apprentices who are young people getting into the apprenticeship program, thereby increasing the number of apprentices onboard and, ultimately, journeymen in the various crafts.

Mr. FLOOD. How do you know whether they are giving you lipservice or executing this?

Mr. FASSER. This is again the responsibility of BAT which is in the Manpower Administration.

Mr. FLOOD. Do you get any reports currently if somebody is not doing it?

Mr. FASSER. Yes; we do.

Mr. FLOOD. What do you do about that?

Mr. FASSER. We do have a way of policing this.

Mr. FLOOD. Do you just get mad at them or really do something?

Mr. FASSER. They can be debarred from using Government money for their construction.

Mr. FLOOD. Has this ever been done?

Mr. FASSER. It hasn't been done yet. The regulation was effective January 30 and we are just underway with it. We don't have the full impact yet.

Mr. FLOOD. How long is it going to take you to get the full impact?

Mr. FASSER. It will be effective on all contracts after January 30, 1972, and it will take some time for us to get in place and make that movement.

ADDITIONAL WORKLOAD UNDER PUBLIC LAW 91–373

Mr. FLOOD. The only request that you make for additional jobs is 33 for the unemployment insurance service. Is this all due to the additional workload under Public Law 91–373?

Mr. LOVELL. Yes.

Mr. FLOOD. Will you put in the record a brief synopsis of that statute?

Mr. LOVELL. We will.

(The information follows:)

SUMMARY OF MAJOR PROVISIONS OF PUBLIC LAW 91–373

1. Mandatory State coverage of nonprofit organizations, State hospitals, and institutions of higher education.

2. Coverage of service by U.S. citizen outside the U.S. for an American employer; agent drivers and outside salesmen; certain agricultural processing activities.
3. Coverage of employers with one worker in 20 weeks or with a quarterly payroll of $1,500.
4. Political subdivisions must have option to elect coverage of institutions of higher education and hospitals which they operate.
5. Same terms and conditions applicable to payment of benefits on basis of other service covered by State law must apply to benefits based on service with nonprofit organizations, State and political subdivision hospitals and institutions of higher education.
6. Requires of benefits "between terms" to instructional, research, and principal administrative personnel employed in institutions of higher education.
7. Requires some work after the beginning on 1 benefit year in order to be entitled to benefits in a succeeding benefit year.
8. Prohibits discrimination with respect to benefit rights against interstate claimants.
9. Prohibits cancellation of wage credits or total reduction of benefit rights except for specified causes.
10. Prohibits disqualification of trainees in approved training courses.
11. States required to participate in new interstate wage-combining arrangement.
12. Provides for new Federal-State program—extended benefits during periods of high unemployment.
13. Wage base for Federal unemployment tax increased to $4,200.
14. Net Federal tax increased from 0.4 to 0.5 percent.
15. Permits assignment of reduced rate of not less than 1 percent to new employers.
16. Permits nonprofit organizations to finance benefit costs on a reimbursement basis.
17. Provides for judicial review of Secretary's decision in State conformity or compliance proceedings.

Mr. FLOOD. What additional workload do you have because of that law?

Mr. LOVELL. Expanded coverage is one aspect of it.

Mr. FLOOD. What do you mean by expanded coverage?

Mr. LOVELL. More individuals are now eligible to receive unemployment insurance benefits. Five million additional people were brought into coverage because of this act. In addition, we have increased adjudication processes because of court decisions, such as the JAVA case, which required a hearing in the first instance and that will require some additional State staff.

Mr. FLOOD. Those aren't Federal people?

Mr. LOVELL. You are quite right.

Mr. FRASER. However, there are Federal people required in order to make certain that the system is in operation.

INCREASE FOR RENT, COMMUNICATIONS, AND UTILITIES

Mr. FLOOD. You have a big increase of over $1 million for "rent, communications, and utilities." Why do you have such a big increase when there is only a small increase in personnel?

Mr. MICHEL. A 25-percent increase.

Mr. FLOOD. And just a handful of additional people.

Mr. JONES. The biggest part of the increase is for postage payments to the Postal Service of $800,000.

Mr. ZUCK. Another $300,000 represents increased costs billed to us by General Services Administration for telecommunications costs. Both of these increases are additional charges over which we have no control.

Manpower Training Service

PROPOSED APPROPRIATION LANGUAGE

Mr. Flood. Going to the appropriation "Manpower Training Services," you have a full page-plus of new language. This isn't good. This certainly contains a lot of point-of-order language, so we want a very detailed statement for the record with regard to this phase "plus reimbursement", and with regard to each of those provisos you have there. You had better make the record look very good on that score.

Mr. Jones. The main changes were brought about by the fact that last year we didn't have authorization language for the Economic Opportunity Act programs and they were deleted. This year we have reinserted them.

Mr. Flood. Put the details in record.

(The information follows:)

Explanation of Language Change Manpower Training Services Appropriation

REIMBURSEMENTS

Reimbursements are moneys collected for meals and lodging furnished by the Goverment at the centers operated by the Departments of Agriculture and Interior. These collections are from visitors and center's staff, who take meals and lodgings at the centers at pre-established and published rates. Under accounting requirements established by law, separate records of these collections are maintained and, as authorized by law, these moneys are put back into the appropriation from whence they came to finance authorized program activities.

In fiscal year 1971 these collections amounted to $53,242.22 for the Department of Agriculture and $97,137.74 for the Interior Department. Were the reimbursements not available to Job Corps, the collections would revert to the Treasury. The amounts necessary to provide meals and lodging would then have to be made up from the regular appropriation. "Plus reimbursements" which has been a part of the EOA appropriation language in past years was inadvertently deleted for the 1972 fiscal year.

TRADE EXPANSION ACT

Reference to sections 326 and 328 of the Trade Expansion Act of 1962 has been added to cover funding of training and relocation expenses of workers adversely affected by foreign import competition. The first funding of this activity under a Manpower Training Services appropriation was contained in a fiscal year 1971 supplemental.

DELETION OF $20 MILLION TRANSFER

Appropriation language excludes reference to a provision for a one-time temporary transfer of $20 million in a Manpower Training Services funds to the Office of Economic Opportunity. This provision had been made pending enactment of an appropriation for that Office in fiscal year 1972, and was to finance emergency food and medical service programs in areas of exceedingly high unemployment.

ECONOMIC OPPORTUNITY ACT PROVISIONS

The remaining language changes refer to Economic Opportunity Act provisions omitted from the original fiscal year 1972 appropriation language, at which time the legislative authorization for Economic Opportunity Act appropriations had expired. However, enactment of a supplemental budget encompassing extended Economic Opportunity Act authorization for appropriations was subsequently provided by Congress and that provision is continued in 1973 in anticipation that the authorization will be enacted by the time Congress acts on the 1973 request which includes EOA funds.

STATISTICAL DATA ON TRAINING PROGRAMS

Mr. FLOOD. You have a large number of programs under this appropriation—private sector on-the-job training, public sector on-the-job training, the JOBS optional program you are talking about, the new careers program, the public service careers program et cetra, et cetera. We want a table in the record giving the statistics for each one of these programs for 1971 and the estimates for 1972 and 1973. If you look on page 34 in last year's record, that is the kind of presentation we would like.

(The information follows:)

MANPOWER ADMINISTRATION—PROGRAM ACCOMPLISHMENTS

	Obligations (thousands)	Enrollment opportunities	Total number receiving training during year	Number of completions	Number placed
Job opportunities in the business sector:					
1971 actual	$145,239	79,100	141,000	44,400	44,400
1972 estimate	143,615	66,600	99,800	25,500	25,500
1973 estimate	125,600	54,600	86,700	26,900	26,900
On-the-job training:					
1971 actual	60,771	61,600	145,500	45,600	39,200
1972 estimate	69,394	68,500	140,000	36,200	32,800
1973 estimate	68,600	68,000	139,400	47,400	37,600
Public service careers:					
1971 actual	93,901	43,700	51,400	INA	INA
1972 estimate	67,101	29,200	61,700	INA	INA
1973 estimate	62,200	24,900	63,700	INA	INA
Institutional training:					
1971 actual	361,224	166,900	206,700	90,300	65,900
1972 estimate	378,876	163,700	227,200	53,100	38,800
1973 estimate	368,410	163,400	235,400	103,600	78,200
Job Corps:					
1971 actual	172,110	22,400	69,600	23,900	35,900
1972 estimate	200,097	25,000	75,300	12,000	17,800
1973 estimate	204,665	25,000	79,200	26,900	20,700
Operation Mainstream:					
1971 actual	71,550	23,300	34,600	NA	NA
1972 estimate	83,900	26,200	43,100	NA	NA
1973 estimate	83,900	26,200	40,100	NA	NA
In-school:					
1971 actual	58,052	78,800	120,000	NA	NA
1972 estimate	75,200	102,000	131,800	NA	NA
1973 estimate	75,200	102,000	131,800	NA	NA
Summer:					
1971 actual	270,700	609,300	640,000	NA	NA
1972 estimate	270,700	609,300	640,000	NA	NA
1973 estimate	270,700	609,300	640,000	NA	NA
Out-of-school:					
1971 actual	115,195	40,100	82,700	NA	NA
1972 estimate	125,520	36,400	86,200	NA	NA
1973 estimate	124,228	36,400	85,800	NA	NA
Concentrated employment program:					
1971 actual	167,042	.....	137,100	28,800	28,800
1972 estimate	156,362	.....	128,400	20,600	20,600
1973 estimate	154,390	.....	132,900	28,800	28,800

Note: NA—Not applicable; INA—Information not available.

REDUCTION BUDGETED FOR ON-THE-JOB TRAINING

Mr. FLOOD. Your biggest cut is in the on-the-job training program—minus $33,728,000. You were certainly highly touting these programs a few years ago. What happened? You cut it $33 million, this great big, wonderful thing.

Mr. ZUCK. In terms of the level we are asking for out of new obligational authority, Mr. Chairman, in 1973 the amount for the on-the-job training program is the same as that appropriated for 1972. However, under the authority of the Manpower Development and Training Act, appropriations carry a 2-year obligational authority, and we had

some 1971 moneys that were not obligated by the end of fiscal year 1971 which were carried over and available for use in fiscal year 1972.

Mr. FLOOD. Tell us how much?

Mr. ZUCK. It is $33,728,000 for both private- and public-sector on-the-job training.

Mr. FLOOD. Another thing that bugs us is the carryovers. You can fuzz up the situation real well with these carryovers and transfers.

Mr. ZUCK. It is not a reduction in terms of the appropriation being requested.

Mr. FLOOD. But you are going to have less money next year than you have this year, under this budget.

Mr. ZUCK. That is correct, by the amount of the carryover.

Mr. FLOOD. What happened to the great program? You are budgeting less money next year than you have this year.

Mr. LOVELL. We have $125.6 million in the JOBS program that we are requesting for this year, and that compares with the appropriation of $125.6 million for 1972.

For the jobs optional program, we have $48,100,000 requested for fiscal 1973 which is the same as the appropriation we requested in fiscal year 1972 for the same program.

Mr. FLOOD. Take a look at page 5. What do those figures mean on page 5?

Mr. ZUCK. The figures on page 5 include those carryover dollar amounts and 1973 does reflect a reduction from the 1972 budget plus the carryover.

Mr. FASSER. It is a reduction from total available in fiscal 1972.

Mr. FLOOD. That is what I am trying to point out, that 1973 no matter how you slice it is going to be lower than 1972. If the program is everything you said it was, why?

Mr. LOVELL. Let me answer this. I wanted to be sure of what we were talking about.

Mr. FLOOD. How could you miss? I said it five times. Go ahead.

Mr. LOVELL. Our JOBS program during 1972 was not as vigorous because of the economy, the demand for quality jobs was not as great as we had anticipated in the beginning of the year. Therefore, we did reprogram some money from that account into other areas.

Mr. FLOOD. This is what we are talking about. This wonderful thing. Now it is not so wonderful.

Mr. LOVELL. It is wonderful. We have always said in Manpower you have to gear the manpower effort to the need of the time and not make a judgment a year ago and say we are going to spend this money on this particular program now whether the economy needs it at this time or not. We are trying to have it more sensitive to economic conditions. Therefore, we did move some of this money from the JOBS program because there was not the demand for it during the last economic period and moved it into some of the other areas, some into the work experience program. As a matter of fact, there has already been a change, and as the economy is improving, the demand for money under the JOBS system is increasing.

Mr. FLOOD. The economy is improving?

Mr. LOVELL. Yes.

SUMMER YOUTH PROGRAM

Mr. FLOOD. How does the amount budgeted for 1973 for the summer youth program compare with the 1972 level if you get the $95 million supplemental?

Mr. LOVELL. With the $95 million, it will be the same level as 1972.

Mr. FLOOD. If you think there isn't mail and telephone calls and people beating on the doors of Members of Congress about the summer youth program, you have another think coming. We have gotten more mail in the last 2 years on this program than in the previous 10 years and all you are going to do is make it the same.

Mr. LOVELL. That is right, Mr. Chairman. It is a quarter of a billion dollars.

Mr. FLOOD. We are telling you the interest, the concern, about this program. I am sure there are many Members who are going to think that holding it to the same level is not doing enough. How are we going to answer that?

Mr. LOVELL. I think you have to look at the amount of money we are putting into it. Each year over the past 7 or 8 years there has been pressure to increase it.

Senator Javits comes out with a new request for several hundred million dollars for this program each year. We are at a $270.7 million level this year. We have come closer to meeting the need in this program than we do in any single program effort; 609,300 youths will get federally financed jobs this summer because of this program.

Mr. FLOOD. Is that good?

Mr. LOVELL. Certainly this is a useful way to give money to poor families.

Mr. FLOOD. There is no doubt about that. But is the figure 609,300 good?

Mr. LOVELL. I think it is a lot of youth.

Mr. FLOOD. I know that, but is it good or mediocre?

Mr. LOVELL. It is a responsible way to meet the needs.

Mr. FLOOD. It is not very dramatic.

Mr. LOVELL. Serving over 600,000 youths is quite dramatic. This is a lot of people to be providing with summer jobs. It is a useful effort and I think a quarter of a billion dollars is a lot to come up with under these economic conditions. Economic conditions are better this year and it is going to be easier for youth to get jobs in the private sector. The President announced a special program whereby the National Alliance of Businessmen is going to provide more jobs in the private sector and it will be easier for youth to get work this summer than it was last summer.

As Secretary Hodgson said yesterday, the problem has to be examined every summer in terms of what an appropriate amount of money is, Mr. Chairman. We do know there will be bills introduced in Congress to expand it beyond the $270.7 million we are currently spending.

Mr. FLOOD. I am talking about amendments on the floor.

Mr. LOVELL. Let me do this: Let me give you for the record the statement issued by Mr. Silberman and myself at the White House a month or two ago outlining all of the efforts for youth this summer. I think it would be useful to the committee.

(The information follows:)

THE WHITE HOUSE,
Washington, February 17, 1972.

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

For many young Americans, particularly needy students, summer jobs can be the decisive factor in the completion of their education. This year, the Federal

agencies can once again make that all-important difference, offering sound guidance on the choice of future careers for all who participate in the Federal summer employment program for youth.

Those who are engaged in this year's program can also gain practical work experience and a better understanding of how their Government serves the people. Agencies, in turn, can benefit from the contributions made by these enthusiastic, energetic young summer workers.

This year, many students will be employed as a result of successful competition in a nationwide summer employment examination, under merit staffing programs developed by agencies, and under the Federal summer intern program. In addition, we must continue to provide opportunities for needy youths: therefore we have set once again the general goal successfully met last summer—employment of one needy youth for every 40 regular employees on your payroll.

I have asked the Chairman of the Civil Service Commission to again provide the leadership and guidelines for summer employment and to report to me on the accomplishments of the 1972 program; and I ask each of you to give personal support to this important investment in our future.

RICHARD NIXON.

FACTSHEET, SUMMER JOB OPPORTUNITIES, 1972

[A record number of summer job opportunities with Federal support has been scheduled for 1972. 6 major programs are being organized to provide 1,070,400 summer jobs, an increase of 88,900 over last year's total]

	Opportunities			Federal funds (millions)		
	1971	1972	Change	1971	1972	Change
JOB PROGRAMS AND FUNDING						
Neighborhood Youth Corps	609,300	609,300	0	$257.9	$257.9	0
Federal Summer Employment Program Youth	63,000	63,000	0	31.9	33.0	+1.1
Youth Conservation Corps	2,700	3,000	+300	2.5	3.5	+1.0
Public employment program		59,100	+59,100		25.0	+25.0
National Alliance of Businessmen Summer Hires	151,000	175,000	+24,000			
Employment Service youth summer placement	155,500	161,000	+5,500			
Total	981,500	1,070,400	+88,900	292.3	319.4	+27.1
RECREATION OPPORTUNITIES						
Summer recreation support	1,900,000	1,900,000	0	12.8	12.8	0
National summer youth sports program	43,000	43,000	0	2.9	3.0	+.1
Total	1,943,000	1,943,000	0	15.7	15.8	+.1
SUPPORTIVE SERVICE PROGRAMS						
Summer transportation	851,113	851,113	0	1.5	1.5	0
Youth coordinator grants				3.3	3.3	0
Total	851,113	851,113	0	4.8	4.8	0

Program agents under the public employment program may use section 6 Emergency Employment Act lapse funds for added summer job opportunities, if they so choose.

Neighborhood Youth Corps summer programs will be for 9 weeks at a minimum pay of $1.60 an hour for a total of 234 hours. PEP funds would be similarly used.

National Alliance of Businessmen's summer hires will be in the private sector without Federal funds, as will most of those hired through the employment service youth summer placement program.

The Federal summer employment program will hire one disadvantaged youth for every 40 Federal workers.

Recreation opportunities will be for youngsters between 8 and 13 years of age.

Enrollment totals in the Neighborhood Youth Corps summer program, by States and the 50 largest cities are planned.

HIGHLIGHTS OF 1972 SUMMER YOUTH PROGRAMS

OFFICE OF ECONOMIC OPPORTUNITY YOUTH PROGRAM

The Office of Economic Opportunity is providing approximately $28 million to 400 local communities for year-round youth development programs. These programs stress youth involvement in the planning, administration and evaluation of youth programs, and will be directed toward providing long term economic, vocational and educational opportunities to approximately 1 million disadvantaged youth.

Neighborhood Youth Corps

With the proposed $95 million supplemental appropriation, the Department of Labor will provide 609,300 summer jobs for high school students through its Neighborhood Youth Corps program. These jobs will be in public and private nonprofit agencies and will pay a minimum of $1.60 per hour. To strengthen the Neighborhood Youth Corps program and to focus its emphasis on exposing young people to a variety of opprtunities, the Department of Labor, in cooperation with other agencies, is providing Neighborhood Youth Corps enrollees the following interesting and innovative activities:

A. NYC Goes to Community College

During the summer, 1971, the "NYC Goes to Community College" model was introduced into the regular NYC summer program. The model operated at 76 community colleges and involved 3,500 enrollees. This model is based on a research and development project funded by the Manpower Administration. The same level of participation is planned for 1972. Community colleges offer a unique opportunity to expose, to the college environment, disadvantaged high school students who are academic underachievers. Youth participate in this program, attend classes at the college and work at various worksites. Also included may be counseling, tutoring, and recreational activities.

B. Summer Program for Action to Renew the Environment

In the summer of 1971, the Department of Labor cooperated with the Environmental Protection Agency (EPA) and the Conference of Mayors-League of Cities to develop environmental projects responsible to local needs. NYC enrollees were placed in worksites in community agencies responsible for water quality control, air pollution control, solid waste removal, pesticide control, and monitoring of the 1899 Refuse Act.

The 1972 summer program for action to renew the environment (SPARE) will operate in 20 to 30 cities selected by EPA. Projects will be developed by EPA in cooperation with mayors' offices, DOL regional office staff and local NYC sponsors. EPA will provide funds to selected cities for supervision and materials necessary to support SPARE projects. NYC sponsors will provide enrollee wages and supportive services.

C. Sesame Street

The Children's Television Workshop (CTW), producers of the Sesame Street program, received a technical assistance (TA) contract in the summer 1971 to render TA to Sesame Street viewing centers in 13 cities and one migrant farm area. This pilot effort trained and utilized Neighborhood Youth Corps (NYC), enrollees as teachers in the viewing centers to reinforce the TV program's lessons. More than 900 NYC enrollees were able to reach approximately 10,000 preschoolers in 160 viewing centers. DOL plans to work with CTW to expand the program in 1972.

D. Department of Defense Summer Youth Program

In 1971, the U.S. Department of Defense (DOD) provided DOL with a list of defense installations that could provide worksites for NYC summer enrollees. Enrollee opportunities included occupational categories such as engineering aide, computer aide, hospital aide, laboratory aide, laborer, and various classifications in the clerical, stock handling, accounting and fiscal, mailroom operation, food service, recreation, microfilm processing, and trade areas. More than 7,500 enrollees were placed at DOD installations at 125 separate installations in 42 States.

For the summer 1972, DOD is planning a similar project and has contacted the Army, Navy, Air Force, and Defense Supply Agency of the cooperative program between DOL and DOD. It is expected that approximately 9,000 enrollees will be placed during the summer 1972.

E. Youth Tutoring Youth

This program involves under achieving 14 and 15 year old NYC enrollees as tutors for under achieving elementary school children. They assist in reading, writing, and skills of expression.

It is anticipated that the program will operate in 200 cities during the summer of 1972.

F. Career Education and Work Experience Program

The career education and work experience program is planned as a cooperative experimental program involving DOL and the Department of Health, Education, and Welfare, Bureau of Adult Vocational Technical Education (BAVTE). Its objective is to develop a model program to expand the career options of high school students through exposure to various skills and occupations. Implementation is planned for the summer, 1972 and the duration of projects will be from 8 to 12 weeks. The selection of project sites and project size will be determined by regional Manpower administrators and BAVTE. Project activities include work experience, career exploration, and counseling.

G. Indian Health Program

The Student American Medical Association (SAMA) is again sponsoring health teams to work on Indian reservations during summer 1972. Teams comprised of medical, nursing, dental, pharmacy, and public health students will spend 10 weeks in health projects designed and developed by the various tribes. NYC enrollees from Indian reservations will serve with the teams in areas such as health screening, community health education, health surveys, clinical assistance, and other duties.

Worksites for summer 1972 are projected to include reservations in Arizona, California, and the Billings-Aberdeen areas (Montana, North and South Dakota), and will be chosen by SAMA.

Summer Transportation Program

In 1971, DOL and the Department of Transportation jointly funded a $1.5 million program ($1 million from DOL and $500,000 from DOT) which provided free transportation services to disadvantaged youth in 119 cities across the country. The program benefited approximately 900,000 people by permitting them to participate in employment, educational, cultural, and recreational activities outside their own neighborhood which would have otherwise been impossible. A similar program is proposed for summer 1972.

Recreation Support Program (RSP)

The RSP program is currently planned for 111 cities in 1972. It is to be funded with $12.8 million from the requested $95 million supplemental appropriation, to provide recreational and cultural activities for disadvantaged young people too young to obtain employment. NYC enrollees serve as recreational aides to the program.

Youth Conservation Corps

The Youth Conservation Corps (YCC) of the Department of Agriculture and Interior is a three (3) year pilot program implemented in 1971. It provided environmental training and summer employment to 2,700 youths 15 to 19 years of age at 95 camps in 48 States. The youths provided needed conservation work to improve the quality of public lands and waters. In 1972, $3.5 million will provide 3,000 opportunities for youth.

Federal Summer Employment Program for Youth

The President has established a goal for the Federal Government to hire one needy young person for every 40 regular Federal employees. This program is expected to result in the employment of approximately 65,000 youths, at a cost of $33 million.

National Alliance of Business Summer Youth Program

In 1971 the National Alliance of Businessmen hired 151,000 disadvantaged youths in 126 metropolitan areas in its summer program. A minimum quota has been set for these areas for 1972, calling for 165,750 summer jobs. NAB has set an overall goal of 175,000 jobs as its contribution this year, which it believes it can meet.

1972 National Summer Youth Sports Program

A $3 million 1972 National Summer Youth Sports program has been funded to provide instruction and competition, meals, medical examinations, and educa-

tion for an estimated 43,000 inner-city young people, ages 10 to 18. Approximately 100 colleges and universities which volunteered the use of their facilities and equipment are participating in the program which will begin June 1. The youth participants of the program will be given classroom instruction concerning employment, study, and career opportunities.

PUBLIC EMPLOYMENT PROGRAM

State, counties, and cities that have received grants for public service jobs in high unemployment areas under section 6 of the Emergency Employment Act have available funds that have not yet been utilized because of normal startup delays in hiring. At the option of local officials, these funds may be reprogramed to create meaningful work opportunities for young people during the summer. It is estimated that $25 million may be used in this fashion, creating jobs for 59,100 youths.

CAMPS-YOUTH COORDINATOR GRANTS

Prior to March 1971, youth coordinator grants were funded by three different agencies—OEO, Commerce, and HEW. In March 1971, grant administration was centralized in DOL and separate youth coordinator grants totaling $3.3 million were merged with the Department of Labor's cooperative area manpower planning system (CAMPS) grants to Governors and selected mayors which in fiscal year 1972 operated at a level of $14.2 million.

Although youth coordinator positions are no longer identified separately, part of the overall manpower planning function of Governors' and mayors' CAMPS staff is to coordinate and plan youth-oriented manpower programs and activities. The merger guidelines were developed so as to allow the former youth coordinators, most of whom have been absorbed in the CAMPS staffs, to follow through with their plans for the 1971 summer effort, even though some of these activities did not conform strictly to the DOL mission of providing employment-related services. Since that time, additional moneys have been made available to CAMPS grantees to insure that year-round planning for summer services can be carried on by the manpower planning staffs.

CONCENTRATED EMPLOYMENT PROGRAM

Mr. FLOOD. You say on page 29 that restructure and redesign of the concentrated employment program took place in 1970 and was extended into 1971 and 1972. You know we were interested in the program from the beginning and have great interest in this. You did mention this a few minutes ago.

Mr. LOVELL. Yes, sir.

Mr. FLOOD. Tell us some more about this.

Mr. LOVELL. The main thing we have done is to tighten up on the management of this program. As you know, the concentrated employment program is an interagency effort usually between the employment program and the CAP agencies.

Mr. FLOOD. What do you mean by CAP agencies?

Mr. LOVELL. The Community Action Program agencies. The Community Action agencies have frequently had management responsibility in putting all the manpower efforts together in a comprehensive way. Very often they have not had the management expertise to do this well so we have been trying to strengthen their opportunity to manage the program, better accounting systems, better management systems, so they can keep track of what they are doing and spend the money wisely.

Mr. FLOOD. What do you think?

Mr. LOVELL. The results have improved tremendously. In some instances we have changed sponsors.

Mr. FLOOD. I have heard that. We have one case in my district where exactly that happened with, I understand, very good success.

Mr. LOVELL. Yes, sir.

Mr. FLOOD. That is a good example. Is that your experience generally when you do this kind of thing?

Mr. LOVELL. Yes, that is so.

Mr. MICHEL. As I recall last year, Mr. Chairman, there were good projects cited in the record, one in Wilkes-Barre, maybe one in Boston, and some other place in the country. There were only about three. Do you have a better record this year? As I recall your testimony, you said this was a weak link and you were doing all you could to improve it. Now we are here a year later and want to know if it has been effective in improving CEP.

Mr. LOVELL. I think we have been very critical of the CEP program but our efforts over the last year have resulted in improvements.

Mr. MICHEL. South Carolina was another one.

Mr. LOVELL. The performance is much better. Their unit costs have improved, their placement record is better. Now, of course, all of your programs are working with people who are marginal with the labor market and we certainly don't have 100 percent success with them. The CEP's have measured up in terms of our other program efforts.

Mr. FLOOD. In Wilkes-Barre we were lucky to have a topflight man heading the thing. Why in the world a man with the abilities he has is doing this I don't know, but he does. I don't know whether you can use that as an example or not because that is an unusual case and he is an unusual man.

COMPUTERIZED JOB PLACEMENT

In connection with this computerized job placement program, how soon do you expect this job matching system to be installed in all of the States, and how long until you are able to tie them together in the national system?

Mr. LOVELL. This is not a job matching system yet. We only have the job matching system in two main areas.

Mr. FLOOD. That was your phrase.

Mr. LOVELL. The job bank program is a computerized listing of all jobs and we are working on the matching. We haven't perfected it yet to expand it on a national basis.

Mr. FLOOD. Is this like the League of Nations: theoretically sound, but won't work?

Mr. LOVELL. When it doesn't work you have to question the theory sometimes.

Mr. FLOOD. Let's try first.

Mr. LOVELL. The job bank system has been effective as a method by which a variety of job orders can be spread around.

Mr. MICHEL. How many do we have currently in operation?

Mr. LOVELL. It is 106.

Mr. BROWN. We are moving quite rapidly. We now have six statewide job banks. We are adding two this week and by the end of June, we will have 30 statewide job banks up so we will have almost 70 or 80 percent of the labor market covered by July.

Mr. FLOOD. That much?

Mr. BROWN. Yes, sir.

Mr. FLOOD. You have got something very good here if this thing will work.

CONTRACT EVALUATION STUDIES

On page 34 you say, "Of 25 contracting evaluation studies initiated in 1971, 16 are completed." For each one of the 16 you have completed I want the cost and brief description and your findings.

Mr. LOVELL. We will provide that for the record.

(The information follows:)

CONTRACTOR EVALUATION STUDIES COMPLETED IN FISCAL YEAR 1971 (MTS FUNDED)

Title and description	Cost	Contractor	Date of report	Findings
Evaluation of manpower development and training skills centers—To assess the effectiveness of skills center training as an MDTA strategy.	$252,551	Olympus Research Corp.	February 1971	MDTA skills centers are, in most areas, the sole institutions both capable of and willing to provide disadvantaged adults with skill training remedial or related education and personal support services, The occupational offerings of skills centers are for the most part, however, rather narrow and of relatively low skill level, e,g,, over ¾ of all skills center enrollees are enrolled in 7 occupational areas and 70 percent of all females are enrolled in only 2 courses, If the skills center concept is to remain viable, several serious problems must be recognized and resolved, Chief among these problems are the danger of the skills centers becoming a segregated educational system solely for the disadvantaged and the continuing lack of a stable financial base,
Systems analysis of the MDTA institutional training program—To appraise the efficiency of the flow of work and the processes of project planning, approval, and funding under MDTA.	194,630	North American Rockwell Information Systems Co.	April 1971	The MDTA institutional training program is generally accomplishing its mission of providing useful skills to disadvantaged persons. Important program strength areas are high overall enrollments, good allowance payment and reporting systems, some useful experimentation, good fund accountability and a good reputation with the public. Salient weaknesses are confused and ineffective planning, delays in startup and deferred enrollments, lack of adequate management information, and overestimation of costs.
Evaluation of the relevance and quality of preparation for employment under the MDTA institutional training program—To determine whether the MDTA courses are of a quality nature and relevant to the opportunities of the job market.	204,416	Mentec Corp. May 1971.	----------	The institutional training provided is generally of high quality. However, the relevance of the program to labor market requirements, as reflected by job placements (both as a percentage of completers and of program input) is lower than should be considered acceptable for a Federal program.
Analysis of MDTA institutional and OJT data tapes for 1968—To find out what kinds of data can be secured by analyzing the tapes.	9,500	Wharton Econometric Forecasting Associates April 1971.	----------	The MDTA data system has some serious reporting gaps particularly with regard to post-training employment experience of former trainees. It should be supplemented by relevant labor market information and better followup data. The system is useful for analyzing the relative effectiveness of the programs for trainees of varying characteristics and of different population groups. Analysis of the data indicated that, in the institutional program, longer courses had a greater impact upon wage rates and the probability of employment after training than shorter courses.
Evaluation of the training provided in correctional institutions under MDTA sec. 251—To determine the impact, in terms of careers and reduced recidivism, of training prisoners under MDTA before their release.	328,037	Abt Associates April 1971.		The recidivism rate tended to be somewhat better (lower) for trainees than for nontrainees during the 6-month postrelease followup period. A large percentage of trainees failed to receive effective job development and placement services. Trainees and nontrainees had about the same success in finding employment in the short period both groups were followed. Vocational training was the best service provided trainees, although the training was generally not innovative and diverse, and not tailored to trainee needs. The most important training inmates can receive is that designed to raise their educational level. The negative findings were ascribed not to the failure of the concept of MDTA training but rather to weaknesses in implementation, particularly in the nature of the training and inadequate placement assistance.

CONTRACTOR EVALUATION STUDIES COMPLETED IN FISCAL YEAR 1971 (MTS FUNDED)—Continued

Title and description	Cost	Contractor	Date of report	Findings
Evaluation of the impact of selected urban CEP's—To study the impact of the urban CEP on the communities and individuals involved.	341, 892	System Development Corp.	Nov..nber 1970_	The CEP program provided improved employment, in terms of wages and advancement potential, for over half of the participants. It significantly increased public awareness of the nature and scope of poverty existent in the communities, and had a major positive impact upon the State employement services. Generally, CEP's did not obtain extensive support from the business community as a whole. CEP's would function more effectively if they were more readily adaptable to differering emphasis in services in relatively tight and loose labor markets.
Impact of 5 rural CEP's—To study the impact of rural CEP's on the communities and on the individuals involved.	307, 429	Urban Systems Research and Engineering, Inc.	March 1971.....	CEP had positive beneficial effects on most of the participants, although not to the maximum feasible extent. Better coordination with the activities of local growth center businessmen and economic development activities is needed. The present CEP model needs to be redesigned and further refined to meet the special needs of the rural and small town disadvantaged population.
Analysis of CEP automated termination data—To analyze the existing data base of CEP enrollee characteristics to determine its utility for program management decisions.	18, 426	Analytic Systems, Inc.	December 1970 _	Data reported to the national office on characteristics of CEP enrollees were considered adequate for program planning, administration, and policy decisions. About 69 percent of the data examined was found to be accurate and complete and sufficient for management decisions. Analysis of data indicated that the CEP program works best for youngmales, that a high school diploma is the single most effective factor in obtaining employment, and that 77 percent of CEP enrollees are participating in a manpower program for the first time.
Evaluation of the Green Thumb, Green Light program—To study the effectiveness and impact of the Green Thumb and Green Light aspects of the Operation Mainstream program.	60, 000	Kirschner Associates, Inc.	January 1971___	The design and execution of this program corresponds closely with the congressional intent. The program has, on the whole, been successful in achieving its goals; namely, serving the older worker population, providing work activity for the enrollees, improving the financial lot of the target population and community beautification and betterment, The program generally generates a highly favorable image among community leaders and demonstrates the production potential of older workers. However, it has had only limited success in placing enrollees in permanent employment.
Evaluation of the senior aides program—To study the effectiveness and impact of the senior aides aspect of the Operation Mainstream program.	75, 000	.....do.....	May 1971.....	This phase of the Operation Mainstream program is generally successful in serving the target population—persons 55 years of age or older who are chronically unemployed and have low family incomes. Work activity is being provided for the enrollees and, on the average, their incomes are twice what they would be in the absence of the program. Necessary community services are also being provided which, in the absence of the senior aides program would not likely be available. The program demonstrates the productivity of older workers, but, with less than a full employment economy, job creation and placement efforts for older workers are not as successful as they might be.

An evaluation of the summer 1970 New York City recreation support program—To evaluate the effectiveness of the summer recreation support program.	315, 566	Kirschner Associates, Inc.	December 1970	The summer 1970 recreation support program, despite time limitations and other constraints, met its 2 major objectives: Participation by disadvantaged children and a positive response from them, as well as employment of youth aides. Cities responded positively to the program and much needed recreational activity was provided for disadvantaged children.
An evaluation system to support planning, allocation and control in a decentralized, comprehensive manpower program—To devise an evaluation system which can be applied when manpower reform legislation passes.	99, 590	Urban Institute	March 1971	A continuous evaluation system is necessary for planning and controlling a decentralized, comprehensive manpower system in accordance with both local needs and national policy. Such a system should be based on prime sponsor plans, area labor market information, and adequate reporting systems. Many of the elements of the proposed evaluation system already exist currently in various ways.
Boston region demonstration monitoring—To monitor selected WIN projects and in the process to devise and test instruments for future use by the regional office.	147, 141	Harbridge House, Inc.	June 1971	This contract, awarded by the Boston Regional Office to a private consulting firm, has resulted in monitoring reports on several WIN projects in New England and also in developing instruments and a design for a continuing monitoring system in the region.
Chicago region demonstration monitoring—To monitor all CEP projects in the region, and in the process to devise and test instruments for future use by the regional office.	155, 267	Peat, Marwick, Mitchell & Co.	June 1971	This contract, awarded by the Chicago Regional Office, resulted in similar products as for Boston, except that the monitoring and design work concerned the concentrated employment program.
New York region demonstration monitoring—To monitor all manpower projects in selected cities, and in the process to develop a plan for future use by the regional office.	117, 331	The United States R. & D.	June 1971	This contract, awarded by the New York regional office, also resulted in similar products as above, except that the work of the contractor concerned all of the manpower programs in selected cities.
Seattle region demonstration monitoring—To monitor a range of manpower projects in selected cities, and in the process to develop a plan for future monitoring by the regional office.	143, 570	The Seattle Consortium.	June 1971	This contract awarded by the Seattle regional office, resulted in similar products as above.

JOB CORPS AND POSTSCHOOL WORK SUPPORT

Mr. FLOOD. We will put the justifications for the Job Corps and the postschool work support program in the record even though it looks as though we won't be able to include any funds in this bill because of lack of authorization. I don't have any questions on those particular things at this time, but do you want to say anything additional now?

Mr. LOVELL. Let me emphasize one thing for the record. This year is the first time we are saying to you that we are going to get the judgments of the local units of government as to what the program mix should be. If their judgment varies from what we have told you, we will come back to you after consulting with the people at the local level and ask for your permission to have the budget adjusted. It is a change in philosophy.

Mr. FLOOD. I hope you do because the members of this subcommittee get pounded by the members on this sort of thing day and night. Mr. Michel.

Mr. MICHEL. In the Job Corps direction, are the same number of young people in the Job Corps this year as last year?

Mr. LOVELL. No; we are increasing slowly each year.

Mr. MICHEL. There is not an increase in positions requested, but there is an item of $238,000 increase in Job Corps direction.

Mr. ZUCK. The increase reflects the Job Corps direction activity's proportionate share of those postage and communication costs we were talking about earlier as well as their share of other mandatory increases.

WITHIN-GRADE SALARY INCREASES

Mr. MICHEL. Let me ask a question on salaries and expenses regarding the increase of $566,000 for net additional cost of within-grade promotions effective for part time in 1972. What are we talking about there a little more specifically?

Mr. ZUCK. Within the Federal pay structure there are 10 different steps at which individuals can be paid within a single classification rate. When individuals move to a higher rate during the course of a year, the salary costs which need to be financed increases. This is what these net increases represent.

Mr. MICHEL. Does that come by just sweating out the time element—is it an automatic thing that an employee gets regardless of whether or not he is performing?

Mr. ZUCK. We can deny the increases even though an individual has achieved the time in grade, but the percentage of cases in which the increases are denied is not very great.

Mr. LOVELL. An individual's performance has to be unusually bad to be denied the increase.

Mr. MICHEL. Is that practice good or bad?

Mr. LOVELL. It is prescribed by law.

COMPUTERIZED JOB BANKS

Mr. MICHEL. Taking the programs in the order in which you discussed them, let me see if I understand for sure the job bank system. Do you plan to have 50 statewide systems operational by the end of this fiscal year?

Mr. BROWN. We are going to fall short on that. We will be operational in only 30 States. We are setting up in all 50 but it looks like it will be August or September before all will be operational.

Mr. MICHEL. In this calendar year, is that still within the realm of attainment?

Mr. BROWN. Yes, sir.

Mr. MICHEL. Does this mean an employer looking for help or an applicant looking for a job can go into a local office in the State and find out about prospective job opportunities on a statewide basis?

Mr. BROWN. That is right.

Mr. LOVELL. An employee looking for work can go into any office and get an idea of jobs available throughout the State.

Mr. MICHEL. Is the objective here to completely computerize this thing?

Mr. LOVELL. Yes, sir.

Mr. MICHEL. How many statewide systems are completely operational today?

Mr. BROWN. Six.

Mr. MICHEL. What States are those?

Mr. BROWN. Arizona, Delaware, Maine, Oklahoma, Rhode Island, and Vermont.

Mr. MICHEL. So, relatively small States population-wise and job-wise?

Mr. BROWN. Right.

Mr. FLOOD. Isn't Pennsylvania banging away at that now?

Mr. LOVELL. We hope to have every State operational by the end of the year.

Mr. BROWN. We have job banks in every major metropolitan area so that every single one of the States, including all of the large States, already have some job bank experience. It is now a question of moving it out into the rural areas and extending it through the whole State.

Mr. MICHEL. Looking in your crystal ball, how long will it take us to have a national system fully operational? Give me your fondest expectations.

Mr. LOVELL. You have to recognize there are a great many jobs and a national job bank system isn't that useful because very few people for the majority of jobs we list would want to move from California to New York. We already have, for example, a national register for scientists and engineers. This is where you do have more mobility among the work force. So we should be able in terms of those kinds of occupations where there is a substantial interstate demand be able to move forward perhaps more rapidly than a system where every job in the Nation is automatically made available.

Mr. MICHEL. If I remember last year on this same subject—and correct me if I am wrong—in areas where we had banks or the matching system, 45 percent of the available jobs in a given community were listed. Is that right?

Mr. LOVELL. Usually less than that. I think on the national average it is 17 percent of the available jobs. There is going to be a change with the mandatory listing provisions. The President signed the Executive order last summer requiring all Government contractors that held contracts of $10,000 or more to list any new jobs with the Employment Service.

So this should substantially increase the coverage the Employment Service has. It is a very major move indeed and we are working hard to see it is enforced.

Mr. MICHEL. Are employers accepting the job bank system better than they have in the past?

Mr. LOVELL. Yes, sir. We have recently completed a review of the relationships between the Employment Service and the employment community. A group headed by a man from General Motors, where major business organizations participated, went from State to State visiting with the employers and with the employment services in those areas and trying to improve the working relationships. It has been a very satisfying experience.

Do you want to say more about this committee, Bob?

Mr. BROWN. It is a little bit early to tell. The committee is coming up with some specific recommendations. They have been working in I believe seven individual cities with the local offices and with the States to come up with some recommendations to us to help improve our employer services part of the Employment Service. Mandatory listing is a great door opener for us. The employer is not required to hire. So the Employment Service really has to improve its service if we are going to keep the employer in the job bank. That is what we are aiming for, to try to get the employer's opinion as to how we can improve the Employment Service.

Mr. LOVELL. We just received an evaluation of the job bank system, Mr. Chairman, in which they indicated that the employer acceptance of the concept seems to have improved.

PILOT JOB MATCHING PROJECTS

Mr. MICHEL. On the job matching capability, last year you mentioned a pilot project at Madison, Wis.

Mr. LOVELL. And Salt Lake City.

Mr. MICHEL. Bring me up to date.

Mr. LOVELL. In Salt Lake City, which has probably as sophisticated a system as we have, we found a rather dramatic improvement in the number of listings received and the number of placements made and there was a lag of almost 2 full years to get the bugs out. But it was the most dramatic improvement we have seen in any commuunity as a result of the job matching system.

Mr. BROWN. I think it might be helpful to describe the problem and give you an example of how we are trying to get at it. The job bank system puts into the computer the job orders. When we go to job matching we have to put into the computer the characteristics of individual people and then be sure that a month later, or 6 weeks later, we can tap into that computer and get this individual's bank and match him against a job order.

We have several matching systems being experimented with, but the one the Secretary referred to is in Salt Lake City, Utah, and as a matter of fact it is in the entire State now. There we are using the dictionary of occupational titles, using the 40,000 specific occupations as selection factors and putting those into the computer when an individual comes in to be interviewed. There are great limitations to that because you have to give the individual a specific occupational title and especially if a younger worker comes in who hasn't any background other than high school and maybe washing cars.

What kind of an occupational title could you give that youngster? You might test him and come up with some aptitudes and come up with two or three codings, but you can only put in the computer two or three codings for occupations. So that extremely limits the opportunity made available to that youngster later on when opportunities come up. So that in the Wisconsin experiment we have tried to expand on it. We have something called the worker trade groupings in the dictionary of occupational terms. We group various occupations together in connection with aptitudes that are similar. This grouping greatly expands the opportunities available that might be matched against the individual. Then you end up with a large list of people that are eligible for the occupation. So the third series of experiments we have started this year is really an expansion of the California system that has been on line for many years for professionals. That is working with computer language and vocabulary of an occupation.

We are really developing in 10 separate States separate vocabulary experiments related to this matching process.

Basically we are still in the never never land of not being sure where we want to go with matching. We are not convinced that Utah is perfect. There is no question it is the right step in the right direction, but because the investments are so large in this whole area, we want to be certain we are going down the right path and don't become obsolete overnight.

Mr. MICHEL. I can't fault you on that.

SKILLED OCCUPATIONS IN SHORT SUPPLY

Last year Is asked that you place in the record the skilled occupations that were in short supply. Just reading down that list here, aircraft electrician, aircraft and engine mechanic, automobile mechanic, and bricklayers, these are in alphabetical order, I wonder if you would update that table on page 56 and 57 in part five of the hearings last year.

Mr. LOVELL. Yes, sir.

(The information follows:)

The following occupations are in short supply in various areas. The information is based on local office orders not filled in 30 days or more, and studies of long-term needs. Such lists need to be updated from time to time. They are also affected by seasonal factors.

Automobile mechanic; bricklayer; machinist; electrician; pipefitter, ship; sheet metal worker; tool and diemaker; TV service and repairman; roofer; cook, chef, and baker; welder (arc and combination arc and gas); plumber and steamfitter; carpenter; policeman and law enforcement officer; electrical repairman; refrigeration and air conditioning mechanic; tailor and dressmaker; transportation equipment repairman; dental technician; physical therapist; medical professions, technicians and other health support occupations; computer programer and systems analyst; electronic computer operating personnel; rehabilitation counselor; operating engineer (construction machinery); elevator constructor; business machine serviceman; telephone and PBX installer and repairman; instrument repairman; and applicance serviceman.

AVAILABILITY OF MANPOWER PROGRAMS BY AGE BRACKET

Mr. MICHEL. Also on page 43 and 44 of last year's hearings we set forth the number of manpower training service programs available to individuals by age together with the amounts and obligations for 1971–72. Bring that up to 1972–73 in all of those same categories.

Would there be any significant changes in any of those areas? For example, here for 14 to 21 year-olds in Job Corps, we are talking about 26,200 in 1972 which was an increase of several thousand over 1971.

Mr. LOVELL. It will be up several thousand in the overall.

Mr. MICHEL. How about the 14 to 20 year-olds in Neighborhood Youth Corps? That figure was static for 1971–72. What happens there?

Mr. LOVELL. It will be about the same but slightly higher in that age group.

Mr. MICHEL. In the Neighborhood Youth Corps Summer Program there was a reduction of a hundred million dollars in 1972 over 1971.

Mr. ZUCK. A supplemental appropriation request compensated for that in 1972, and for 1973 we are now back up to that level.

Mr. MICHEL. When you update this for this year, be sure you make a special notation on that, otherwise you look at this record and think there was a real significant reduction.

(The information follows:)

DEPARTMENT OF LABOR MANPOWER ADMINISTRATION—MANPOWER TRAINING SERVICES PROGRAMS AVAILABLE TO INDIVIDUALS BY AGE

Program	14 to 21 years—Job Corps	14 to 21 years—Neighborhood Youth Corps in school	14 to 21 years—Neighborhood Youth Corps summer	16 to 21 years—Neighborhood Youth Corps out of school	16 years and over—OJT
Program description	Provides a residential rehabilitation program for disadvantaged youth from culturally deprived environments.	Provide opportunities to enrollees to earn funds to remain in school while receiving useful work experience through part-time jobs in schools and other public agencies.	Provide funds for poor students of high school age to return to school in the fall through summer employment.	Work experience, training and supportive services to enable enrollees to return to school or improve their employability.	State-administered training in conjunction with national unions and trade associations.
Type of program	Vocational training with basic education, recreation, work experience, and room, board, and clothing.	Work experience with source of income and supportive services.	Work experience with source of income with supportive services.	Work experience, skill training, and supportive services.	Occupational training with remedial education, trainee allowance, and supportive services.
Eligibility requirements	Disadvantaged	Disadvantaged	Disadvantaged	Disadvantaged	Disadvantaged/nondisadvantaged.
	School dropouts	Students from low-income families; grades 9 to 12.	Students from low-income families, grades 9 to 12.	Unemployed; high school dropouts.	Unemployed/underemployed; school dropouts.
Obligations:					
1972 appropriation[1]	$200,097,000	$75,200,000	$270,700,000[2]	$125,520,000	$69,394,000.
1973 request	$204,665,000	$75,200,000	$270,700,000	$124,228,000	$68,600,000.
Enrollment opportunities:					
1972[1]	$25,000	$102,000	$609,300	$36,400	$68,500.
1973	$25,000	$102,000	$609,300	$36,400	$68,000.

[1] Fiscal year 1972 includes where applicable 1971 carryover available in 1972.
[2] Includes $95,000,000 summer supplemental pending in Congress.

DEPARTMENT OF LABOR MANPOWER ADMINISTRATION—MANPOWER TRAINING SERVICES PROGRAMS AVAILABLE TO INDIVIDUALS BY AGE—Continued

Program	17 years and over—institutional training	18 years and over—JOBS	18 years and over—PSC	18 years and over—CEP	22 years and over—Operation Mainstream
Program description	Provides occupational training in areas where critical skill shortages exist.	On-the-job training in the private sector with Federal compensation to the employers for hiring and training costs.	Training and permanent employment in the public sector within merit staffing principles.	Coordinates and concentrates various Federal manpower efforts to aid severely unemployed persons in certain target areas.	Provides projects especially in rural areas and small towns which will improve social and physical environment of the community.
Type of program	Occupational training with remedial education, trainee allowances, and related supportive services.	Vocational training with health and social services and remedial education.	Occupational training with supportive services.	A system of packaging and delivering manpower services in priority areas having serious unemployment and underemployment problems.	Job creationand work training program augmented by necessary supportive services for chronically unemployed poor adults with permanent employment as objective.
Eligibility requirements	Unemployed/underemployed Head of household; 1-year experience in gainful employment.	Disadvantaged Unemployed/underemployed; school dropouts; handicapped.	Disadvantaged Unemployed/underemployed	Unemployed/underemployed Resident of target area; member of poor family; school dropout; handicapped.	Chronically unemployed/underemployed. Have annual family income below poverty line; be unable to secure appropriate employment or training assistance under other programs.
Obligations:					
1972 appropriation [1]	$378,876,000	$153,615,000	$67,101,000	$156,362,000	$83,900,000.
1973 request	$368,410,000	$125,600,000	$62,200,000	$154,390,000	$83,900,000.
Enrollment opportunities:					
1972 [1]	$163,700,000	$66,600	$29,200		$26,200
1973	$163,400,000	$54,600	$24,900		$26,200.

[1] Fiscal year 1972 includes where applicable 1971 carryover available in 1972.

CONTRACT EVALUATION

Mr. MICHEL. The chairman was making the point with respect to evaluation, and I also have misgiving about it. In private industry we have to be continually evaluating what we are doing and knowing which direction we are going. However, we don't want to get ourselves carried away here either. Last year I asked you to place in the record the evaluation contracts in fiscal year 1971 the type of study, the initiation date, the termination date, and the outcome expected. Here a year later I notice a number of those termination dates are passed, so obviously there ought to know about what we got for our money.

Would you take those contracts, each one of them appearing on page 49 and 50 of last year's hearing record, particularly where they have had a termination date, and give us a sentence or two on what we got for our money. If it was a bust, you had better say so and why.

(The information follows:)

UPDATING OF AND STATUS REPORT ON EVALUATION CONTRACTS INITIATED IN FISCAL YEAR 1971

Contractor	Amount	Type of study	Initiation date	Termination date	Outcome expected	Status (as of March 31, 1972)
Booz-Allen Public Administration Service, Inc.	[1] $306,833	An evaluation study of job development in standard metropolitan statistical areas.	Apr. 29, 1971	July 14, 1972	Appraisal of effectiveness of job development for all manpower programs.	In progress—final report due June 1972.
Ohio State University	20,000	Conference on evaluation methodology, June 15 to June 17, 1971.	Jan. 27, 1971	Sept. 30, 1971	Improvement in evaluation methodology	Conference conducted as scheduled Comprehensive preceedings issued in September 1971.
Greenleigh Associates	402	Purchase order-briefing on impact of JOBS program.	Oct. 14, 1970	Oct. 14, 1970	Briefing to top officials	Briefed senior officials of Manpower Administration on JOBS study results.
Planning Research Corp	16,879	Validation study of OMMDS followup system.	June 1, 1971	Jan. 31, 1972	Statistical indications of reliability	Study completed—acceptable final report received March 1972.
Camil Associates, Inc	228,373	Evaluation of supportive services.	June 30, 1971	July 30, 1972	Appraisal of extent of support services given participants and their value to them.	In progress—final report due July 1972.
Kirschner Associates, Inc	[1] 295,149	Evaluation of manpower services to veterans.	June 23, 1971	June 23, 1972	Assessment of quality, scope, and effectiveness of special manpower services to veterans.	In progress—final report due June 1972.
UNCO, Inc	206,150	Effectiveness of service to Job Corps enrollees.	June 30, 1971	July 30, 1972	Analysis of effectiveness of recruitment and placement of Job Corps trainees.	In progress—final report due July 1972.
System Development Corp	194,868	Cost effectiveness study of CEP	do	June 30, 1972	Determination of costs of concentrated employment program in relation to outcomes.	In progress—final report due June 1972.
UNCO, Inc	85,320	Cost effectiveness design for Job Corps.	June 8, 1971	May 8, 1972	Validation and implementation of a cost-effectiveness model for the Job Corps.	In progress—final report due April 1972.
Human Resources Research Organization.	180,164	Evaluation of counselor training	June 30, 1971	Oct. 31, 1972	Evaluation of quality and effectiveness of special counselor training program.	In progress—final report due October 1972.
Washington Center for Metropolitan Studies.	100,000	Pilot study of the planning process and content of manpower programs in the District of Columbia.	do	June 30, 1972	Evaluation of planning data bases in area pilot study to aid area manpower planners in establishing future evaluation mechanism.	In progress—final report due June 1972.
Office of Manpower Planning and Coordination, city of Hartford, Conn.	100,000	Pilot evaluation of content of manpower programs in Hartford, Conn.	do	do	do	Do.

Division of Manpower Planning, Mid-American Council of Governments.	127,911	Pilot evaluation of content of manpower programs in Kansas City Metropolitan area.	....do	....do	....do	Do.
Governor's office, Oklahoma	138,000	Pilot evaluation of content of manpower programs in Oklahoma.	June 29, 1971	June 29, 1972	....do	Do.
Arkansas ES Agency	105,000	Pilot evaluation of content of manpower programs in Arkansas.	....do	....do	....do	Do.
Bureau of Social Science Research	[1] 43,092	Grant for Study of RFP's	June 30, 1971	Nov. 1, 1972	Analysis of motivations and methods of contractors who make proposals on competitive contracts.	In progress—final report due October 1972.
Olympus Research Corp	[1] 414,795	Evaluation of institutional training versus employer skill needs.	....do	June 30, 1972	Appraisal of relevance of institutional training in manpower programs to actual demands and needs of employers.	In progress—final report due June 1972.
Ultrasystems	[2] 246,116	Evaluation of job banks	June 23, 1971	Mar. 23, 1972	Evaluation of impact of job banks on services to job applicants.	Study completed, acceptable final report received in March 1972.
North American Rockwell Information Systems Co.	[3] 185,000	Evaluation of basic education	June 30, 1971	June 30, 1972	Appraisal of need for basic education training in manpower programs.	In progress—final report due June 1972.
Wharton Econometric Forecasting Associates.	9,500	Analysis of MDTA institutional and OJT data tapes for 1968.	Nov. 9, 1970	Mar. 31, 1971	Analysis of termination and followup data to ascertain what can be learned by applying advanced statistical techniques to MDTA data.	Study completed, acceptable report received April 1971.
University of Pennsylvania.	25,432	Analytic study of effect of MDTA trainIng on earnings.	June 30, 1971	May 15, 1972	Analysis of MTDA tapes and social security followup data to determine outcome of MDTA training in light of local labor market conditions.	In progress—final report due in May 1972.
Kirschner Associates Inc.	[3] 315,566	Evaluation of summer 1970 New York City recreation support program.	Aug. 5, 1970	Dec. 1, 1970	Assessment of effectiveness of summer recreation support program.	Study completed, acceptable final report received December 1970.

ADDITIONAL EVALUATION CONTRACTS FUNDED IN PART DURING FISCAL YEAR 1971

Contractor	Amount	Type of study	Initiation date	Termination date	Outcome expected	Status (as of March 31, 1972)
Abt Associates	[5] $366,893	Evaluation of comprehensive manpower programs in ES pilot cities (COMO).	June 30, 1970	July 15, 1971	Appraisal of effectiveness and impact of new model for local employment service operations.	Study completed, acceptable final report received July 1971.
Olympus Research Corp	[5] 252,551	Evaluation of manpower development and training skills centers.	Mar. 16, 1970	June 30, 1971	Study of effectiveness, structure, and problems of skills centers.	Study completed, acceptable final and supplementary reports received February and June 1971.
Resource Management Corp	[5] 501,780	Evaluation of public service careers programs.	Mar. 9, 1970	Apr. 15, 1972	Complete evaluation of administration, problems, results, and impact of PSC program.	Study completed, acceptable final report received April 1972.
Kirschner Associates Inc	[5] 251,547	Evaluation of operation mainstream.	June 3, 1970	Jan. 15, 1972	Study of effectiveness and impact of all phases of operation mainstream.	Study completed—acceptable reports on each of four major phases and final report received January–December 1971.
Urban Institute	[5] 99,590	Design of evaluation system to support planning, allocation, and control in a decentalized, comprehensive manpower program.	Apr. 29, 1970	Mar. 31, 1971	Development of evaluation system to be applied when manpower reform legislation is enacted.	Study completed—acceptable final report received March 1971.
Urban Systems Research and Engineering.	[5] 307,429	Analysis and evaluation of rural CEP impact.	Feb. 9, 1970	Apr. 15, 1971	Appraisal of effectiveness of rural CEP's under current economic conditions.	Study completed, acceptable final report received March 1971.
Systems Development Corp	[5] 629,353	Evaluation of impact of urban CEP's.	July 1, 1969	Aug. 31, 1971	Assessment of the impact of Urban CEP's on the individuals and communities involved, with particular emphasis on effect of restructured CEP's.	Study completed, acceptable major reports in November 1970 and in August 1971.
Operations Research, Inc	[6] 470,000	Cross-program longitudinal study of four manpower programs.	Jan. 20, 1969	Oct. 31, 1972	Comprehensive major outcome study of trainees in four manpower programs over 3 years (Job Corps, MDTA, JOBS, NYC).	In progress—final report due October 1972.

[1] Includes modifications from fiscal year 1972 funds.
[2] Funded in fiscal year 1972.
[3] Contracted by HEW.
[4] Contracted by Department of Interior.
[5] Initiated in fiscal 1970, but modified with fiscal year 1971 funds.
[6] Transferred to OEO which is contracting agency.

Mr. MICHEL. Are we going to have any further expansion of Job Corps centers in fiscal 1973?

Mr. LOVELL. Yes, that will be the final expansion. We will complete the 28 centers that we started several years ago.

Mr. MICHEL. That will make a total of how many?

Mr. BLAKE. A total of 76.

Mr. MICHEL. What is the current per enrollee cost?

Mr. LOVELL. The total cost per man-year is $8,400, with an average length of stay of slightly less than 6 months.

Mr. MICHEL. Is there any chance for improvement on this?

Mr. LOVELL. No. It will continue to rise.

Mr. MICHEL. Why?

Mr. LOVELL. Because of the continual rise in the cost of living, even though we have tried to remove all nonessential items in order to stabilize the cost per enrollee. The costs have not gone up in recent years while almost every other cost has. I think we are getting to a point where quality is going to be severely sacrificed if we try to get it any lower.

Mr. MICHEL. Specifically, then, how many enrollees do we have in the Job Corps this year?

Mr. LOVELL. Currently we have about 23,500 and we hope to get up to 25,000 by the end of fiscal 1973.

Mr. MICHEL. How many of these are women?

Mr. LOVELL. About 29 percent.

Mr. MICHEL. Are all of them considered to be financially disadtaged?

Mr. LOVELL. Yes.

Mr. MICHEL. Have we done any followups on the enrollees who have been placed in jobs to determine how they perform, how long they stay, and what sort of jobs they move on to?

Mr. LOVELL. Yes, sir. We have a number of followup studies. Would you like us to submit them?

Mr. MICHEL. We ought to have something in the record. I would be interested in it, specifically to satisfy my own mind that it is a good or bad or indifferent type of program.

Mr. LOVELL. Of those who complete their training 87 percent are placed in jobs.

Mr. MICHEL. How long do they stay on the job before they get tired and give it up? Do you have any record of that?

Mr. BLAKE. We don't have a long-range followup plan. We have with the State Employment Service a requirement for an 18 month follow-up after placement. But at this time we don't have firm statistics beyond that.

Mr. LOVELL. I said 87 percent get jobs. They are either placed in jobs, return to school or go into military service.

Mr. MICHEL. When you are expanding this for the record, tell me in the past year how many went to an actual job, how many went back to school, and how many went into the military service.

Mr. LOVELL. Yes.

(The information follows:)

The following information has been provided through followup studies:

Fiscal year 1971	Percent	Amount
More than half—59 percent of the employed terminees were employed in one of the 5 occupational areas:		
Industrial production	17.1	$2.06
Transportation	15.1	1.85
Food service	11.4	1.62
Construction trades	11.0	2.31
Electrical appliance repairs	5.2	2.06
Category I (fully programed completers) were employed mostly in:		
Industrial production	20.5	2.19
Construction trades	14.8	2.52
Clerical and sales	13.5	2.01
Health occupations	9.5	1.92
Electrical appliance repair	4.6	2.19
Highest wages for Category I (fully programed completers):		
Construction trades		2.52
Electrical/appliance repair		2.19
Industrial production		2.19

Of the category I terminees trained in the industrial production occupations almost 70 percent were trained as either combination welder or electrical assembler and 83 percent of those were placed in jobs. Those placed with a job that matched their training approached 54 percent for welder and 40 percent for electrical assembler with wages of $2.06 and $2.04 respectively.

In the construction trades occupations, more than 58 percent—second largest for category I—were trained as either carpenter helper or heavy equipment operator and almost 72 percent of those were placed in jobs. Carpenter helper terminees had a 56-percent job training match and heavy equipment operators almost a 57-percent match.

In the third largest area for category I terminees—clerical and sales occupations—clerk typist was the largest subcluster with almost 35 percent of the trainee/terminees, of whom 63 percent found jobs, 71 percent of them with a job training match.

Fiscal year 1972 (1st half)	Number in jobs	Average wage
All categories:		
Construction trades	1,527	$2.63
Automotive/machinery repair	1,029	1.94
Industrial production	933	2.31
Clerical and sales	543	1.98
Category I:		
Construction trades	791	2.81
Industrial production	611	2.32
Automotive/machinary repair	523	1.99
Clerical and sales	348	2.02

PLACEMENTS

	Fiscal year 1971	Fiscal year 1972 (1st half)
Category I	7,638	4,170
Category II	6,465	3,065
Category III	9,553	4,749
Total	23,656	11,984

During fiscal year 1971, of the 23,656 terminees approximately 16,170 entered employment, 6,151 were accepted into schools and 1,335 entered the Armed Forces.

RETENTIONS

Presently, the only system which Job Corps has for recording job retention rates on a regular basis is through our gate house reporting system. Gate houses followup with Job Corps graduates at 3, 6, and 12 month intervals. A review of the reports for calendar year 1971 for the Los Angeles and Washington, D.C. gate houses revealed the following job retention rates for Job Corps graduates (category I terminees):

Los Angeles

	Percent
Female:	
Months:	
3	77.5
6	68.3
12	65.3
Males:	
Months:	
3	81.8
6	70.8
12	63.3

Washington, D.C.

Female:	
Months:	
3	95.5
6	85.3
12	71.9
Males:	
Months:	
3	90.0
6	79.0
12	75.0

Mr. FLOOD. If you want an example of a good women's Job Corps center, take a look at Keystone Job Corps Center near Hazleton in my district. There are a lot of colored girls up there from Philadelphia in a community where there are very few colored people. It is a tremendous success. All of the religious organizations and civil organizations are in it.

Mr. LOVELL. We have had our share of problems up there but it is a lot better now.

Mr. MICHEL. What is the best occupation you have found for training in Job Corps Centers? Where do most of them go and into what kind of occupation?

Mr. LOVELL. I would say the most successful vocational programs we have are those that have been run by unions in the skilled trades where the graduates of the center go into apprenticeship immediately upon graduation. Those certainly are the best efforts leading to the best jobs.

I think the most useful training that takes place is probably the basic education in preparation for the high school equivalency tests.

Mr. MICHEL. That is what I am getting at and that is what you earlier addressed yourself to. They got into one of the skilled trades but I am more interested in what kind of training the person got in the Job Corps that fitted him to go on to the end job.

ASSISTANCE FOR VETERANS

Let's talk a little bit more about service to veterans. First of all, can you give us some comparative figures of the number of veterans involved in your program now and last year?

Mr. LOVELL. We are really going on a massive campaign to increase the number of veterans. Probably the most successful has been in the Emergency Employment Act public employment program where we have 30-percent Vietnam-era, veterans, about 40-percent veterans altogether. We recently sent out a field memorandum providing veterans with an absolute priority in all MDTA funded programs. We can't do that for OEO programs but disadvantaged veterans also have priority over everybody in the OEO-funded program.

Mr. BROWN. All manpower programs vary in percentage of veterans. It is in the neighborhood of around 15 percent. The major problem I think is that veterans have other options that perhaps are more attractive.

Mr. LOVELL. There are over a million people enrolled under the GI bill which in many ways is more attractive.

SPECIAL PROBLEMS RELATING TO HIRING DISABLED VETERANS

Mr. MICHEL. What do we do about the disabled veteran who is qualified for the job but denied because the company can't risk it, either because of their own insurance or the workmen's compensation laws of the State?

I have several instances. The Caterpillar Tractor people told me, "A couple of disabled veterans came back here and are qualified, but because of the element of risk, we can't afford to take them onboard."

I subsequently introduced a piece of legislation, that we haven't gotten the Veterans' Affairs Committee to hold a hearing on yet. It would, for all practical purposes, have the Federal Government underwrite the kind of security that would be required to employ these fellows. That has stimulated some interest and just out of the clear blue sky 2 weeks ago a fellow who had been very active in employment of veterans as a very public spirited businessman out in California called me long distance and said, "Mr. Michel, I heard of your bill being introduced and want to let you know that in the past week I have turned down three disabled marines who I would normally want to employ in my business here. But I am foreclosed from doing so because of the Workmen's Compensation Act of California, or some such thing.

Mr. LOVELL. Probably.

Mr. MICHEL. What can we do to break the logjam here to get some help for the disabled veterans? Do you have any suggestion there or do you find this is a problem which crops up in other places in the country?

Mr. LOVELL. I am sure it is, although I haven't seen any specific reports on it. I would be very interested in seeing your legislation.

Mr. MICHEL. I wish you would because we're talking about large numbers of people, and in my opinion, when a fellow has gone to bat for his country, and loses a limb or suffers some kind of disability as a result of being wounded in action, and then is denied a job because of some rule or regulation or law, it seems to me we ought to move heaven and earth to make an exception.

Mr. LOVELL. I certainly would agree.

Mr. FASSER. In addition to that, Mr. Congressman, we are in the talking stages of a program that will restructure jobs to take on the disabled. For example, a man who physically can't get up to the crane; we want to look at the various ways we can get that man to the crane and perhaps convince some employers to restructure the jobs to take on disabled veterans.

In addition to that, we are looking at a small effort directed specifically at disabled veterans in terms of programs.

Mr. MICHEL. I think it is important because too, considering the many complaints we are getting in regard to the occupational safety and health legislation. I'm afraid that by the time it runs its course, it

may just have a reverse effect here of limiting to an even greater degree, the opportunity for these young men.

Mr. FASSER. Yes.

Mr. MICHEL. Have employment problems of returning veterans changed any during the past year?

Mr. LOVELL. I think we have 400,000 unemployed veterans currently today.

Mr. MICHEL. When you say veterans, you are talking principally of Vietnam era veterans?

Mr. LOVELL. Yes, sir. The greatest number of veterans are being released this winter. I would not say it is substantially better now but I am much more optimistic than I was a year ago.

APPRENTICESHIP ACTIVITIES

Mr. MICHEL. What are your best estimates of the number of individuals currently in apprenticeship training?

Mr. MURPHY. There are approximately 400,000 in this fiscal year.

Mr. MICHEL. In the current year?

Mr. MURPHY. Yes, sir.

Mr. MICHEL. Will it be the same in fiscal 1973 as 1972?

Mr. MURPHY. Even though unemployment has remained relatively high we have seen our program remain fairly constant, with only a slight slackening.

Mr. LOVELL. It should strengthen in 1973.

Mr. MICHEL. Could we also have for the record a breakdown of apprentices by industry as you placed in the record last year?

Mr. LOVELL. Yes.

(The information follows:)

DISTRIBUTION OF REGISTERED APPRENTICES BY OCCUPATION

	1970	1971	1972	1973
Construction	209,162	221,932	228,590	235,448
Brick, stone, and tileworkers	13,254	13,817	14,232	14,659
Carpenters	46,069	47,505	48,930	50,398
Cement masons	3,427	4,200	4,326	4,456
Electricians	39,117	37,432	38,555	39,712
Glaziers	1,973	1,047	1,078	1,110
Ironworkers	11,299	12,495	12,870	13,256
Lathers	2,223	2,280	2,348	2,418
Painters	9,392	9,340	9,620	9,907
Plasterers	1,909	1,714	1,765	1,818
Plumbers-pipefitters	39,789	47,080	48,492	49,947
Roofers	4,730	4,828	4,973	5,122
Sheetmetal workers	19,069	22,434	23,107	23,800
Construction workers, NEC	16,371	17,760	18,294	18,845
Metal working	75,666	76,082	78,364	80,715
Boilermakers	2,758	4,387	4,519	4,654
Machinists	25,199	27,317	28,218	29,065
Tool and die makers	26,686	30,583	31,500	32,445
Patternmakers	2,980	2,230	2,297	2,366
Metalworkers, NEC	18,043	11,565	11,830	12,185
Printing trades	19,589	19,220	19,701	20,194
Bookbinders	1,534	1,644	1,685	1,727
Compositors	5,267	5,980	6,130	6,283
Lithographers	4,860	4,555	4,669	4,786
Pressmen	5,636	4,484	4,596	4,711
Printing and publishing workers, NEC	2,292	2,557	2,621	2,687
Miscellaneous trades	69,997	71,766	73,345	68,643
Total	374,414	389,000	400,000	405,000

CIVIL RIGHTS COMPLIANCE

Mr. MICHEL. Has the transfer of your civil rights compliance efforts to the regional offices been completed?

Mr. LOVELL. Yes, it has.

Mr. MICHEL. Have you encountered any problems in the transfer of those?

Mr. LOVELL. Not in the transfer itself but we have problems in the general area.

Mr. MICHEL. You might expand for the record a little bit on what those problems might be.

(The information follows:)

TRANSFER OF CIVIL RIGHTS ACTIVITIES TO THE REGIONAL OFFICES

The number of compliance reviews and complaint investigations has decreased to a great extent, despite larger staff. However, we recently met with the regional staff to discuss this problem. As a result of this meeting, we now estimate that the number of investigations and reviews will almost double in fiscal year 1973.

Mr. MICHEL. Are your compliance reviews conducted on a selective or routine basis?

Mr. LOVELL. They are conducted on both bases. We have a systematic review of all agencies in all regions, as well as reviews conducted on an ad hoc basis.

Mr. MICHEL. For the record, would you give us an example of how your review and investigating procedure actually works?

Mr. LOVELL. Yes.

(The information follows:)

CIVIL RIGHTS REVIEW AND INVESTIGATING PROCEDURE

Whenever we receive a complaint concerning a manpower program, a full-scale review of the program is made. This review will cover all aspects concerning the civil rights of the employees. In addition, we routinely make reviews of our programs, even though no complaint has been received.

PROGRAMS TO DEAL WITH UNEMPLOYMENT PROBLEMS

Mr. PATTEN. There is talk upstairs of making a bolder effort to help the unemployed. The Speaker is quoted as using the figure of $5 billion. Some of us have a definite feeling we are not really taking a crack at unemployment.

Let me put it this way: My county has 500 jobs out of the Emergency Employment Act with 27,000 unemployed. I am wondering whether anyone has the feeling we should try to do more or whether we should stand pat.

Mr. LOVELL. We have hired about 143,000 people under this act this year. We are requesting a 25-percent increase in the authorization to $1,250 million for the next fiscal year. There is a great deal we don't know about the effectiveness of this program in meeting the unemployment problem. We are carrying on a $65 million high impact demonstration program in five States to see what the effect on unemployment is when you increase substantially the number of the unemployed persons you hire. I think we should see the results of this before we start thinking about a $5 billion program or any other substantial increase over what we have now.

There is some evidence that the emergency employment program doesn't really create new jobs but rather provides a better quality job in place of a lesser quality job. That is a lot of money to spend to do that, and you don't necessarily hit the hard-core people that need the work most.

My judgment would be that we set our goal for the $1,250 million for the next fiscal year, that we take a hard look at the results of the demonstration program, and that we make judgments in subsequent years on the basis of that information.

With the unemployment we have now, 5 million people out of work, you are not going to absorb all of them or even a large percentage in public programs of this kind. We have to rely on the improvement of the economy and concentrate our public employment efforts on the people who benefit most from them. This is, of course, a very controversial area and I don't pretend to have the last word on it, but that is my best judgment.

Mr. PATTEN. You are too young to remember the depression. President Roosevelt said one day we will put 4 million men to work on WPA by November 1 at $41 a month. It was a bold effort.

Speaking of evaluation, your office undoubtedly has looked at the effect of the WPA program in trying to put 4-million people to work quickly. I don't think we are hitting the real problem on the head in terms of the millions. I don't know how you can do it. I don't have the answer. That is my question to you.

Mr. LOVELL. A look at the nature of the unemployed, I think, will give us some clues. The Secretary said yesterday that a little less than 3 percent of the males of prime working age are currently out of work. An equally important group are women heads-of-households who are out of work. There are a number of secondary wage earners who are in the labor market for a preferred job but who would remain unemployed if just the right job doesn't come along. Over half of the youth unemployment is comprised of young people currently in school who are looking for part-time work. Unemployment is very important to them and their families but it is of a different nature than the unemployment of heads of households.

In terms of the kind of things we do, we don't really think of there being 5-million unemployed people but rather so many unemployed people of this kind and so many of that kind and we take a look at the measures that will be most sensitive to the priority groups.

Mr. PATTEN. You have expressed yourself. I suppose a fellow in your position, a member of the team, you are here to support this budget request?

Mr. LOVELL. Yes.

Mr. PATTEN. I have little reaction when you say about one program, "We strongly support the President's proposal which would strengthen the role of the State and local governments to carry out the manpower program."

I said to myself as you read it, "What choice do you have?"

Mr. LOVELL. You are quite right we haven't a choice, but on the other hand we really do support it.

Mr. PATTEN. I have nothing further.

SHIFT OF VETERANS EMPLOYMENT FUNDS

Mr. SHRIVER. Mr. Lovell, I want to clarify what was said earlier. Your budget has been reduced by $20 million because of a shift of those funds for veterans employment services to the Grants for States appropriation.

Mr. LOVELL. That is right.

Mr. SHRIVER. Do I understand the funds will still be earmarked for veterans?

Mr. LOVELL. Yes. There is no change at all. It comes from the Grants account.

GREEN THUMB PROGRAM

Mr. SHRIVER. As I have in preivous years, I contacted the Department this year in behalf of the Kansas Farmers Union proposed Green Thumb program for our State and I remember that was going to be expanded. But in reading your justification it isn't apparent. I was informed on March 1 in a letter from Mr. Fasser the needs of Kansas will be given every consideration, and they will be advised when additional operational slots are allocated to my State. There have been no additional slots allocated to the State that I know of, although we have asked for them from time to time.

I want to know when will a final funding decision be made on the program?

Mr. LOVELL. The President did request an additional $13 million for fiscal year 1972 and that money is being allocated. The final sponsors have not yet been chosen for the programs.

Mr. FASSER. The negotiations with the sponsors are going on now and the slot allocations ought to be made available very shortly. It is really in the administrative process right now, but you will be advised very shortly about the number of additional slots.

Mr. SHRIVER. That is what I wanted to know.

Mr. PATTEN. Mr. Michel.

TRANSFER TO HEW OF EXCESS PROPERTY COORDINATION FUNCTION

Mr. MICHEL. When the HEW folks were here, in their justification was a Manpower Development and Training, Department of Labor transfer of $200,000. The purpose was transfer of the funding of the excess property coordinating responsibility to the Office of Surplus Property Utilization, Office of Administration and Management. Their explanation of this was as follows:

Mr. TIERNEY. Since 1967, Mr. Chairman, the Department of Labor has been funding HEW's excess property activity for their manpower development and training projects which are administered by the Office of Education. It was originally planned that Labor would fund this activity for the first year as part of their MDTA transfer to HEW and thereafter the funds would be included in the regular appropriation request for the Office of Surplus Property.

This arrangement has continued, however, until now and by mutual agreement we are now proposing to complete the original plan to include the funds for this activity in our budget request rather than as a part of the transfer funds to HEW from Labor for the MDTA program.

Do you know anything about this?

Mr. LOVELL. I do not.

Mr. MICHEL. Can anybody give us any kind of explanation at all?

Mr. MATTHEWS. Since the initial setting up of the excess properties program, the excess property program has saved MDTA something in the neighborhood of $39 million.

Mr. MICHEL. Apparently no one here knows anything about this. The HEW budget shows an increase of $200,000 because of this transfer, but there is no corresponding decrease in yours, is there?

Mr. LOVELL. No, sir; there is not.

Mr. MICHEL. Fill that out for the record if you can find an explanation.

Mr. LOVELL. Yes.

(The information follows:)

MDTA COMPARATIVE TRANSFER TO HEW

One of the functions performed by HEW under the MDTA program is excess property coordination. When the program was established in 1967, both HEW and DOL agreed that initially this function would be funded from the DOL funds transferred to HEW and that eventually the item would become a part of HEW's budget.

Consequently in its fiscal year 1973 budget HEW included $200,000 in its budget for this function. However, HEW did not notify DOL that it was requesting the funds and no offsetting decrease is reflected in the DOL budget.

RATIONALE FOR MANPOWER REVENUE SHARING

Mr. PATTEN. We were light and breezy before about revenue sharing to the States and counties and you said you support the program. Now you have had a look at some things. For instance, in the last year or two you had the State department of education rather than the Job Corps conduct a police training program at Camp Kilmer. The State ran the program. I visited that program a few times and now it has been aborted. They are out of business. I just wondered whether you are giving the money to the cities and the States will be good, and you favor it.

Looking back over 30 or 35 years I have my misgivings about that. I won't take the time now, but to be specific it is not in your line, but I am thinking of the money we appropriated for law enforcement. It is so hard to raise $100 million. From what little knowledge I have of it very little was received by the local police departments.

We could come back to manpower training. You must have a judgment when you allow the cities to go ahead with the program, allow the county, allow the State. I certainly have a judgment I tell you from what I see.

I presume you were serious, Mr. Lovell, when you said the revenue sharing to the State and county for manpower training was favored by your Department.

Mr. LOVELL. Yes, sir. Let me comment. I am really not familiar with the law enforcement problem and can't make a judgment. Let me comment that most of the law enforcement money comes from local sources so the Federal money is a small add-on and it is a question whether that small add-on is being used effectively.

Mr. PATTEN. You are right about that.

Mr. LOVELL. I saw a television report on it the other day that was critical of the way some of this money is being used. What we are talking about here is a little different because all of the manpower

money comes from the Federal Government. There are almost no manpower programs run with local funds.

What we are saying is we will turn over the responsibility to the State or county to develop a plan to work with the community and use the knowledge and expertise that exists locally to develop a program that makes sense for that area. I think that is quite different.

Mr. PATTEN. I buy that. I doubt if in 3,000 counties throughout America anybody could do a better job than the county governments in some respects.

Let's take Attica. You have here a correctional system. It has been a great year for the correctional systems for criticism for one reason or another. Will we get as far through State governments if we want to reach these correctional institution inmates for manpower training programs? They are homeless, broke, jobless, and everything else after putting in a year or two.

Having been at the State level for 8 years and having been at the county level, where we always had 160 people in the workhouse, I saw nothing but apathy. You are saying it doesn't take people dedicated to know what they are talking about to stand on top of the programs and see they are carried out.

Mr. LOVELL. We are not suggesting a total abandonment of the Federal role. We would still evaluate and provide technical assistance. We are saying with a $2 billion program we are not wise enough in Washington to know what the priorities are in each local district. If the problem is whether the correctional training of inmates should receive preference in funding, who knows it better than the people who run the institutions in the State? They have to weigh it. We don't have enough money to meet the total demand. If we did, that is another thing. But we have priorities to establish. Does the money go for programs for youth, does it go to programs for aged, do we take care of the Spanish speaking and/or the blacks and in what proportion? How about the veterans? How about the disabled veterans? How about the individual who has lost his job because of switches in trade adjustment problems? How about people who have lost their jobs because the company went out of business because of pollution requirements? What do we do about them? All of these have demands on manpower money. What we are saying is that that community could best make the judgment.

Mr. PATTEN. Mr. Shriver?

TRAINING ALLOWANCES IN MANPOWER PROGRAMS

Mr. SHRIVER. The January 7 GAO report recommended that, as a matter of consistent Government-wide policy, training allowances for all federally funded training programs should be standardized to the maximum extent practicable. Do you agree with this? What have you done in this regard?

Mr. LOVELL. There is some necessary variation between different kinds of programs, although we believe there should be uniform allowances to the extent possible between programs in each area. Training allowances should not be standardized for the JOBS program, JOBS optional program, or upgrading program. The purpose of these hire-first, on-the-job training programs is to provide equiva-

lent pay and skill employment opportunities for persons who would not ordinarily be eligible for them. These trainees' wages should vary with their employment. CEP utilizes both EOA and MDTA funds in providing manpower services to disadvantaged target area residents. There were no legislative restrictions on the amounts for stipends paid from EOA funds. Since the amounts paid for allowances and transportation under MDTA had already been established, an administrative determination was made to make EOA benefits equal to those being paid MDTA enrollees.

INELIGIBLE MANPOWER ENROLLEES

Mr. SHRIVER. In a report dated February 17, 1972, the GAO commented on all aspects of Federal manpower training programs. Concerning eligibility and screening, the report stated that substantial numbers of persons enrolled in manpower programs did not meet the eligibility criteria established by the Department of Labor. Would you comment on this?

Mr. LOVELL. A recent statistical analysis of CEP enrollees indicated 2.1 percent were being reported as nondisadvantaged.

A question that has to be raised is whether this represents an error in program performance or whether it reflects an error in the CEP reporting system itself. The data from the field through four separate stages from the initial recording to final machine processing. Due to the nature of the system, any error of omission made in the process would indicate a failure to meet the full 100 percent disadvantaged requirement.

The 2.1 percent nondisadvantaged figure is an overall national figure and masks the records of individual CEP's. Thus, an analysis of enrollee characteristics by individual CEP projects has been initiated. By studying the returns on an individual CEP basis, we will be able to make better judgments on the nature and seriousness of the problem. If the records of an individual CEP show a relatively high number of nondisadvantaged, we can arrange on-site visits and make determinations as to whether the problems are clerical or programmatic in nature and take corrective action. We have no evidence that JOBS, JOP or upgrading trainees do not meet the established eligibility criteria. Disadvantaged trainees must be certified by the State employment service or CEP to be eligible. New JOBS certification forms designed for use in all State employment service offices will require applicant vertification of information provided to determine eligibility for the program.

PROGRAM MONITORING

Mr. SHRIVER. The report continued: "Many of the administrative weaknesses observed in a number of programs could have been corrected earlier through more effective monitoring efforts by the Department of Labor." Are you doing anything to improve your monitoring activities?

Mr. LOVELL. In the past year the Department has developed a much needed comprehensive monitoring system. Regional manpower administrators now plan for and report on monitoring activity through the operational planning and control system. The Comprehensive Regional

Monitoring Handbook defines the content of monitoring, sets up minimum frequency schedules, and indentifies assistance resources. Regional offices have been reorganized in a manner which more clearly defines authority and responsibility for project supervision. In addition, numbers of regional staff have been increased in order to permit better coverage of all programs. Monitoring in the JOBS and upgrading programs should be significantly enhanced by contract design changes scheduled for implementation in fiscal year 1973. Both new program designs alter the invoicing procedures, as well as employer and Government recordkeeping systems, to allow easier yet more thorough Government monitoring. We expect frequent and effective monitoring will be made possible through the new contract designs.

DUPLICATION OF JOB PROGRAMS

Mr. SHRIVER. The report also pointed out that in one large eastern city 18 different organizations were involved in job development and placement activities. I know the administration has proposed manpower reform legislation to help coordinate these activities. Would you care to comment on this proliferation of job programs?

Mr. LOVELL. Changes in guidelines have eliminated duplicative efforts in the areas of job development and placement for the concentrated employment program (CEP). Manpower Administration Order 14–69, issued in July of 1969, requires CEP's to subcontract the manpower services package, which includes the above-named functions, to the State employment service (ES). This arrangement is now in effect in all but a few CEP's where it has been proven impossible. Prior to the MAO, CEP's utilized a wide variety of different organizations to perform job development and placement functions. These activities were often duplicative of the ongoing ES operations.

PROGRAMS IN RURAL AREAS

Mr. SHRIVER. In a report dated March 15, 1972, it was observed that concentrated employment programs are not effective in rural areas unless they are conducted as part of a comprehensive economic development program. What type of overall program would work in these areas? How could such a program be set up by coordinating existing federally supported programs?

Mr. LOVELL. The March 15 GAO report concerned the Mississippi Delta CEP. It is of course true that this CEP, and others in depressed rural areas, would be more effective as part of a comprehensive economic development program. Such a program would provide the jobs either in private industry or Government-supported projects, for which CEP enrollees are and could be trained. Revenue sharing would ultimately be the basis for rural economic development and the coordination of manpower programs. Presumably rural, State, and local governments, if provided flexible funds and decisionmaking powers, would develop such integrated programs pertinent to their own needs. Interim mechanisms, related to the coordination of existing federally supported programs, would be CAMPS and the integrated grant administration program (IGAP). Through CAMPS it can be assured that manpower training is in fields related to economic growth and supportive

of such growth. The IGAP provides a more simple and speedy method for funding programs involving more than one Federal agency.

BOSTON SKILLS CENTER

Mr. SHRIVER. A report dated March 21, 1972, studied the Boston Skills Center. The record for this center has not been good. The report stated that HEW and Labor had considered terminating Federal funding of the center, but then decided to continue. Would you comment on this?

Mr. LOVELL. No final decision has been reached as to the future of the Boston Skills Center. A freeze is still on preventing the enrollment of new trainees pending a determination as to whether the center's deficiencies can be corrected. The State agencies and regional offices concerned are currently involved in this effort.

JOB BANK SYSTEM

Mr. SHRIVER. Would you tell us the status of job bank system? Is this really proving to be meaningful to unemployed workers—are they really using it?

Mr. LOVELL. At present, 107 major cities have operational SMSA job banks, covering over 57 percent of the Nation's work force. Six States have implemented full statewide job bank systems and the remaining States are expected to have done so by the end of this fiscal year or shortly thereafter. Job bank is a computer system designed to facilitate the provision of employment services. Its impact on an SMSA or State depends to a large extent on effective administration. Evaluations conducted in several States show meaningful improvement in services to the unemployed, especially among the disadvantaged population, where an efficient employment security system is operational. In other States, implementation of a job bank has had a more minimal effect on services.

OMB REDUCTION OF SALARIES AND EXPENSES REQUEST

Mr. SHRIVER. I notice on page 3 of the justifications that your original request for "Salaries and expenses" received a substantial cutback from the Office of Management and Budget—the largest such cutback since fiscal 1969. Would you tell us which of your activities will bear the brunt of this?

Mr. LOVELL. The Manpower Administration's "Salaries and expenses" 1973 OMB request of $99,353,000 included the following items which were subsequently disallowed in the 1972 base and consequently lowered the 1973 request: a proposed veterans supplemental of $3,846,000; $4,007,000 relating to transfers to other agencies (General Services Administration and Cost of Living Council) and savings. Fiscal year 1973 UI program increases amounting to $3,700,000 were also disallowed. We will provide for the record a table showing these reductions by activity.

(The information follows:)

	OMB request	Congressional request	Change
Planning, evaluation, and research	$5,149,000	$4,764,000	−$385,000
Training program development and administration:			
(a) Training and employment service	38,661,000	34,046,000	−4,615,000
(b) Job Corps direction	10,357,000	9,905,000	−452,000
(c) Institutional training administration	2,768,000	2,639,000	−129,000
Apprenticeship services	8,337,000	7,892,000	−445,000
Unemployment insurance services	12,024,000	8,007,000	−4,017,000
Civil rights compliance	854,000	816,000	−38,000
Executive direction:			
(a) General administration	4,826,000	4,461,000	−365,000
(b) Management and administrative systems	3,913,000	3,694,000	−219,000
(c) Financial and management information systems	12,464,000	11,576,000	−888,000
Total	99,353,000	87,800,000	11,553,000

EVALUATION OF MANPOWER PROGRAMS

Mr. SHRIVER. On page 9 of the book it says some of your efforts will be "to devise and install systems which can serve as continuing evaluation of manpower programs." Tell us about that.

Mr. LOVELL. It is expected that manpower reform legislation will be enacted which will involve decentralization and decategorization of manpower operations. It was proposed that as part of the implementation of the expected new legislation the Manpower Administration would devise and install at the beginning a new system for providing important evaluative data on a continuing basis and that such a system would both (1) make available clearer, better data for continuous assessment of achievement, and (2) make it unnecessary to rely so heavily on special evaluation studies for this purpose.

A contract was awarded to the Urban Institute on April 29, 1970 to think through the problems involved in designing an integrated evaluation system covering manpower programs locally, statewide, and nationally.

In addition, five pilot contracts under the evaluation office auspices were awarded by Regional Manpower Administrators in selected States and cities during fiscal year 1971 for the development of continuing evaluation models. These are designed to fit into regular manpower planning systems and the study results will be ready for consideration in fiscal year 1973. Further work in pursuit of this objective has been undertaken in fiscal year 1972. With enactment of the Emergency Employment Act, the Manpower Administration devised and installed an integrated, carefully planned continuous information retrieval system based on 10 years of experience with manpower programs.

An important adjunct is a special contract awarded to Marco Systems, Inc., for the planning and installation of a data reference file (or data bank) which will give key data on the PEP program to administrators and evaluators on very short notice. All other PEP evaluation contracts involving the gathering of enrollee data are desgined to complement and feed data into this bank. A part of one major contract has the specific purpose of validating the data in the regular system.

With this experience as a guide, design and installation of the continuing evaluation system of program activities under the new decentralized manpower legislation will be considerably less difficult.

Beyond providing the capacity for quick retrieval of key program data for management use by national, State, and local administrators it is anticipated that ultimately the system will include standardized methodologies and critical performance indicators with which each local project or program component can be evaluated on virtully a continuous basis. Such ready availability of evaluation results will facilitate rapid management response when corrective action is needed and is expected to result in more effective manpower program operations.

PROJECT TRANSITION

Mr. SHRIVER. On page 13 you say Project Transition will be greatly expanded in fiscal 1973. Would you tell us about that and what you mean in terms of funding?

Mr. LOVELL. Project Transition, through State agencies or by direct national contract with nationwide trade unions, provides training for persons currently in military service during the last 6 months of their enlistment to prepare them to enter gainful employment upon leaving the service.

In view of the President's call to expand training opportunities for the returning servicemen, activities under Project Transition for fiscal year 1972 were expanded to train approximately 30,000 individuals at the cost of $10 million. It is anticipated that in 1973 Project Transition MDTA programs will be expanded to reach approximately 40,000 individuals at a cost of $15 million.

Mr. PATTEN. Mr. Conte?

DECENTRALIZATION OF PROGRAMS

Mr. CONTE. What major efforts are you undertaking to effect greater decentralization and decategorization of existing Federal manpower programs.

Mr. LOVELL. Among the most significant is the delegation of authority to execute or modify contracts to regional Manpower Administrators. With the implementation of the regional modification in 1969, a concerted effort has been made to lodge contracting authority in the lowest practical level within the regional office. It has been the Manpower Administration policy to insure that the assistant regional Manpower Administrator personally responsible for all Manpower Administration program activity in a particular State is responsible for the development, negotiation, execution, monitoring, and provision of technical assistance to all contracts within his geographical jurisdiction. The development of this "closed loop" management technique is an important ingredient of Manpower Administration policy to insure that decentralized field operations are responsive to local needs. I will place examples of recent actions to further delegate contract and project approval authority in the record.

(The examples follow:)

Training and technical assistance projects	Mar. 17, 1971
MDTA title II projects	Mar. 23, 1971
Camps grants	Mar. 26, 1971
PEP (EEA) program	Aug. 16, 1971

Mr. LOVELL. In addition to the delegation of contracting authority to the region, the Manpower Administration has also steadily increased the number of programs with final grant and funding approval authority decentralized to the field. The transition from a centrally administered structure to a truly decentralized operation took place over a period of years beginning in 1967 and required the consolidation of such manpower regional elements as the Bureau of Employment Security, Neighborhood Youth Corps, and Bureau of Work Training Programs regional structures.

The following programmatic actions indicate the plans and accomplishments of the Manpower Administration in meeting its goal of decentralization to the regional Manpower Administrators final grant and funding approval authority:

Delegation of EOA and WIN program contractual and agreement authority. Each regional Manpower Administrator receives a single WIN allocation for his region and is responsible for the negotiation, award, and monitoring of WIN contracts/grants for the States in his region.

Delegation of MDTA funding authority.

Delegation of State agency supplemental budget requests except for new and experimental programs.

Delegation of authority to control reserve funds for State Employment Service activities and work experience and training programs within approved levels. This delegation is further supported by the establishment of the regional Manpower Administrator as the official allottee for manpower funds effective July 1, 1971.

Delegation of authority to review and approve State agency budgets.

Delegation of authority for concentrated employment program contracting authority.

In line with Manpower Administration decentralization policy, the regional manpower administrators have also been granted the responsibility for the examination, certification, and payment of invoices. Until recently, all invoice certification and voucher payments for Manpower Administration program contract projects were centralized in the national office. This resulted in local preparation of documentation and submission to the national office for certification and payment. This caused delays at the national level due to the large volume of invoices, inaccuracies in the data submitted, and normal transmittal time.

During the latter part of fiscal year 1971, pilot efforts were made in regions VI and VII to decentralize invoice certification and voucher payment activities to the regional offices. Analysis indicated that these activities were effective and should be expanded to all regions. As of the end of September 1971, all Manpower Administration regional offices had assumed responsibility for decentralized invoice certification and voucher payment.

Among the other functions which have been delegated to the regional manpower administrators is the authority for in-house personnel management through the GS–14 level. As of January 1970, all Manpower Administration regional office personnel actions below the GS–14 level are being processed by the regional administrative officer. Personnel management authority of the regional manpower adminis-

trators has been further increased by authorizing them to develop and maintain their own regional staffing patterns, given the number of slots available to them, for all positions GS–14 and below.

With respect to decategorization of Federal manpower programs, existing legislative authority has established distinct programs as reflected in the budget activity structure.

This limitation will be mitigated by the reprograming of funds, which must, however, be approved by Congress, as information obtained from the State and local level indicates a different mix of resources would better serve the target population of manpower programs. The cooperative area manpower planning system is being strengthened as the vehicle for obtaining the data needed for rational resource allocation throughout the country.

At the same time, the administration has proposed the Manpower Revenue Sharing Act, now pending in Congress, to decentralize the primary responsibility for planning and administration of manpower programs to State and local governments. This decentralization will permit local communities to develop comprehensive strategies for meeting manpower needs. The Manpower Revenue Sharing Act will also consolidate the categorical programs under the Manpower Development and Training Act and the Economic Opportunity Act. This will give much greater flexibility in designing and operating programs tailored to meet the needs of individual participants and local labor market conditions.

MIGRANT FARMWORKERS

Mr. CONTE. What new approaches have you implemented to equip migrant farmworkers with skills and training to qualify for employment in other than seasonal agricultural occupations?

Mr. LOVELL. The national migrant worker program proposes to equip migratory farmworkers, who desire it, with basic education and occupational skills in order to enhance employability in nonfarm and nonseasonal farm employment. Through redirection efforts, rural manpower field staff are now referring migrants to skill training, increasing their exposure to manpower services and providing job development as opposed to their previous practice of referral services to seasonal farm jobs. Various local migrant representative organizations have been selected as sponsors and operators of the projects, permitting them more direct influence on program development, goals, and management. Most sponsors are governed by a representative board consisting of 51 percent migrant farmworkers.

The strategy of this program takes advantage of the seasonal work patterns of the migrant worker by offering in-stream and home-base projects that provide remedial education, occupational skill training, and supportive services such as legal aid, day care, and health services necessary to effect job placement outside the migratory stream.

To overcome lack of job opportunities in many of the home-base areas, we are offering income maintenance in the form of work experience programs and conducting relocation training projects to areas where the employment outlook is more favorable.

EMPLOYMENT SERVICE SELF-APPRAISAL SYSTEM

Mr. CONTE. How will the new employment service self-appraisal system work?

Mr. LOVELL. The employment service operations appraisal system depends on the logical interfacing of plans and accomplished results for analysis and decision. The plan of service prepared yearly by each office is basic to the appraisal system. It is structured to provide quantification of objectives as they relate to individual applicants and to employers to be served and staff required. The introduction of results of service from the appropriate reporting systems—for example, cost accounting system, employment security automated reporting system, et cetera—are to provide the necessary basis for appraising quantitative performance. Provision also is made for qualitative appraisal of performance and for corrective action plans.

The design provides for rapid identification of those activities which deviate from objectives. Those deviations which are the most significant will be examined by the local office manager. Those offices revealing serious negative deviations—deficiencies—will be reviewed on site by higher levels of administrative staff in greater depth. Those offices revealing positive deviations—outstanding achievements—also are to be reviewed by higher level staff to determine if exemplary actions or successful techniques are transferrable.

States with 50 or less offices will conduct a self-appraisal quarterly. States with 50 or more offices will conduct the self-appraisals semiannually. Every local office will be subject to an onsite review once every 2 years.

NEW APPRENTICESHIP PROGRAMS

Mr. CONTE. What are some of the new apprenticeship programs you are planning for fiscal 1973?

Mr. LOVELL. Apprenticeship training standards for the occupation of firefighter went into effect March 8, 1972. The standards will serve as a guide in the development of apprenticeship programs for municipal fire departments. It is estimated that as many as 3,500 apprentices will be in training under the new standards in the coming year. Contact lens technician is another new occupation for which apprenticeship training standards were very recently approved.

Environmental control systems craftsman was approved March 7, 1972. It is anticipated that other technical occupations within the area of environmental control systems; such as water and sewage treatment, air pollution, et cetera, will be explored for possible approval as apprenticeable occupations under the BAT criteria. The national apprenticeship criteria have been revised to provide for a reduction in the minimum term of apprenticeship from 2 years to 1 year. In cooperation with the American Foundation for the Blind, we are exploring methods for training blind and visually handicapped persons for hospital service and related health field occupations.

SUPREME COURT "JAVA" DECISION

Mr. CONTE. Would you provide for the record a list of the requirements stated by the Supreme Court in the *Java* decision?

Mr. LOVELL. To meet the Court's interpretation of the requirements of 303(a)(1), a State's law and procedure must provide for paying benefits promptly after a determination has been made in the claimants' favor, regardless of the pendency of an appeal period or of any appeal that has been taken from the determination. Also, a State must provide the claimant and the employer reasonable notice of the claim and the issue and an opportunity to present their respective positions before a determination is made.

CIVIL RIGHTS COMPLIANCE

Mr. CONTE. How great a rise in civil rights compliance activity is anticipated in fiscal 1973?

Mr. LOVELL. With the responsibility for complaint investigations and compliance reviews of all programs decentralized to the regions, it is estimated that the number of investigations and reviews will almost double.

(The following was submitted for the record:)

	1972	1973
Compliance reviews	342	640
Complaint investigations	363	680
Preaward reviews	1,402	2,000

GAO REPORT ON SOUTH CAROLINA PROGRAM

Mr. CONTE. In a report just released by GAO (B–146 789, Apr. 11, 1972) on the institutional manpower training program in South Carolina, it is recommended that the Department of Labor should provide the State employment security commission with guidance on developing an improved reporting system. What steps are you taking to implement this recommendation?

Mr. LOVELL. We have not had time to study the final GAO report on this matter. Once we have examined it in detail, we will be in a position to determine what steps should be taken regarding the recommendations.

STEP PROGRAM

Mr. CONTE. You stated last year that the supplemental training and employment program will be phased out because of an anticipated decline in unemployment in fiscal 1972. In view of the lack of improvement in this area, have your plans for the STEP program been revised?

Mr. LOVELL. The STEP program will still be phased out as the emergency employment program is effective in replacing its functions on a large-scale basis.

Mr. CONTE. Exactly how will the emergency employment program perform functions similar to STEP and on how much of a larger scale?

Mr. LOVELL. Both programs provide interim employment for unemployed individuals. In 1972 the STEP program provided $19 million for supplemental employment and the emergency employment program provided $1 billion. Should the State and local planning com-

mittee determine the need for continuation of the STEP program, administrative changes within the budget activity can be made to meet these needs.

PUBLIC SERVICE CAREERS

Mr. CONTE. What factors are involved in your consideration of whether to provide modified subsidies for public service careers funded jobs,

Mr. LOVELL. This would depend largely upon the feasibility of linking the public service careers program and the emergency employment program. Public service careers would provide training funds and the emergency employment program would provide wages.

EFFORTS TO AID SPANISH-SPEAKING

Mr. CONTE. Regarding regular classroom training projects, what improvements are you planning in Indian and Spanish-speaking oriented projects,

Mr. LOVELL. It should be noted that English as a second language has been made available in the JOBS new hire and upgrading programs as a distinct program component for trainees whose primary language is not English.

Mr. CONTE. What steps are you taking to expand Spanish-speaking enrollment in the Job Corps program?

Mr. LOVELL. Jobs Corps is setting up and expanding special programs for Spanish-speaking Corps members, serving 2,390 enrollees, at the Keystone, San Jose, Atterbury, Phoenix, Fort Totten, Albuquerque, El Paso, and Gary Centers. When these pilot studies are evaluated and redesigned in fiscal year 1972 such programs will be enriched and Spanish-speaking enrollment will be further expanded. The State Employment Service agencies will be encouraged to give priority emphasis to recruitment and selection of Spanish-speaking youth for Job Corps enrollment.

SUMMER PROGRAMS

Mr. CONTE. Many of the CAP agencies in my district are complaining that there are insufficient funds for the in-school and summer programs. In fact, Berkshire County was informed by the Department of Labor that there is no money available for it to set up an in-school work support program. I am most disturbed about this. I think it is very important to point out that semirural areas such as western Massachusetts don't have the same problem of keeping youths off the street as the metropolitan areas do and that we desperately need assistance in providing our youths with meaningful employment to direct them toward a productive career. In the light of these considerations, why are you requesting only $345.9 million for this program for fiscal 1973?

Mr. LOVELL. Although the Department of Labor summer programs alone would not fulfill national requirements, we feel the universe of need in the summer program is met by the broad participation of a number of agencies. In addition to the Neighborhood Youth Corps summer program we have the Federal summer employment program, Youth Conservation Corps, public employment program, National

Alliance of Businessmen summer hires and the Employment Service youth summer placement program.

The request of $345.9 million for fiscal year 1973 is a tentative estimate. With the thrust toward decentralization, some adjustments may be necessary following the submission of plans by the various camps committees.

COLLEGE ADAPTER PROGRAM

Mr. CONTE. Would you briefly describe for the committee how you plan to utilize resources of the college adapter program in connection with the postschool work support program.

Mr. LOVELL. The college adapter program is an education program developed for high school dropouts which will be utilized in the following manner: In cooperation with a local college, the program provides Neighborhood Youth Corps in-school enrollees with a course of instruction that assists them in acquiring a general development diploma. These youths are enrolled in colleges with the objective of improving their career potential. In addition, all participants receive financial assistance and necessary supportive services.

JOB BANK SYSTEMS

Mr. CONTE. How many statewide job bank systems do you expect will be in operation by the end of fiscal year 1973?

Mr. LOVELL. We expect all 50 statewide job bank systems to be in operation during 1973, covering all local offices.

RESEARCH AND DEVELOPMENT

Mr. CONTE. How has the emphasis on the research and development program shifted in 1972 to reflect newly emergent problems?

Mr. LOVELL. In response to the employment problems of veterans further R. & D. effort is being put into the job-seeking effort of veterans in trying to ease the transition from the military to the civilian economy. Because of the increasing employment problems of black teenagers more effort has been put into experimental and demonstration and research programs exploring ways which will enable the black teenagers, both male and female, to increase their employability and increase job opportunities for them. The pressing need of ex-prisoners has received further emphasis by R. & D. programs.

In response to the increasing unemployment facing scientists and engineers the Office of Research and Development has cooperated with programs designed to enable scientists and engineers formerly employed in the aerospace industry to make the shift to State and local government jobs, as well as industries other than aerospace.

In an attempt to develop better information and better programs designed to reduce the welfare rolls in the United States, the R. & D. program has put greater emphasis on the operational activities of the Department of Labor concerned with welfare recipients, as well as broader issues concerning income maintenance, family structural problems, and so forth, of welfare recipients.

NEW JOB CORPS CENTERS

Mr. CONTE. Where are the 11 new Job Corps Centers that are under contract?

Mr. LOVELL. The 11 new Job Corps Centers to be contracted are: Pittsburgh, Davenport, Hartford, Louisville, San Jose, Wilmington, Baltimore, Little Rock, Milwaukee, Memphis, and Boston.

EVALUATION STUDIES OF EMERGENCY EMPLOYMENT ACT

Mr. CONTE. What has your review of the new Emergency Employment Act revealed to date?

Mr. LOVELL. There are currently eight evaluation studies in progress. However, since the program has only been in operation for about 8 months, no recommendations have emerged from these studies.

Mr. PATTEN. Thank you. We will adjourn to 2 p.m.

JUSTIFICATION OF THE BUDGET ESTIMATES

MANPOWER ADMINISTRATION

Salaries and Expenses

Amounts Available for Obligation

	1972 Appropriation			1973 Estimate		
	Trust Fund	General Fund	Total	Trust Fund	General Fund	Total
Appropriation or estimate.....	$25,847,000	$63,775,000	$89,622,000	$25,910,000	$61,890,000	$87,800,000
Transfer to Cost of Living Council to finance Department of Labor portion of the Cost of Living Council.....	---	-1,153,000	-1,153,000	---	---	---
Non-recurring rental costs transferred to GSA.....	---	-110,000	-110,000	---	---	---
Subtotal budget authority....	25,847,000	62,512,000	88,359,000	25,910,000	61,890,000	87,800,000
Unobligated balance from prior year.....	---	751,000	751,000	---	---	---
Reserve, President's Economy Actions of 8/15/71.....	-1,221,000	-1,893,000	-3,114,000	---	---	---
Total available for obligation.	24,626,000	61,370,000	85,996,000	25,910,000	61,890,000	87,800,000

MANPOWER ADMINISTRATION

Salaries and Expenses

Obligations By Activity

	1972 Appropriation Revised		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Planning Evaluation and Research.....	205	$4,670,000	205	$4,764,000	---	+ $94,000
2. Training Program Development and Administration.....	2,364	45,517,000	2,364	46,590,000	---	+1,073,000
a. U.S. Training and Employment Service...	(1,769)	(33,195,000)	(1,769)	(34,046,000)	(---)	(+851,000)
b. Job Corps Direction.....	(447)	(9,667,000)	(447)	(9,905,000)	(---)	(+238,000)
c. Institutional Training Administration..	(148)	(2,655,000)	(148)	(2,639,000)	(---)	(- 16,000)
3. Apprenticeship Services.....	427	7,702,000	427	7,892,000	---	+190,000
4. Unemployment Insurance Service...	288	7,165,000	321	8,007,000	+33	+842,000
5. Civil Rights Compliance.....	40	796,000	40	816,000	---	+ 20,000
6. Executive Direction.	728	19,395,000	728	19,731,000	---	+336,000
a. General Administration..	(206)	(4,367,000)	(206)	(4,461,000)	(---)	(+ 94,000)
b. Management and Administrative Systems.....	(166)	(3,622,000)	(166)	(3,694,000)	(---)	(+ 72,000)
c. Financial and Management Information Systems.....	(356)	(11,406,000)	(356)	(11,576,000)	(---)	(+170,000)
7. Experimental, Demonstration and Research program....	---	751,000	---	---	---	-751,000
Total obligations by activity.....	4,052	85,996,000	4,085	87,800,000	+33	+1,804,000

MANPOWER ADMINISTRATION

Salaries and Expenses

Obligations By Object

		1972 Appropriation Revised	1973 Estimate	1973 Change
Total number of permanent positions..		4,052	4,085	+ 33
Positions other than permanent.....		9	9	---
Average number of all employees.....		3,775	3,805	+ 30
Personnel Compensation:				
	Permanent Positions.....	$57,017,000	$58,064,000	+ $1,047,000
	Positions other than permanent..	135,000	135,000	---
	Other personnel compensation....	302,000	302,000	---
11	Total personnel compensation....	57,454,000	58,501,000	+ 1,047,000
12	Personnel benefits.....	4,358,000	4,601,000	+ 243,000
21	Travel and transportation of persons.....	3,877,000	3,928,000	+ 51,000
22	Transportation of things.....	264,000	268,000	+ 4,000
23	Rent, communications, and utilities.....	4,234,000	5,364,000	+ 1,130,000
24	Printing and reproduction.....	1,024,000	1,033,000	+ 9,000
25	Other services.....	12,706,000	11,998,000	- 708,000
	Services of other agencies...	1,257,000	1,257,000	---
26	Supplies and materials.....	331,000	337,000	+ 6,000
31	Equipment.....	491,000	513,000	+ 22,000
Total, obligations by object.....		85,996,000	87,800,000	+ 1,804,000
Working Capital Fund items included above.....		(6,127,000)	(6,160,000)	(+ 33,000)

MANPOWER ADMINISTRATION

Salaries and Expenses

Summary of Changes

	Trust Fund		General Fund		Total Estimate	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1972 Enacted appropriation	1,380	$25,847,000	3,042	$63,775,000	4,422	$89,622,000
Transfer to Cost of Living Council	---	---	---	- 1,153,000	---	- 1,153,000
Non-recurring rental costs transferred to GSA	---	---	---	- 110,000	---	- 110,000
1972 Appropriation, revised	1,380	25,847,000	3,042	62,512,000	4,422	88,359,000
Unobligated balance from prior year	---	---	---	751,000	---	751,000
Reserve, President's economy actions of 8/15/71	- 115	- 1,221,000	- 255	- 1,893,000	- 370	- 3,114,000
1972, Available for obligation	1,265	24,626,000	2,787	61,370,000	4,052	85,996,000
1973 Estimate	1,298	25,910,000	2,787	61,890,000	4,085	87,800,000
Total Change	+ 33	+ 1,284,000	---	+ 520,000	+ 33	+ 1,804,000
Mandatory Items:						
Increases:						
Net additional cost of within-grade promotions effective for part year in 1972	---	+ 187,000	---	+ 379,000	---	+ 566,000
Net cost of within-grade promotions becoming effective in 1973	---	+ 146,000	---	+ 331,000	---	+ 477,000
Net additional cost for Federal Telecommunications Systems services	---	+ 96,000	---	+ 204,000	---	+ 300,000
To provide for a net increase in contributions to the Federal Employees' Compensation Fund	---	+ 38,000	---	+ 83,000	---	+ 121,000
To provide for a net increase in penalty mail payments to the Post Office	---	+ 256,000	---	+ 544,000	---	+ 800,000
Subtotal, increases	---	+ 723,000	---	+ 1,541,000	---	+ 2,264,000

	Trust Fund		General Fund		Total Estimate	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Decreases:						
To provide for a decrease of two extra days of pay for current year staff.....	---	- $ 140,000	---	- $ 270,000	---	- $ 410,000
Total, mandatory items.....	---	+ 583,000	---	+ 1,271,000	---	+ 1,854,000
Program Items:						
Increases:						
To provide staff support for the Unemployment Insurance Service to implement the provisions of Public Law 91-373 (33 positions; personal services, $536,000; non-labor, $165,000) (Page S&E-17).....	+ 33	+ 701,000	---	---	+ 33	+ 701,000
Decreases:						
To provide for a reduction in the Experimental, demonstration and research program transferred to the Manpower Training Service in 1972.....	---	---	---	- 751,000	---	- 751,000
Total, program items.....	+ 33	+ 701,000	---	- 751,000	+ 33	- 50,000
Total Change.....	+ 33	+ 1,284,000	---	+ 520,000	+ 33	+ 1,804,000

Activity 1. PLANNING, EVALUATION AND RESEARCH (1972, $4,670,000, Pos. 205; 1973, $4,764,000, Pos. 205)

This activity provides for the principal planning, policy development, program analysis and research and development staff capability in the Manpower Administration. The staff administers a program of contract and staff evaluation studies; plans and administers authorized external research and development projects; conducts a continuing program of analytic studies devoted to major policy issues and a small internal research program; develops new concepts, program approaches and policy initiatives; provides leadership in program planning and review; edits, coordinates and contributes to the preparation of the Manpower Report of the President and coordinates research on manpower within the Department of Labor and with other agencies that have responsibilities in this field.

In 1971, contract evaluation studies and staff studies were conducted to assess training, basic education and job development and to appraise the effectiveness of newer programs, services to special groups and the respective roles of employment service offices and community action agencies in manpower programs. Twenty-five contract evaluation studies were initiated and sixteen were completed. These studies provided a basis for decision making by the Manpower Administrator and the Secretary with respect to priorities in manpower programs. The staff also studied relationships between manpower and economic planning to assure that a regular system of contingency planning was built into the existing, but still evolving, overall planning and management system. Basic development and legislative support was given to new approaches in comprehensive manpower reform, welfare reform and worker adjustment assistance.

In 1972, major efforts are being geared toward developing guidelines and plans to effect greater decentralization and decategorization of existing Federal manpower programs in the absence of comprehensive manpower legislation; continuing work associated with major pending legislation, including Manpower Revenue Sharing and Welfare Reform; and reviewing and assessing the impact of the new Emergency Employment Act recently enacted into law. A research and development program of approximately the same size as in 1971 is being conducted with program emphasis shifting as established programs absorb earlier findings and new problems emerge. Two follow-up studies of manpower program participants and 15 contract evaluation studies are being made.

In 1973, top priority will be given to the major manpower reform legislation anticipated in late 1972, including redesigning or adapting the delivery system, reviewing and reissuing all pertinent regulations and policy directives, and training and developing the staff. New policies, standards and methods for planning will be developed to reflect the anticipated legislation.

Further refinements and modifications will be made in the management system in accordance with new approaches and requirements. The principal evaluation objectives in 1973 will be: to devise and install systems which can serve as continuing evaluation of manpower programs; to conduct special contractual evaluations of over-all program strategies; to determine cost-effectiveness ratios of program strategies; and to continue comprehensive analysis of the results of manpower programs.

Research and development staff will continue to focus their efforts on the major emerging trends in manpower policy, especially in areas such as the decentralization of authority to States and communities, the interrelationships between manpower and economic policies, and the improvement of opportunities for low income workers.

Activity 2. TRAINING PROGRAM DEVELOPMENT AND ADMINISTRATION (1972, $45,517,000, Pos. 2,364; 1973, $46,590,000, Pos. 2,364)

This activity provides the staff resources for the overall development, direction and delivery of the various manpower programs designed to increase the skills and employment opportunities of those in the work force, as well as those whose skills have been rendered obsolete, or who have been adversely affected by tariff concessions.

The United States Training and Employment Service has primary responsibility for the State and sponsor operated manpower training and employment programs. The national office was divided into two organizational units in December, 1971: the United States Employment Service and the Office of Employment Development Programs. The former will develop, maintain and improve the nationwide Federal-State employment service which provides employment assistance to individuals, job development, placement and supportive services to employers and workers. The latter will provide leadership in the development and improvement of the nationwide manpower training programs and delivery systems in work training and work experience for unemployed and underemployed persons. The regional office, within the limits of national policies and program guidelines, is responsible for providing leadership, direction, technical assistance, training and constructive evaluation to the various State Employment Services and other components of the manpower delivery system.

The Department of Health, Education and Welfare cooperates with the Department of Labor in aiding State vocational agencies and other public and private educational and training agencies to plan, organize and develop training programs; develop curriculum guides and program procedures; evaluate course content and the relationship of training to job opportunities; plan in-service training programs; relate program plans to manpower utilization surveys and expected effects of changing technology on the labor force.

The Job Corps provides both residential and non-residential programs in its various centers, for disadvantaged youth from depressed environments and from rural or other areas where work and training opportunities are not available. The Job Corps staff provides guidance and coordination in recruitment and assignment planning, center operations, training, supportive services, program development, post-training support and placement operations, periodic program reviews as well as other administrative and program matters. The regional staff is also responsible for monitoring the activities of operating centers.

In 1971, special emphasis was placed on utilizing available institutional training opportunities for Vietnam veterans, recruiting and training veterans in the construction trades, seeking improved methods of serving veterans and providing training to servicemen in their final months of duty through Project Transition. There was active participation in the "Jobs for Veterans" interdepartmental program, designed to increase job opportunities for veterans.

Employment assistance for unemployed scientists, engineers and technicians was centered in 14 cities through the Technology Mobilization and Reemployment Program. In addition to job counseling, job development and placement assistance, applicants were provided job search grants to explore job opportunities outside their home area, relocation grants and institutional training. Special programs were also developed for workers adversely affected by foreign trade under the Trade Expansion Act as forty-two petitions for assistance were approved in twenty states.

Several other manpower programs were expanded or redirected during the year Operation Hitchhike was initiated to expand manpower services in rural areas by using agencies already having offices in these areas, such as the Department of Agriculture's Cooperative Extension Service. New Neighborhood Youth Corps Summer Program guidelines emphasizing training and vocational

exploration and a job training program for migrant farm workers offering an alternative to seasonal agricultural work were developed. Training in the environmental and related health fields, as well as in other occupational areas, was also expanded. Eleven new Job Corps centers became operational, making a total of 65 operating centers by the end of the fiscal year. Efforts were made to revise and improve the residential living, basic education and vocational educational programs at the centers. New concepts and techniques were introduced into the educational and vocational training programs as a means of adding interest and usefulness to the programs.

There was an increase in emphasis on strengthening capability in serving employers as well as on employability development for employment service applicants. Work was begun to strengthen employer services programs throughout the Employment Service and multi-regional conferences were held to train State and regional personnel in employer services training techniques.

The payment of vouchers (invoices) from contractors and sponsors was decentralized to the regional offices. While increasing regional responsibilities, the system is resulting in quicker payment to contractors and sponsors by moving the voucher examination and payment operation closer to the point of receipt of the voucher.

The interim Operational Planning and Control System was installed in each region during the year. This system, designed primarily to aid regional management, has enabled the Regional Manpower Administrator and his staff to plan, allocate resources, monitor program activity against a stated plan and to reprogram resources to meet changing needs. While the interim system was limited to only four programs (Institutional, Concentrated Employment, Job Opportunities in the Business Sector and Work Incentives), these programs account for approximately 65 percent of the regional work experience and training type programs.

A new design for local office operation was installed in ten sites. It is composed of three levels of service: a self-service system for the job ready, the Job Information Delivery Service; employment assistance for those who need some help in finding suitable work; and intensive employability development services using employability development teams for those applicants who are not job ready. Work was started on a basic document for training regional, State and local office staff to prepare for Job Information Delivery Service installation in Job Bank cities.

Increased use was made of Job Banks, computerized job matching and the Employment Security Reporting System. Efforts focused on obtaining, reviewing and analyzing State and area reports from the State agencies in which the system is currently installed.

In 1972, emphasis is continuing on increasing job opportunities for Vietnam veterans. Programs are being developed for counseling and referring to training those returning veterans needing assistance, with special services to disabled veterans, and job placement for veterans returning to rural as well as urban areas.

Other emphases include the development of training programs designed to provide skilled para-professionals in the environmental, health-related and other high national priority fields and the expansion of the Technology Mobilization and Reemployment Program which was begun in 1971 to assist unemployed scientists, technicans and engineers. Considerable time and effort was expended in implementing high priority programs such as the Public Employment and Food Stamp programs.

Planning contracts will be negotiated with approximately nine States to design comprehensive manpower programs for offender rehabilitation. Technical assistance plans developed with State and regional involvement will focus on city manpower planners, proposal development, program development and monitoring of the program. Emphasis will be given to technical assistance for the Spanish-speaking and Indian programs and developmental work will begin on Spanish language versions of Employment Service tests and testing techniques.

Numerous efforts are being made to improve the services and quality of training available to the disadvantaged. The Job Opportunities in the Business Sector program was redesigned with respect to the upgrading portion of the program. An enriched year-round Neighborhood Youth Corps in-school design with greater reliance on the private sector for work experience and training and a specially designed pilot program for counselors based on the counseling and follow-up service needs of the disadvantaged were developed.

Assistance will be continued to migratory workers through increased community services and job information at overnight rest facilities. A new approach will also be implemented to help equip the migrant farm workers with skills and training to qualify for employment in other than seasonal agricultural occupations.

Eleven new Job Corps Centers will be under contract during 1972. Improvement of the personal and social development of Corps members will receive emphasis and will be accomplished through improvement of the quality of center group life in residential programs.

During the fiscal year, the regionally based Operational Planning and Control System was expanded to include all manpower programs as well as State agency activities. There was a concerted effort to establish, within each regional office, a viable data base that would support the system. Considerable regional effort is being directed to insure that State agency program performance is thoroughly monitored. A self-appraisal system will be developed and introduced to all State Employment Security agencies. All states will begin implementation of a statewide Job Bank system which, when completed, will allow all Employment Service local offices access to the Job Bank listing of openings. A Manpower Operations Data System will be implemented in all Job Bank systems to provide an integrated data input system at the local level; other state agency job market information programs were redirected to be more useful at State and local levels; and the dissemination of Labor Market Information to job seekers was improved, particularly for those with limited reading skills.

In 1973, special emphasis will continue to focus on job and training opportunities for Vietnam-era veterans. Employability development such as institutional and on-the-job training programs in the private and public sectors will be directed to absorb the maximum level of veterans without ignoring the disadvantaged job seeker. The Project Transition component of the Manpower Development Training Act program will be greatly expanded. Program linkages will be strengthened, particularly with respect to those individuals transferring from subsidized employment in the public sector to an expanding job market in the private sector.

Youth programs will seek to increase utilization of private sector resources as in the Neighborhood Youth Corps in-school program for work experience and training. New methods will be sought to ease the transition of high school graduates to the world of work through the Employment Service Cooperative School program. The 76 on-going Job Corps Centers will be maintained and improved.

Rural manpower services for the migrant farm worker will be expanded to facilitate a settling out process into permanent year-round employment. A moderate expansion of successful rural manpower delivery systems is anticipated.

Continued emphasis on decentralization and decategorization of programs is expected to increase State responsibilities in manpower activities which will result in additional technical assistance and training needs as well as national office monitoring. A planned expansion of enrollment levels in the Work Incentive Program will require continuing staff work to provide guidelines and training for national and regional personnel to increase their effectiveness.

The Job Bank system will be extended nationwide and continuing experimentation with the computerized job matching system will be developing descriptive vocabularies for job matching. The development and analysis of local area data relating to area eligibility under various Federal programs will be intensified to meet specific legislative requirements for information on a sub-area basis. This information will be used as a basis for apportionment of funds to provide public service employment opportunities and other assistance. Implementation of the Employment Service self-appraisal system will be completed.

The development of Spanish-language versions of Employment Service tests and testing techniques and the revalidation of the Specific Aptitude Test Battery, with particular emphasis on minority groups, will be continued. Work will also be continued on presenting a wide range of occupational information in acceptable forms for persons with limited reading skills.

In addition to their regular and continuing activities, it is anticipated that the staff activities of the Department of Health, Education and Welfare related to health and environmental fields will be maintained and, if program resources permit, expanded. As training advances into new fields and in newer technologies, it is expected that increased staff time will be devoted to training, technical assistance and the development of curriculum.

Changes for 1973

Mandatory changes amount to..... +$1,073,000

Program changes amount to..... None
Positions..... None

The mandatory change provides for increases in within-grade promotion costs, penalty mail payments, Federal Telecommunications Systems costs and Federal Employees' Compensation Fund and a decrease for the two extra days of pay.

Activity 3. APPRENTICESHIP SERVICES (1972, $7,702,000, Pos. 427;
1973, $7,892,000, Pos. 427)

The National Apprenticeship Act (Public Law 308, 75th Congress, August 1937) was enacted to promote labor standards safeguarding the welfare of apprentices and to encourage the development of apprenticeship systems for the training of craftsmen. The apprenticeship services staff carries out these responsibilities through a program by which private enterprise is provided technical assistance and advisory services in developing, installing and administering apprenticeship and allied industrial training. The program is addressed to meeting national requirements for fully skilled workers as an integral part of the nation's defense posture and as an essential component to continued economic growth and technoligical advance.

In 1971, emphasis was focused on securing affirmative action and more positive steps by program sponsors in publicizing opportunities and recruiting qualified minorities for entrance into apprenticeship. Outreach projects, which are designed to recruit, instruct and prepare minorities for entrance into apprenticeship and advancement to journeymen status in the skilled trades, were monitored and services were provided to their contractors. About 100 projects were operational by the end of the year. Approximately 389,000 apprentices received training, more than 100,000 new apprenticeship registrations were recorded and over 2,100 new apprenticeship programs were developed and installed.

In 1972, priority efforts are being directed toward implementing the revisions in the Federal regulations concerning equal employment opportunities in apprenticeship and nondiscrimination in the selection of apprentices in the skilled trades and crafts. More than 40,000 program sponsors will be informed of the new requirements and approximately 20,000 sponsors will be assisted in preparing documentation and developing affirmative action programs conforming to the revised regulations during the fiscal year. It is anticipated that more than 400,000 apprentices, including more than 70,000 veterans will receive training in registered programs; new apprenticeship registrations will exceed 90,000; and approximately 45,000 apprentices will finish their terms of apprenticeship and receive certificates of completion. The development and installation of new apprenticeship programs will continue.

In 1973, the upward trend of registered apprentices, which began in 1964, is expected to continue in moderation with 405,000 apprenticeship participants anticipated in fiscal year 1973. New apprentice registrations, reflecting additional job opportunities for youth, are expected to remain at about 90,000 annually. New apprenticeship programs will continue to be established. Assistance given to industry providing upgrading and training to meet the needs of journeymen and other workers will result in the establishment of 300 short term skill improvement programs.

Technical assistance will be provided State Apprenticeship Agencies and responsible State offices in developing and implementing State plans consistent with Federal regulations for the recognition and registration of apprenticeship programs. Intensive field efforts will continue to be required to bring acceptance and application of these standards in all programs.

The campaign to assist returning veterans to find suitable apprenticeship jobs in private industry will be accelerated. Technical assistance and monitoring services will be provided as required to special manpower programs such as Outreach, Journeymen Training, and Apprenticeship Information Centers. Cooperative arrangements will be continued with the Bureau of Federal Prisons and State Correctional agencies in establishing apprenticeship training programs for inmates and releasees.

Changes for 1973

Mandatory changes amount to	+$190,000
Program changes amount to	None
Positions	None

The mandatory change provides for increases in within-grade promotion costs, penalty mail payments, Federal Telecommunications Systems costs and Federal Employees' Compensation Fund and a decrease for the two extra days of pay.

Activity 4. UNEMPLOYMENT INSURANCE SERVICE (1972, $7,165,000, Pos. 288; 1973, $8,007,000, Pos. 321)

This program provides for: leadership and technical assistance to all States in the development and administration of their unemployment insurance laws; program and operations research data for assessing accomplishments and for improving administrative planning; determinations as to whether State unemployment insurance laws and their administration meet requirements for Federal Unemployment Tax Act offset credits and for administrative grants under the Social Security Act; establishing policies for determining the amounts to be granted to each State for administration of its unemployment insurance laws; supervising performance of State agencies as agents for payments to individuals under Title V, United States Code, Chapter 85 (former civilian employees and ex-servicemen) and weekly adjustment allowances to workers partially or totally affected by operations under the Trade Expansion Act, 1962, and development of basic operating procedures and standards for State operations in controlling claims for benefits, and for extending benefits as provided under Title II of Public Law 91-373.

In 1971, extensive amendments to all State laws were necessary to conform to the new Federal requirements of PL 91-373. To meet State needs for a comprehensive guide, a special manual of draft legislation was prepared and issued which included draft language meeting the Federal requirements, Departmental recommendations in the discretionary areas of State action under the new law, as well as commentary explaining the implications of and rational for each recommended provision. In addition to analyzing existing laws to identify the changes needed to comply with the provisions of PL 91-373 and to improve the levels of benefits and entitlement conditions, the Unemployment Insurance Service's legislative staff reviewed and advised on bills proposed, reviewed enacted legislation for conformity to all Federal law provisions and negotiated the resolution of questions.

PL 91-373 also requires the Unemployment Insurance Service to have training and research programs. This expanded training program required a comprehensive review of the organization and staffing of the Service, particularly with respect to the delegation of functions to the regional offices. Initial steps were taken in the development of training programs for new State staff and field auditing for tax collection purposes and in the improvement of program orientation and skill-development courses. The development of a long-range plan for unemployment insurance research was undertaken. The major thrust of research during the year was in determining the impact of extending coverage to agricultural workers. Pilot studies were initiated to determine the adequacy of benefit levels for unemployed workers and to identify the factors bearing on claimants' difficulties in securing work and on the success of the "Service-to-Claimants" efforts. Research was also begun on the operation of extended benefit provisions, benefit financing, and measures of reserve fund adequacy. The Self-Appraisal program was reviewed for effectiveness and a revision of the outline was begun. A model management system for tax operations was developed which provides organization structures, administrative techniques and forms, management controls and a management data system.

The Unemployment Insurance Service also directed and supervised the payment of trade adjustment assistance allowances as required under the Trade Expansion Act of 1962; the Secretary's regulations and new legislation were analyzed; amendments to the regulations were developed; State agency operating procedures were reviewed and a central control file of all individuals eligible to receive payments was established to prevent duplicate or improper payments. The Service reviewed and evaluated all relocation cases approved by the State agencies and processed all requests for the Secretary of Labor's review of decisions by a State appeal authority.

In 1972, significant time was devoted to coordinating the development of a job information program that would fulfill the requirements of the "Service-to-Claimants" program and the United States Training and Employment Service Comprehensive Manpower System as well as help unemployed workers return to gainful employment. Special effort has been directed towards securing greater compatibility between the State management system and the needs of the national system. The revision of the State self-appraisal outline, begun in 1971, was completed. An introduction and training package for the tax model management system was designed and three States were scheduled for installation. A comparable model management system in benefits has been initiated with completion expected in December.

The pilot benefit adequacy studies begun in 1971 will be completed during the year and additional studies will begin in other States. Work is continuing on the study of agricultural coverage and is beginning on studies of extension to other excluded areas, particularly State and local government employees. Benefit financing studies are also under way in six States and pilot projects have begun the development of data banks on employer benefit and tax experience. A program of continuing research into the cost effectiveness of all State activities was begun with the completion of a pilot study of total State unemployment insurance operations and the establishment of a model of costs. Studies of the cost effectiveness of the unemployment insurance operations in five states will be completed or begun in 1972. Evaluation of the operation of the extended benefit provisions authorized by PL 91-373 and of possible alternatives is continuing.

Training activities for 1972 are largely based upon an estimated increase of 1,500 employees in State agencies required by the provisions of PL 91-373 who will require on-the-job, job-skill, program orientation and induction training. A formal training package for auditors has been developed and ten training sessions have been completed. Representatives of 32 States were given an intensive 3-week seminar on cost estimating and benefit financing. Claims deputy training materials are being developed and are scheduled for release in April 1972 after which States will begin the conduct of the training.

Another provision of PL 91-373 required the Secretary of Labor to develop, in consultation with the States, an arrangement for combining employment and wages, whereby an unemployed worker with covered employment or wages in more than one State could combine all such employment and wages in one State in order to qualify for benefits or to receive more benefits. Consultations with the States, the development of the arrangement and the drafting of forms and procedures for State use was accomplished in fiscal year 1972.

The Java decision barred the suspension of benefit payments to a claimant pending the outcome of his employer's appeal from a determination allowing benefits, and required States, before determining an issue as to a claimant's benefit rights, to give the employer notice and opportunity to present information at a proceeding on the issue. The unemployment insurance staff developed draft legislation, with commentary, and after consultations with the States, issued procedural guides for implementing the requirements stated by the Court.

The unemployment insurance staff also developed the Department's regulations, draft State agreements and procedural instructions necessitated by the passage of legislation providing for federally-financed temporary benefits in States with a 6.5 percent unemployment rate, as defined by law, that entered into agreements to make the payments with the Secretary of Labor. Benefits are to be paid to individuals who exhausted their regular and extended benefits. As of January 30, 1972, the beginning of the first week for which these temporary benefits could be paid under the law, all 17 States meeting eligibility criteria had entered into temporary benefit agreements.

In 1973, new research will be undertaken into the characteristics of persons under extended and temporary compensation programs. Extensive research on long duration unemployment is planned to provide meaningful data for proper program evaluation, administrative analysis and legislative planning. Work on the impact of existing coverage to State and local government workers will be expanded. Data on extension of coverage to agricultural workers will be in final analysis in preparation for legislative consideration. Unemployment compensation is intended to replace 50% of a covered worker's usual full-time weekly wage. The law presumes that this proportion of wage loss compensation will cover the workers non-deferrable expenses, thereby protecting him from the most severe financial adjustments during his unemployment. Benefit adequacy studies measuring the appropriateness of this 50% wage loss replacement concept will be completed in eight States and may be begun in additional States. Benefit financing studies, covering benefit costs, tax requirements, reserve fund conditions and related factors under varying economic conditions, will have begun, with contractual services assistance, to develop the cost-tax relationships and to design proper tax schedules to assure adequate reserve fund levels under any economic conditions. Cost effectiveness studies will continue to identify the operating variations from State to State, the resultant cost variances, the cause and effect of legislative or procedural requirements and possible program improvements which would provide the maximum value from available administrative funds.

New and updated training materials will be developed through contractual and other outside sources. Special attention will be devoted to individual employee development through a limited program of scholarships, fellowships and temporary details between States for training. A total management package for regional offices will be completed including a prescribed management system and a set of work tools. The tax model management system will be extended to additional States and installation testing of the management system for benefits will be initiated.

The following tasks will be initiated to comply with the provisions of PL 91-373 in regard to tax and accounting operations: technical assistance and guidance will be provided to State Employment Security Agencies in contacting potential employers affected by the law and determining their status; closer contact with State agencies and regional offices will be maintained to develop methods, procedures, guides and systems to curtail potential deliquency problem areas; diagnostic outlines, studies and guides for evaluation follow-up of the Self-Appraisal Outline and studies to determine a more realistic audit program level utilizing cost/benefit ratio rationale will be developed; and the Employment Security Manual sections relating to tax and accounting operations will be reviewed and revised to reflect changes in policy and procedures. It is also planned to develop, test and monitor internal audit procedures and to develop and maintain book accounts relating to the extended benefits account covering receipts, expenditures and U. S. Treasury Department transfer of funds certifications.

Changes for 1973

Mandatory changes amount to	+$141,000
Program changes amount to	+ 701,000
Positions	+33

The mandatory change provides for increases in within-grade promotion costs, penalty mail payments, Federal Telecommunications Systems costs and Federal Employees' Compensation Fund and a decrease for the two extra days of pay. The program change of 33 Federal positions and $701,000 provides staff support to implement the provisions of PL 91-373.

Proposal: The Unemployment Insurance Service proposes to move toward meeting the mandates of PL 91-373, "Employment Security Amendments of 1970", in the areas of research, training, management improvement and tax activities.

The Need: Public Law 91-373 directs the Secretary of Labor to establish a continuing and comprehensive program of research to evaluate the unemployment compensation system and a program to develop information of the effects and impact of extending coverage to groups presently excluded. Because of the effects of higher unemployment levels on State trust fund balances and changes in State laws required by the Federal amendments, particularly those increasing the tax base, extending coverage and providing for extended and temporary benefits, the majority of States will require additional technical assistance to complete or begin studies of benefit financing and tax structures.

In addition, P. L. 91-373 directs the Secretary to provide training opportunities for the staff of the unemployment insurance program. Finally, P.L.91-373 has brought about a massive expansion of the unemployment insurance program and this expansion has greatly increased problems of managing the program.

The Program: To adequately administer and to further develop a continuing and comprehensive program of research required by the provisions of P. L. 91-373, an additional 24 Federal positions and $489,700 will be required. These positions will be concentrated in the following planned activities:

1. One national office position will devote full-time to the analysis of the characteristics of extended benefit claimants.

2. One national office position will devote full-time to the analysis of State and local government worker statistics.

3. Two national office positions will focus on the impact of, and State legislative requirements for, extended and temporary benefit payments. One will research the impact on financing requirements of the two benefit payment programs while the other will assist States in preparing legislative language implementing the requirements for payment of extended and temporary benefits.

4. Two national office positions are required to plan, coordinate and analyze data resulting from the State studies on the adequacy of benefits.

5. Thirteen positions have been requested to furnish technical assistance to States. Ten of these positions will be located in the field and will coordinate the development of State research projects and provide assistance in the analysis of research data. Three of these positions will be located in the national office and will provide technical assistance on benefit financing to six States per year which will permit the revision of tax schedules in each state approximately every eight years (the minimum considered actuarially adequate).

6. Five positions will be concerned with the cost effectiveness of program administration: two national office positions are necessary to augment present staff to meet the schedule of total activity cost studies in all states by the end of FY 1974; one national office position is required to perform continuing cost model data analysis and the translation of study data into budget requirements; and two regional office positions are required to provide technical assistance and full-time monitoring of state cost effectiveness studies.

To provide a limited program of scholarships, fellowships, and temporary details between States as required by P. L. 91-373, one additional national office position and $22,400 will be required to develop the program and to coordinate arrangements for details among States asking for such assistance.

To provide technical assistance to States and develop new audit procedures and appraisal outlines in support of improved and expanded tax operations required by P.L. 91-373, four additional national office positions and $86,600 will be required. Two of these positions are needed to support the level of technical assistance requests from States currently being experienced, at approximately 1 man-month per state visit. The other two positions are needed to develop and install new audit procedures in all States and to develop and perform appraisals of operations under the expended coverage required by P. L. 91-373.

To provide additional administrative support to, and review of the Federal responsibilities, as well as, increased attention to management system implementation and technical assistance in management, four additional national office positions and $102,300 will be required. Two of these positions will specialize in the development and installation of a total management package prescribing procedures, controls, analyses and other "tools" for improving federal appraisal of State operating deficiency. Two positions will provide technical assistance to States on installing the model management system for tax activities and on testing and installing the model management system for benefit activities.

All of the above position requirements are based on the time requirements for similar work already being performed by the Unemployment Insurance Service.

Activity 5. CIVIL RIGHTS COMPLIANCE (1972, $796,000, Pos. 40;
1973, $816,000, Pos. 40)

The responsibility of the Office of Equal Employment Opportunity and the Manpower Administration's regional equal employment components is to insure fulfillment of the Department's responsibilities under current legislation and departmental regulations and orders promoting equal employment opportunity throughout all Manpower Administration programs and to insure that the Manpower Administration provides effective services to various ethnic groups. As a result of decentralization, the regional staff was given direct responsibility for complaint investigations and compliance review activities. The national office staff supports the regional staff by providing policy and procedural guidelines, technical assistance, training and monitoring.

In 1971, the national office recommended a number of policies, objectives, regulations, procedures and guidelines for a coordinated Equal Employment Opportunity program. It also conducted 40 on-site compliance reviews; reviewed regional office compliance reviews and complaint investigations; monitored the negotiation and conciliation activities that resulted from the regional reviews; planned and conducted at least ten Equal Employment Opportunity training sessions; and set up, in cooperation with the regions; an effective reporting system that included the capability to retrieve from each region all Equal Employment Employment Opportunity activities in that region.

At the regional level, 50 compliance reviews were made of State Employment Security agencies, 200 compliance reviews were made of contractual programs and 300 complaints were investigated. Negotiations and conciliations took place at the regional level for corrective action that should result from these reviews. Pre-award reviews of a number of contractual programs also took place at the regional level.

In 1972, the national office is providing the regions with policy and procedural guidance, technical assistance, system development and training. It reviews and monitors regional office activities and makes appropriate recommendations. Considerable staff time is being devoted to analyzing non-regional reports, special reports from the Secretary's Office, correspondence to complaintants and other agencies regarding complaints not under the jurisdiction of the office, and responding to other non-regional matters such as general inquiries and special reports.

Major responsibilities for compliance reviews, complaint investigations, and negotiations for corrective action have been shifted to the regions. Plans at the regional level call for 342 compliance reviews, 98 complaint investigations of State Employment Security agencies, 265 complaint investigations of contractual programs and 1,402 pre-award reviews.

In 1973, the thrust of the program will continue to be directed toward eliminating discrimination in State Employment Security agencies and other Manpower programs. All complaints will continue to be investigated and there will be an increase in the conducting of compliance reviews of Employment Security agencies and contractual programs. This rise in compliance activity anticipated for fiscal year 1973 will come about primarily as a result of the improved efficiency of the regional staff.

Changes for 1973

Mandatory changes amount to..... +$20,000

Program changes amount to..... None
Positions..... None

The mandatory change provides for increases in within-grade promotion costs, penalty mail payments, Federal Telecommunications Systems costs and Federal Employees' Compensation Fund and a decrease for the two extra days of pay.

Activity 6. EXECUTIVE DIRECTION (1972, $19,395,000, Pos. 728; 1973, $19,731,000, Pos. 728)

This activity provides for the preparation and dissemination of information on manpower programs; the development, maintenance and operation of financial and management information systems for all manpower programs; budgetary, fiscal management, audit, personnel and administrative services for all organizations of the Manpower Administration; and the overall executive direction, supervision and coordination of the operation of manpower programs. This is accomplished by translating Manpower Administration goals into feasible operating plans, assisting in the development and refinement of an effective regional office operational planning system, directing and supervising regional implementation and operation of manpower programs, coordinating the management, administrative and technical assistance of Manpower Administration components to the regional offices and allocating funds and positions to the regions.

In 1971, the performance of the regional offices was continually monitored and technical assistance was furnished to insure that the regional restructuring which commenced in the latter part of fiscal 1970 was fully implemented. By the end of fiscal 1971, the regional modification was essentially in place in most regions providing one direct line of authority from the Deputy Manpower Administrator to the Regional Manpower Administrator. At the regional level, Associate Regional Manpower Administrators have direct authority over State and local project activities falling within their respective jurisdictions. Major management effort was directed toward the development and improvement of tools, techniques, guidelines and procedures to strengthen the operational effectiveness and administration of the Manpower Administration in support of this reorganization. In keeping with the decentralization policy, the national office staff revised State and regional information regulations and cooperated with and oversaw special training programs in the field to strengthen and improve the capacity of these offices to render views of national programs at the local level.

Information publications were pared and priorities shifted to accommodate developing programs. Areas of special concentration included development of press, publication and audio visual information on veterans, Indians, engineers, scientists and technicians.

Management and administrative support functions included management and organization studies; technical assistance and guidance in response to specific requests; and technical assistance and training in records management, correspondence procedures, rules classification, mail handling and other paperwork management procedures. Data management efforts centered on the integration of the Job Corps data system with other manpower program information systems, experimentation with Generalized Information Systems retrieval techniques, and the feasibility of reporting State Work Incentives statistics through the Employment Security Automated Reporting System.

During the fiscal year, an interim Operational Planning and Control System, limited to four programs (Institutional, Concentrated Employment, Job Opportunities in the Business Sector and Work Incentives), was installed and at least one on-site quarterly review was conducted in each region by national office staff. This system, designed primarily to aid regional management, has enabled the Regional Manpower Administrator to plan, allocate resources, monitor program activity against a stated plan and reprogram resources to meet changing needs, thereby more effectively managing regional operations and providing national office staff an overview of regional operations.

In 1972, the regionally based Operational Planning and Control System was expanded to include all manpower programs as well as State agency activities. There was a concerted effort to establish within each regional office a viable

data base that would support the Operational Planning and Control System activities. Considerable effort will be directed to insure that State agency program performance is thoroughly monitored by the regions including on-site monitoring and technical assistance to the State agencies.

During fiscal 1972, the national and regional offices have been insuring that the activities contained in the Department's Federal Assistance Review have been implemented at the regional level to insure that unnecessary "red tape" is cut and that decentralization of funding and approval authority is implemented in an expeditious manner. Regional Manpower Administrators were established as allottees and were delegated both the administrative authority and the legal responsibility for the obligation and control of the program funds allotted to them, which represents about 85 percent of manpower resources. With the processing of routine audit reports decentralized to the regions during the fiscal year, a computerized audit review system has been set up to maintain necessary controls at the national office level, to control outstanding audit reports and to aid Departmental Management in scheduling audits. Informational services in connection with job needs of veterans, engineers, scientists and technicians, and efforts to aid minorities are being expanded, stressing further training of state and community informational capabilities.

In the financial management area, the State Employment Security Agency accrual accounting system has been modified to accept the Employment Security Automated Reporting System statistics to coordinate the management information efforts. During the fiscal year, an Automated Plan of Service reporting system for State Employment Security Agencies was instituted which will combine cost accounting data with Employment Security Automated Reporting System statistics to produce actual unit costs by certain applicant characteristics for specified services performed compared with anticipated unit costs. Comparisons can be made on local office, area, and State bases, and plans call for comparison at the regional and national office level after implementation by all State Employment Security Agencies.

Integration of the budgetary and accounting functions with the management information functions was initiated in 1972. The merging of these activities is being effected in conjunction with a major systems redesign to provide for more efficient management of manpower programs. A new Apprenticeship Information System is being designed to provide for systematic collection, processing and analysis of basic information on the national apprenticeship program.

Management and administrative efforts continued to meet overall objectives of maintaining and improving management systems and providing services required in support of program operations. A total of eleven two-week on-site Methods and Procedures Improvement surveys of regional offices to improve management practices in the field are scheduled for completion. The refinement of the Manpower Administration organization structure to further strengthen the existing organizational philosophy will be accomplished.

A comprehensive classification review of national and regional office positions was initiated in response to a Civil Service Commission inspection of personnel management in the Manpower Administration. With increased delegations to Regional Manpower Administrators, a program to reassign Federal employees in the national office to regional positions will be continued. It is planned that the Manpower Administration will increase the number of minority employees on the Federal staff at all levels of employment (clerical, professional and executive).

In 1973, the Operational Planning and Control System will be restructured to insure that local Cooperative Area Manpower Planning System plans as well as the State agency Plan of Service and Plan of Operations are fully integrated into the Operational Planning and Control System process and provide a viable

mechanism for regional office decision making. In 1973 considerable time will be spent in referring and perfecting the technical nature of the Operational Planning and Control System and the regional data base process to insure its full utilization by regional and national office staff. The regional office organizational structure will be continually reviewed to insure that it is being responsive to both regional and local community needs. In addition, the activities outlined in the President's Federal Assistance Review program will continue to be updated with an eye toward the decentralization of as many program activities as possible.

The basic data systems of the work/training and employment security programs will be significantly upgraded during 1973. Systematic integration of planning, statistical, operational and financial data for the employment security program through the further development of the Manpower Operating Data and the Plan of Service Automated Reporting systems will continue. Regional responsibility for maintenance of the work/training project data base will be emphasized; financial operations will be included in the system; enrollee characteristic-termination data will be improved; and more flexible data processing tools will be provided to regional and national data managers through increased use of generalized data base management systems, particularly for the Public Employment Program. The implementation of the Apprenticeship Information System, now under design, will take place.

The continued improvement of the organization structure of the Manpower Administration and the State agencies will be rendered through the provision of technical advice and assistance. The principles of a single line of authority to the field, the staff role of the national office components, and decentralization of program authority to the regional offices and ultimately to State and local governments, will be advanced whenever reorganizations are accomplished.

Changes for 1973

Mandatory changes amount to	+$336,000
Program changes amount to	None
Positions	None

The mandatory change provides for increases in within-grade promotion costs, penalty mail payments, Federal Telecommunications Systems costs and Federal Employees' Compensation Fund and a decrease for the two extra days of pay.

ACTION ON CONGRESSIONAL RECOMMENDATIONS

No specific actions were recommended.

JUSTIFICATION OF THE BUDGET ESTIMATES

MANPOWER ADMINISTRATION

Manpower Training Services

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate	$1,525,516,000	$1,633,366,000
Estimated program supplemental	95,000,000	---
Subtotal budget authority	1,620,516,000	1,633,366,000
Unobligated balance from prior year	75,507,000	---
Reserve, President's Economy Actions of 8/15/71	-210,000	---
Total available for obligation	1,695,813,000	1,633,366,000

Obligations by Activity

	1972 Appropriation Revised		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Private sector on-the-job training	2	$223,027,000	---	$194,200,000	-2	$-28,827,000
2. Public sector on-the-job training	---	67,101,000	---	62,200,000	---	-4,901,000
3. Institutional training:						
(a) Regular classroom training	30	378,876,000	---	368,410,000	-30	-10,466,000
(b) Job Corps	1	200,097,000	---	204,665,000	-1	+4,568,000
4. In-School work support	32	363,498,000	---	345,900,000	-32	-17,598,000
5. Post-School work support:						
(a) Operation Mainstream	---	83,900,000	---	83,900,000	---	---
(b) Out-of-School	---	125,520,000	---	124,228,000	---	-1,292,000
6. Special targeting	35	156,362,000	---	154,390,000	-35	-1,972,000
7. Computerized job placement	---	27,481,000	---	32,000,000	---	+4,519,000
8. Program support	3	69,951,000	---	63,473,000	-3	-6,478,000
Total obligations by activity	103	1,695,813,000	---	1,633,366,000	-103	-62,447,000

MANPOWER ADMINISTRATION

Manpower Training Services

Obligations by Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
Total number of permanent positions.	103	--	-103
Average number of all employees.....	90	--	-90
Personnel Compensation:			
Permanent Positions.....	1,077,000	--	-1,077,000
Other personnel compensation....	14,000	--	-14,000
11 Total personnel compensation....	$1,091,000	--	$-1,091,000
12 Personnel benefits.....	88,000	--	-88,000
21 Travel and transportation of persons.....	16,000	--	-16,000
23 Rent, communications, and utilities.....	24,000	--	-24,000
24 Printing and reproduction.....	5,000	--	-5,000
25 Other services.....	25,171,000	24,968,000	-203,000
26 Supplies and materials.....	8,000	--	-8,000
31 Equipment.....	10,000	--	-10,000
41 Grants, subsidies, and contributions.....	1,669,400,000	1,608,398,000	-61,002,000
Total, obligations by object.....	1,695,813,000	1,633,366,000	-62,447,000

MANPOWER ADMINISTRATION

Manpower Training Services

Summary of Changes

	Pos.	Amount
1972 Enacted appropriation	103	$1,525,516,000
Estimated program supplemental	---	+95,000,000
1972 Appropriation, revised	103	1,620,516,000
Unobligated balance from prior year	---	+75,507,000
Reserve, President's Economy Actions of 8/15/71	---	-210,000
1972, Available for obligation	103	1,695,813,000
1973 Estimate	---	1,633,366,000
Total Change	-103	-62,447,000
Mandatory Items:		
Increases:		
To provide full-year financing of 1972 Computerized Job Placement Program	---	+9,726,000
To provide for increases in average allowance payments to trainees in the institutional training program	---	+7,600,000
To provide for an increase in personal services costs resulting from Statewide compensation plan changes effective in fiscal year 1972 and increments to be paid during fiscal year 1973	---	+5,000,000
To provide full-year financing of the 1972 Job Corps program	---	+4,500,000
To provide full-year financing of the 1972 Cooperative Area Manpower Planning System	---	+4,100,000
To provide for a net increase in contributions to the Job Corps enrollees compensation fund	---	+68,000
Subtotal, increases	---	+30,994,000
Decrease:		
Non-recurring balance made available in 1972 from 1971	---	-75,507,000
Total, mandatory items	---	-44,513,000

	Pos.	Amount
Financing Item:		
Decrease:		
Transfer from Post-School Work Support to the Departmental Management appropriation for audits (page MTS-28)	---	-1,292,000
Program Items:		
Increase:		
To provide additional Regular Classroom Training funds to finance 1,600 new enrollment opportunities (page MTS-18	---	+$3,358,000
Decreases:		
Services to veterans provided under Manpower Training Activities appropriation in 1972 will be assumed by the Grants to States appropriation in 1973 (page MTS-18)	---	-20,000,000
Transfer of Department of Labor personnel assigned to the District of Columbia Manpower office to State basis (pages MTS-13,18,21,24,30,36)	-103	---
Total, program items	-103	-16,643,000
Total Change	-103	-62,447,000

Manpower Training Services

General Statement

The major thrust of Manpower Training Services for fiscal year 1973 will be to meet the manpower needs identified by the States and local communities including the needs of special target groups.

The funding levels proposed for fiscal year 1973 are generally based on a continuation of those prevailing in fiscal year 1972. These levels are based on the best judgment of manpower needs at present. As economic changes occur, it will be necessary to alter the activity mix to meet current requirements. This will be accomplished where possible by administrative changes within budget activities and geographic areas. Where shifts among budget activities are necessary, reprogramming will be requested.

The key to the sucess of this approach is the involvement of the Cooperative Area Manpower Planning System (CAMPS) and the Regional Manpower Administrators. Through the judgment of the Regional Manpower Administrators and the local CAMPS committes, specific manpower needs across the country can be identified. Through them the manpower program will move toward the goal of more effectively reflecting local needs for manpower services. By identifying local needs, the CAMPS plans serve as a basis for resource allocation based on priorities tailored to individual jurisdictions. In addition, the CAMPS plans serve as a basis upon which budgets for succeeding fiscal years may be built.

The Manpower Administration will also continue to give special consideration to those groups who require it. The migrant workers who, because they travel from area to area, will not show up in CAMPS plans, and Vietnam-era veterans, as well as the inmates of correctional institutions who will be returning to the labor force, need services which are best coordinated at the National level.

Non-recurring Balance Made Available in 1972
From 1971 by Program Activity

	Activity	Amount
1.	Private sector on-the-job training.....	$28,827,000
2.	Public sector on-the-job training.....	4,901,000
3.	Institutional training:	
	(a) Regular classroom training.....	6,424,000
	(b) Job Corps.....	---
4.	In-School work support.....	17,598,000
5.	Post-School work support:	
	(a) Operation mainstream.....	---
	(b) Out-of-School.....	---
6.	Special targeting.....	1,972,000
7.	Computerized job placement.....	5,207,000
8.	Program support.....	10,578,000
	Total	$75,507,000

Activity 1. PRIVATE SECTOR ON-THE-JOB TRAINING (1972, $223,027,000, Pos. 2; 1973, $194,200,000, Pos. -0-)

The Private Sector On-the-Job Training activity provides job opportunities, training and upgrading in the private sector for the unemployed and underemployed, including the hard-core disadvantaged and skilled and semi-skilled short-term unemployed workers. The activity includes the following components:

The Job Opportunities in the Business Sector Program consists of projects developed by the National Alliance of Businessmen and funded through contracts between the Department of Labor and private employers, whereby employers are reimbursed for the extra costs involved in hiring and training the disadvantaged. The program not only provides specific skill training in the entry and upgrading components, but also offers counseling and other supportive services to enable disadvantaged persons to become effective and permanent employees. The key feature of the program is the "hire, train and retain" concept.

The JOBS Optional Program provides skill training and may provide supportive services for both disadvantaged and non-disadvantaged persons. The program has entry level and upgrading components and is operated entirely by the States through On-the-Job Training agencies designated by the Governors.

National On-the-Job Training Contracts between the Department of Labor and national unions and trade associations promote job development and training opportunities in recognized skill shortage areas. These nationwide or multi-regional organizations in turn subcontract with their constituent groups who operate projects at local levels. Sponsors establish liaison with the local Concentrated Employment Program and with the State Employment Service, through which most of the recruiting is done.

In 1971, a total of $205,950,000 in obligations funded 140,700 enrollment opportunities in the Private Sector On-the-Job Training activity. The Job Opportunities in the Business Sector Program funded approximately 2,000 contracts providing 79,100 enrollment opportunities from obligations totalling $145,239,000. A sampling of 800 contracts signed in 1970 showed that the average enrollee wage increased from $2.20 at entry to $2.49 upon completion of training, an increase of over 13 percent. Persons enrolled in this program in 1971 had the following characteristics:

-- 66 percent were males;

-- 65 percent were non-white;

-- 45 percent were youth 21 years and under;

-- 62 percent had less than a high school education;

-- 16 percent were welfare recipients;

-- 26 percent were veterans.

In 1971, 31,000 enrollment opportunities were funded in the JOBS Optional Program from obligations amounting to $40,500,000. The full program responsibilities were transferred to the individual States under National Office guidelines, and a total of 6,400 contracts were signed. Seventeen National On-The-Job Training Contracts were funded in 1971 providing 30,600 enrollment opportunities from obligations of $20,211,000. Emphasis was placed on the preparation of enrollees for jobs in the construction industry, and on the need for hiring a greater number of veterans. Persons enrolled in training under the JOBS Optional Program and National Contracts in 1971 had the following characteristics:

-- 74 percent were males;

-- 31 percent were non-white;

-- 35 percent were youth 21 years and under;

-- 49 percent had less than a high school education;

-- 7 percent were welfare recipients;

-- 28 percent were veterans.

In 1972, it is estimated that a total of 135,300 enrollment opportunities will be provided under the Private Sector On-the-Job Training activity from obligations of $223,027,000. This includes $194,200,000 and 122,600 enrollment opportunities from new authority and $28,827,000 and 12,700 enrollment opportunities from 1971 carryover funds. The Job Opportunities in the Business Sector program will stress the upgrading component of the program in 1972. Companies in the private sector will be encouraged, through assistance contracts from the Department of Labor, to upgrade, train and provide other necessary services to enhance the career opportunities of employees who have previously been unable to advance in the work force. These services will include specialized on-the-job training, vestibule training, job-related education, counseling, English as a second language, and supervisory training.

The JOBS Optional component is available for use in cases where the full range of supportive services is not required. This option, in addition to the recent decentralization of program authority, will result in greater flexibility in the States. Special analyses indicate that the JOBS Optional program as administered by State agencies, is proving very popular, as evidenced by the fact that nineteen States obligated all 1972 funds available to them for this program during the first half of the fiscal year. It is anticipated that States' capacity to promote and develop contracts under this program will be enhanced in 1972.

Contracts with national unions and trade associations will place increased emphasis on preparing enrollees for employment in such skill shortage areas as modular housing construction and home rehabilitation. Contracts will continue to provide training in the traditional building crafts, while attempting to place increased numbers of veterans.

In 1973, it is planned to fund 122,600 enrollment opportunities with obligations of $194,200,000. The Job Opportunities in the Business Sector Program will stress the quality of contracts to provide enrollees with jobs which have a greater opportunity for advancement. An intensified training course for regional office and State personnel will be conducted to insure full and proper implementation of the upgrading program begun in 1972. Program resources will continue to be used in relation to local area needs as defined in plans formulated through the Cooperative Area Manpower Planning System. With an additional year of experience, the State-operated JOBS Optional Program is expected to improve the quality of training offered to enrollees while increasing the number of contracts funded. National On-the-Job Training Contracts will continue to provide training in construction-related fields, with particular emphasis on the hiring of veterans. Projects will be funded to train personnel in the electrical field in preparation for employment in the space industry. A special project is planned which will train disabled veterans in the field of prosthetics.

Changes for 1973

Mandatory changes amount to.....	-$28,827,000
Program changes amount to.....	NONE
Positions.....	-2

The mandatory decrease is due to the non-recurring balance made available in 1972 from 1971. The decrease of 2 positions represents a transfer of Department of Labor personnel assigned to the District of Columbia Manpower office to a State basis.

Estimated obligations and enrollment opportunities for fiscal years 1972 and 1973 are indicated below:

	1972		1973	
	Enrollment Opportunities	Obligations	Enrollment Opportunities	Obligations
Carryover	12,700	$ 28,827,000	--	$ --
Job Opportunities in the Business Sector	54,600	125,600,000	54,600	125,600,000
JOBS Optional Program	48,000	48,100,000	48,000	48,100,000
National Contracts	20,000	20,500,000	20,000	20,500,000
Subtotal, New Obligational Authority	122,600	$194,200,000	122,600	$194,200,000
Grand Total	135,300	$223,027,000	122,600	$194,200,000

Activity 2. PUBLIC SECTOR ON-THE-JOB TRAINING (1972, $67,101,000: 1973, $62,200,000)

The Public Service Careers Program secures, within merit staffing principles, permanent employment for the disadvantaged and stimulates upgrading of employed persons in the public sector. The program operates in the State, county, and local governments, in private non-profit service organizations, and in agencies that receive Federal grants-in-aid.

To help remove unreasonable barriers to employment and advancement, Public Service Careers offers workers remedial or more advanced education, vocational and personal counseling and orientation, transportation, and child care services. It also provides assistance to public agencies in modernizing their merit systems, occupational analysis, and job restructuring as well as career ladder development.

In 1971, $93,901,000 provided 43,700 enrollment opportunities. Of this amount $2,265,000 was 1970 carryover which provided 1,200 enrollment opportunities. During 1971 all five components of the Public Service Careers program were operational and a total of 47,300 new enrollees participated.

During 1971 $19,021,000 provided 5,000 enrollment opportunities for the New Careers program. Although approximately 40 percent of the enrollees leave the program within the first six months, mainly for higher paying jobs, about 80 percent of those completing the training period find permanent jobs with their training employer. The overall impact of the New Careers program on enrollees has been generally favorable.

That segment of the Public Service Careers program operating in State and local governments and through grant-in-aid programs enrolled 11,200 participants in 1971, 6,800 entry-level enrollees and 4,400 in upgrade training. Of the 2,600 enrollees who terminated, approximately 1,300 completed the program for a 50 percent completion rate.

Public Service Careers in Federal agencies enrolled 4,200 participants during 1971, approximately half in entry-level positions and the remainder in upgrade training.

The Supplemental Training and Employment Program provides short-term supplemental employment for trainees unable to find jobs in areas of high unemployment. During 1971, 28,500 enrollees participated in this program.

In 1972, $67,101,000 will provide 29,200 enrollment opportunities including $4,901,000 of 1971 non-recurring carry-over available in 1972, which will provide 4,300 enrollment opportunities.

It is anticipated that the New Careers program will remain at approximately the same level as in 1971, providing $18,900,000 to fund 4,500 enrollment opportunities.

Public Service Careers operating in State and local governments and grant-in-aid agencies will provide $23,071,000 to fund 11,600 enrollment opportunities. Of this total $2,771,000 is 1971 non-recurring carry-over which will provide 7,200 enrollment opportunities.

The Federal agencies component of the Public Service Careers program has proven itself effective and valuable in the hiring and training of disadvantaged persons for Federal jobs. During 1972 $6,130,000 will provide 8,300 enrollment opportunities for the program. $2,130,000 of this amount is 1971 non-recurring carry-over which will provide 2,900 enrollment opportunities.

The Supplemental Training and Employment will provide $19,000,000 to fund 4,800 enrollment opportunities. This program will be phased out in 1972 as the Emergency Employment Program performs similar functions on a much larger scale.

In 1973, the $62,200,000 requested will provide 24,900 enrollment opportunities.

Public Service Careers operating in State and local governments will fund 10,200 enrollment opportunities at an anticipated obligational level of $20,300,000. New sources of sponsorship will be identified for fiscal year 1973 funding. They will include rural areas not covered by the Emergency Employment Program and the Work Incentive Program; quasi-public jurisdictions such as municipal transit systems; major colleges and universities; and consortia of county governments. In addition, greater emphasis will be placed on upgrading activities and consideration will be given to adding modified subsidies for Public Service Careers funded jobs.

Linkages will be established for job placement with other Manpower programs in State and local government agencies. The possibility of placing welfare enrollees in Public Service Careers jobs is also being explored.

The Federal agencies component of the Public Service Careers Program will be refunded in 1973 for $4,000,000 to provide 5,400 enrollment opportunities.

During fiscal year 1973, $37,900,000 will provide 9,300 enrollment opportunities for the New Careers Program. In addition, the possibilities of adding an upgrade component to the New Careers program are actively being considered.

Changes for 1973

Mandatory changes amount to..... -$4,901,000

Program changes amount to..... NONE

The mandatory decrease of $4,901,000 reflects 1971 non-recurring carryover available in 1972.

Activity 3. INSTITUTIONAL TRAINING (1972, $578,973,000, Pos. 31; 1973, $573,075,000, Pos. -0-)

Activity 3 (a). Regular Classroom Training (1972, $378,876,000, Pos. 30; 1973, $368,410,000, Pos. -0-)

The regular Classroom Training program provides a combination of occupational training, classroom instruction in remedial education and supportive services and training allowances to unemployed and underemployed persons. Of those in training, it is stipulated that 65 percent must be disadvantaged. Those disadvantaged in need of training and basic education and who do not require intensive assistance in other service areas such as child care, medical care, and welfare are the main target group. Other special target groups are returning veterans, criminal offenders, Indians, Spanish-Americans, and those persons adversely affected by economic conditions.

The program is the joint responsibility of the Departments of Labor and Health, Education and Welfare. Training funds are transferred by the Department of Labor to the Department of Health, Education and Welfare who in turn transfers the funds by Letter of Credit to State vocational education agencies responsible for training. Training allowances are transferred by the Department of Labor by Letter of Credit to State employment security agencies for payment to persons enrolled in approved training projects.

In 1971, the program provided 144,500 enrollment opportunities at an obligation of $331,990,000. Of this total $275,467,000 was for regular training and $56,523,000 for supportive services. In addition 22,300 enrollment opportunities at an obligation of $29,233,000 were funded from 1970 carry-over funds.

Persons enrolled in the program in fiscal year 1971 had the following characteristics:

-- 66 percent were disadvantaged;

-- 59 percent were males;

-- 44 percent were non-white;

-- 40 percent were youth 21 years of age or younger and 9 percent were older workers aged 45 and over;

-- 11 percent were disabled;

-- 16 percent were welfare recipients;

-- 23 percent were veterans.

A total of 206,600 persons were enrolled in the program in fiscal year 1971 in training projects funded in fiscal years 1970 and 1971. Of the total enrollments, 61,500 were still enrolled in the program at the end of the fiscal year, 90,300 completed training and 54,800 were either early terminations or transferred to other training projects.

Transition projects trained 24,000 servicemen during the last six months of their tour of duty in construction and other occupations with disabled veterans having priority of job selection and referral.

The Correctional program provided training opportunities for 5,900 offenders. Pre-trial diversion projects in eight cities including Atlanta, Baltimore, Bay Area- California, Boston, Cleveland, Newark, Minneapolis, and San Antonio provided services to 4,200 arrestees. In addition, the Employment Security model ex-offender program was initiated in five States including Arizona, Georgia, Massachusetts, Oklahoma and Pennsylvania.

In accordance with provisions of the Trade Adjustment Act of 1962, approximately 18,000 workers were dislocated from their jobs due to import competition. About one-half these workers received some manpower services from the Employment Service and 400 were enrolled in training. Typical of the industries adversely affected by foreign imports were footwear, musical instruments, electronics and textiles.

In 1972, $372,452,000 for regular classroom training will finance 161,800 enrollment opportunities. Of the total requested $292,684,000 is for the basic program and $79,768,000 for program support -- $70,768,000 for Employment Security Services and $9,000,000 for State Vocational Education Agency Training Services. In addition there will be approximately 1,929 enrollment opportunities funded from $6,424,000 of fiscal year 1971 program and support carry-over funds.

Federal efforts to place unemployed veterans in jobs and training have been intensified in 1972. While holding to the goal of 65 percent disadvantaged, plans are to increase the number of veterans trained by giving preference to returning servicemen who meet the disadvantaged criteria. Under the President's direction the Transition program has been expanded. The program goal is to reach 30,000 veterans. In addition, the Transition training center concept is being used to reach 12,000 veterans. These centers provide intensive full-time training for approximately 8 weeks before the serviceman returns to civilian status.

Employment Service activities in support of returning servicemen are being intensified during 1972, particularly with respect to selection and referral of applicants for training and subsequent employment assistance. Mandatory listing of job vacancies, which became effective in September 1971 by Executive Order No. 11598, is expected to provide increased opportunity for job ready veterans. The President's order requires that Federal agencies and Federal contractors and their subcontractors list certain employment openings with the employment service system. This will increase Employment Service local office workload. The Service must contact these employers and agencies to explain procedures for mandatory listings and assist employers in preparing job orders in sufficient detail to permit selection and referral; in modifying unrealistic hiring requirements; and in promoting consideration of the available veteran applicant supply. Disadvantaged or unskilled veterans will be provided occupational counseling and guidance in the selection of training suitable for their needs. Employment Service follow-up and job placement for veterans after training will be emphasized. Of the $70,768,000 available for employment security services in fiscal year 1972, $20,000,000 has been earmarked for this purpose.

A major change in emphasis is being implemented in the Correctional program during fiscal year 1972. While the prison inmate training program will continue as well as previously funded employment service models and pre-trial intervention projects, the development of a minimum of six State correctional models to be planned and directed from the offices of the governors are currently underway. Initial planning grants during fiscal year 1972 will be followed by implementation funds in amounts up to $2 million per State as soon as the plans are approved.

Currently about 3,700 persons have applied for manpower assistance under provisions of the Trade Adjustment Act of 1962. About 8,000 applicants are expected by the end of fiscal year 1972, of whom about 1,000 are likely to need training to acquire new skills.

Plans are also in the development stage for direct contracts in fiscal year 1972 with Indian groups nationwide to provide guidance and technical assistance in developing manpower projects which will meet their needs. The plans include information on the availability of direct funding to them.

In 1973, the request for regular classroom training is for $368,410,000 and will fund an estimated 163,400 enrollment opportunities. Of the total requested, $303,642,000 is for the basic program and $64,768,000 for program support -- $54,768,000 for Employment Security Services and $10,000,000 for State Vocational Education Agency Training Services.

An estimated 45,000 workers will be affected by foreign trade competition, of whom 4,000 will need institutional training.

In 1973, Regular Classroom Training programs will continue to provide occupational training and supportive services for unemployed and underemployed persons who cannot reasonably obtain appropriate full-time employment without training. To accomplish this purpose, consideration will be given to the needs of special target groups, such as: inmates of correctional institutions, migrant workers, returning Vietnam-era veterans, Indians and Spanish-speaking persons. Also, emphasis will remain on the development of training projects in the following areas where there is a demand for workers: health, environmental control and construction.

Changes for 1973

Mandatory changes amount to..... +$ 6,176,000

Program changes amount to..... -$16,642,000

Positions..... -30

The mandatory net increase of $6,176,000 includes an increase of $5,000,000 in program support due to statewide compensation plan changes. The 5,968 base employment security agency and vocational education agency positions will average an increase of $838 for a total increase of $5,000,000. A mandatory increase of $7,600,000 represents the average increase in trainees' allowance payments to be paid during fiscal 1973. The higher allowances are based on an anticipated increase of 5.1 percent in unemployment insurance average weekly benefit payments during fiscal 1973. A mandatory decrease of $6,424,000 is a non-recurring balance made available in 1972 from 1971.

The program net decrease of $16,642,000 includes a $20,000,000 decrease for employment security services funds for veterans programs which will be assumed by the Grants to States appropriation in 1973. A program increase of $3,358,000 will provide an additional 1,600 enrollment opportunities.

The decrease of 30 positions represents a transfer of Department of Labor personnel assigned to the District of Columbia Manpower office to a State basis.

The following table summarizes the funding levels:

	1971		1972		1973	
	Enroll. Oppor.	Obligations	Enroll. Oppor.	Obligations	Enroll. Oppor.	Obligations
Carryover	22,300	$29,233,000	1,900	$ 6,424,000	--	$ --
Basic Program	144,500	275,467,000	161,800	292,684,000	163,400	303,642,000
Employment Security Services	--	48,682,000	--	70,768,000	--	54,768,000
State Vocational Education Agencies	--	7,841,000	--	9,000,000	--	10,000,000
Total	166,800	$361,223,000	163,700	$378,876,000	163,400	$368,410,000

Activity 3 (b). Job Corps (1972, $200,097,000, Pos. 1; 1973, $204,665,000, Pos. -0-)

The Job Corps is a national, voluntary residential program designed to serve poor youth, aged 14 through 21, from depressed environments. It offers vocational training, work experience and citizenship education, plus the educational and medical rehabilitation needed in order for youth to become fully contributing

members of society. The program is authorized by Title I, Part A, of the Economic Opportunity Act of 1964, as amended.

Job Corps offers a unique laboratory situation for testing new approaches involving co-educational programs, residential programs, day care components, special problems encountered in the training and placement of women, innovative policies for staff selection and in-service training, extensive use of volunteers, bilingual and multi-cultural enrichment, basic education, and innovative placement techniques.

The Job Corps program is carried out in four distinct types of centers: Civilian Conservation Centers, Men's and Women's Regional Centers, Residential Manpower Centers and Residential Support Centers. The Civilian Conservation Centers are located on public land and operated by the Conservation Agencies of the Departments of Agriculture and Interior, and the Commonwealth of Puerto Rico. 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 Residential Manpower and Support Centers are both designed to meet the manpower needs of the target youth within a specific community. The Support Centers provide residential, social rehabilitation, and counseling supportive services for those youth enrolled in other Manpower training programs. The Residential Manpower Centers provide a full range of services.

Centers, by category, are as follows:

	(Operational) June 30, 1971	(Planned) June 30, 1972	(Planned) June 30, 1973
Civilian Conservation Centers			
Federal	30	30	30
State Related	2	2	2
Men's and Women's Regional Centers			
Female Urban	12	12	12
Male Urban	4	4	4
Residential Manpower and Support Centers			
Residential Manpower	13	21	21
Residential Support	4	7	7
Total Centers	65	76	76

In 1971, the Job Corps Centers had on-board strength of 22,400 enrollees, which was slightly in excess of our anticipated level for June 30, 1971. The 54 previously existing Job Corps Centers and the 11 new centers opened in fiscal year 1971 had 49,800 new participants.

The total Federal cost in fiscal year 1971 for the program was $172,110,000, of which $160,187,000 were program funds and $11,923,000 Federal salaries and expenses. Starting in fiscal year 1972 the Job Corps salaries and expenses funds are in the Manpower Administration Salaries and Expenses appropriation.

In 1971, Job Corps has shown that it can help the substantial majority of the youth who enroll. Before entering Job Corps, only one-half of enrollees had ever been employed full time (and then often only for short periods of time), and at only an average wage of $1.40 per hour. After Job Corps, over three-fourths of all former Corpsmembers are placed in jobs, enter the Armed Forces, return to school or enter other training programs. Of those, 52 percent were placed in jobs in fiscal year 1971, at an average wage of $1.87 per hour. Job Corps placement statistics for fiscal year 1971 reflect the marked gains over

pre-employment figures. Statistics are based on 33,800 placement records received of which 31,100 were for terminees available for placement in jobs, school or the Armed Forces. Of the 31,100 terminees for whom follow-up information was available, 23,700 entered employment or were accepted into schools or the Armed Forces.

Job Corps enrollees who have completed a full program have fared even better in overall placement and in employment opportunities after termination than those enrollees who do not complete the program. Of 8,751 Job Corps graduates available for placement during fiscal year 1971, 7,638 or 87.2 percent were placed: 69.9 percent in jobs with an average wage of $2.06 per hour: 12.3 percent in school; and 5.0 percent in the Armed Forces.

Terminees who entered or were accepted into school as reported during fiscal year 1971 show a significant increase over fiscal year 1970 - from 10.8 percent school (and training) placement, to 19.7 percent for the fiscal year 1971 period. This reflects the effects of specialized individualized education in Job Corps and the drop in number of employment opportunities for 16-18 year old terminees. The placement data is a reflection both of increased citizenship and employment potential.

Persons newly enrolled in the program during fiscal year 1971 had the following characteristics:

-- 75 percent were males;

-- 74 percent were non-whites;

-- 34 percent were welfare recipients.

Because of its high proportion of minority youth and its emphasis on training male youth in construction trades, Job Corps has played a significant role in gaining otherwise difficult placement of minorities into construction trades. This placement is facilitated by the existence of contracts with international construction trade unions for training Job Corps enrollees at Job Corps Centers with union instructors to meet union standards. After such training, enrollees are referred to local unions and are frequently placed in apprenticeship programs or other construction employment. In fiscal year 1971, 635 completers of union training programs were so referred and 571, or 90 percent, were actually placed in jobs for which they had been trained, at an average wage of $3.40 per hour.

In 1972, the Job Corps program will expand by 11 the number of residential centers to a total of 76 centers. By the end of the fiscal year 1972, 25,000 enrollment opportunities will be funded in these centers at $200,097,000.

Job Corps is setting up and expanding special programs for Spanish-speaking Corpsmembers, serving 2,390 enrollees, at the Keystone, San Jose, Atterbury, Phoenix, Fort Totten, Albuquerque, El Paso, and Gary Centers. When these pilot studies are evaluated and redesigned in fiscal year 1972 such programs will be enriched and Spanish-speaking enrollment will be further expanded.

Increasingly, the Job Corps Educational Program is being used by school systems and other educational institutions. Currently four centers have received accreditation as bona fide educational institutions, and nine school systems have contracted to operate centers fully or to offer one or more components of the center programs.

A new program of education, detection, and counseling for sickle cell condition is also being inaugurated. Job Corps offers a unique laboratory for progress on this national priority health front. As part of its vocational training to provide urgently needed skills, Job Corps will institute in fiscal year 1972 a comprehensive health education program targeted to be compatible with the mores and culture of the various ethnic groups that compose the Job Corps population.

In 1973, Job Corps will continue its efforts to provide its services on a more equitable basis to all segments of the large national population of out-of-school youth, who are disadvantaged, particularly those who lack opportunity for vocational choice because of hazardous community environment, certain health conditions, minority racial or language status, or because of geographical location away from training and job opportunities. Substantial backlogs of applicants are now waiting in many areas to get into Job Corps training. Recent increases in youth unemployment, especially among black youth, have been reflected in Job Corps recruiting.

No expansion of center capacities from fiscal year 1972 is currently planned for fiscal year 1973. The operation of all planned centers at full capacity for the entire fiscal year will result in an increase of approximately 1,500 enrollee man-years of training, serving more than 3,000 additional new enrollees.

The sickle cell program, instituted in fiscal year 1972, should become fully operational in 1973 in centers with health occupations training.

The total of $204,665,000 for the Job Corps program will enable continuation of existing centers and programs at steady levels, including continuation of the new programs for Spanish-speaking Corpsmembers, minimum capital replacement and rehabilitation of center facilities, maintenance of present ratio of assignment of male Corpsmembers to Conservation Centers (as required by law), continuation of the present 2 to 1 ratio of Corpsmen to Corpswomen, and retention of Corpsmember pay and allowances at present levels.

Changes for 1973

Mandatory changes amount to	+$4,568,000
Program changes amount to	NONE
Positions	-1

The mandatory increase for fiscal year 1973 of $4,568,000 includes $4,500,000 to provide for full year costs of operating the Job Corps Centers contracted during 1972, and $68,000 to provide for a net increase in contributions to the Job Corps enrollees compensation fund. The decrease of 1 position represents a transfer of Department of Labor personnel assigned to the District of Columbia Manpower office to a State basis.

Activity 4. IN-SCHOOL WORK SUPPORT (1972, $363,498,000, Pos. 32; 1973, $345,900,000, Pos. -0-)

The Neighborhood Youth Corps In-School and Summer programs assist disadvantaged students of high school age to remain in school by providing them part-time jobs during the school year and summer. Projects are sponsored by State and local public non-profit agencies, public schools, and community action agencies. Enrollees work an average of 26 hours a week during the summer and 8 to 15 hours a week during the school year. Work assignments are typically connected with the school (clerical work, teacher aides, library assistants, tutors and various custodial duties) and other public agencies (hospitals, libraries, administrative offices). Federal funds are used primarily to pay enrollees the hourly Federal minimum wage or the prevailing wage if it is higher. In addition, Federal funds are used to provide counseling, remedial education, skill-training and other supportive services.

In 1971, a total of $58,052,000 was obligated for the In-School program. It financed 78,800 training opportunities at a Federal cost of $737 per opportunity for 814 projects of 30 to 40 week duration. The 1971 summer program was the largest since its inception. A total of $270,700,000 financed 609,300 full-term equivalent (i.e., 9 weeks) training opportunities.

During the year, approximately 120,000 youths participated in the In-School program. Persons enrolled in the In-School and Summer programs in fiscal year 1971 had the following characteristics, respectively:

-- 50 and 54 percent were males;

-- 46 and 56 percent were non-whites;

-- 32 and 30 percent were welfare recipients.

Over ninety percent of NYC enrollees were assigned to jobs in the following six categories: clerical aides, recreation aides, maintenance aides, conservation aides, community worker aides, and teacher aides. Clerical aides are mostly women, and perform a variety of office tasks including filing, typing, record keeping, and taking messages. Recreation aides typically assist gymnasium teachers, swimming instructors, and playground leaders to organize and conduct recreational activities. Maintenance aides work as members of crew to maintain and repair buildings such as housing projects. Conservation aides prepare forest lands, recreational areas, and roads and trails for public use. Community worker aides distribute information to residents of their area relating to available services such as recreation, health, and day care, as well as help recruit enrollees for manpower programs. Teacher aides perform non-instructional duties to assist high school, grade school, or nursery school teaching staff.

Special emphasis in 1971 was on new approaches to encourage potential drop-outs to remain in school. Among these were:

-- Establishment of 121 "Youth Tutoring Youth" projects. In this approach, under-achieving 14 and 15-year old Neighborhood Youth Corps enrollees tutor under-achieving elementary school children. They assist in developing reading, writing and other skill of expression. Both the elementary school children and the NYC enrollees have shown marked improvement in these areas.

-- Expansion of the Recreation Support Program to 111 cities and 40,000 enrollees. This program, made possible from $12,800,000 appropriated as part of the $105,000,000 1971 Supplemental Appropriation, is for urban youth too young for employment who would otherwise have no recreational opportunities during the school vacation period.

-- Development of projects for "Summer Program Action to Renew the Environment." More than 8,000 youths in 100 cities assisted in jobs relating to correcting environmental conditions such as control of water, air pollution, solid waste and pesticide. The program is a joint effort of the Environmental Protection Agency and the U. S. Conference of Mayors - National League of Cities. Its primary goal is to direct the interest and energies of disadvantaged youth to problems of the environment.

In 1972, an estimated $75,200,000 will be obligated to fund 102,000 enrollment opportunities at a Federal cost of $737 per opportunity in the In-School program. An estimated $270,700,000 is budgeted for the 1972 Summer program, of which $95,000,000 will be provided from a pending supplemental. The total will finance 609,300 enrollment opportunities at a Federal cost of $423 per opportunity and provide $12,800,000 for continuation of the Recreation Support Program.

In preparation of the 1972 Summer program, planning workshops and conferences were held for all regions. The purposes were: to review overall youth service planning; to provide specific information on the summer planning functions to be carried out by Manpower planning staffs; and to emphasize the importance of cooperative working relationships between all staffs involved in summer planning.

A prime objective for 1972 is to build on the particularly successful programs, described above, from the Summer of 1971. Continued effort will be directed towards improving supportive services, especially skill training which is linked to a post-graduation job.

In 1973, the In-School program request of $75,200,000 will finance 102,000 enrollment opportunities, the same level as in 1972. The cost per enrollment opportunity is estimated at $737. The Summer program will be maintained at the same level as in 1972 with 609,300 enrollment opportunities to be funded at a Federal cost of $270,700,000.

Program objectives for 1973 are:

-- early planning for those projects which maintain both In-School and Summer components. Presently, most In-School and Summer programs are operated as discrete components with varying degrees of service and often different sponsors. Efforts to develop Summer programs which are natural extensions of the In-School program will continue so that "year-round" programs will result, and continuity of developmental service will be maintained.

-- to follow-up on Summer Planning Workshops and Conferences.

-- to develop Recreation Support Program guidelines.

-- to launch an Experimental Career Education, Work Experience program. The program is a joint effort between Health, Education and Welfare's Bureau of Adult Vocational Technical Education and the Department of Labor. The program will operate in selected areas and will attempt to expose Summer enrollees to several career opportunities, work experience, intensive counseling and education.

-- to continue expansion of a variety of special summer programs, such as Youth Tutoring Youth, Sesame Street, Summer Program Action to Renew the Environment, Vocational Exploration in the Private Sector, and Recreation Support Programs.

Changes for 1973

Mandatory changes amount to..... -$17,598,000

Program changes amount to..... NONE

Positions..... -32

The reduction of $17,598,000 reflects 1971 Summer Supplemental Funds carried forward and obligated in the first quarter of fiscal year 1972. As shown in the following table, it does not represent a reduction in the program:

NYC Summer Program
(Dollars in Thousands)

	FY 1972	FY 1973	CY 1972	CY 1973
Carryover	17,598 1/	-0-	-0-	-0-
Base Program	175,700	270,700	175,700	270,700
Supplemental	95,000	-0-	95,000	-0-
Total	288,298	270,700	270,700	270,700
Enrollment Opportunities	--	--	609,300	609,300

1/ Funds appropriated in preceding fiscal year obligated in first quarter of fiscal year 1972.

The decrease of 32 positions in the In-School program represents a transfer of Department of Labor personnel assigned to the District of Columbia Manpower Office to a State basis.

Activity 5. POST-SCHOOL WORK SUPPORT (1972, $209,420,000; 1973, $208,128,000)

Activity 5 (a). Operation Mainstream (1972, $83,900,000; 1973, $83,900,000)

Operation Mainstream provides work experience and training to adults with poor employment prospects because of age, lack of employment opportunities, physical condition, inadequate or obsolete skills, or as the result of a declining economy. The program provides projects, especially in rural areas and small towns, which will improve the social and physical environment of the community. It also provides for development of special projects in georgraphic areas experiencing excessively high unemployment.

The program is administered primarily through Community Action Agencies. In some instances projects are operated by municipalities, county governments, and non-profit organizations and institutions.

In 1971, obligations for the program totaled $71,550,000 which funded 23,300 enrollment opportunities at a unit cost of $3,070. National projects continued to demonstrate the value of older workers in providing new or expanded community services. Enrollees were employed in a number of projects directed mainly toward conservation and development of natural resources, recreational areas, highways and parks. Programs were also provided for improvement and expansion of health, recreation and day care facilities, rehabilitation of housing, and care of the elderly. A national evaluation study by Kirschner and Associates indicated both enrollees and host agencies were highly satisfied with the program. Enrollees' work habits were rated the same or better than regular employees.

Persons enrolled in the program in fiscal year 1971 had the following characteristics:

-- 73 percent were males;

-- 36 percent were non-white;

-- 40 percent were age 45 or older;

-- 21 percent were disabled;

-- 20 percent were welfare recipients.

In 1972, $83,900,000 will be obligated to serve 26,200 enrollees at a unit cost of $3,200. During the first part of the year more than 5,150 persons were enrolled in older worker projects for a cost of $13,000,000. This will be expanded to $26,000,000 to provide approximately 5,000 additional enrollment opportunities.

The largest of the projects is Green Thumb-Green Light for men and women respectively. It is operated under a contract with the National Farmers Union for $6,960,000 and provides 2,855 enrollment opportunities for Green Thumb and 275 enrollment opportunities for Green Light. Enrollees are engaged in beautification and conservation projects in predominately rural communities. A contract with the National Council of Senior Citizens was renewed for $3,447,000. The entire project provides 1,150 enrollment opportunities for older workers in 20 cities. Jobs and training are provided in the social, medical administration, clerical, food handling and library fields.

The contract with the National Council on the Aging was renewed to employ 575 older workers in 11 cities at a cost of $1,573,000. Enrollees are employed in the fields of food handling, home repair, child care and as teacher, recreation and community service aides.

The National Retired Teachers Association/American Association of Retired Persons' contract was renewed at a cost of $921,000 for 355 training opportunities in six cities. The enrollees are employed similarly to those of the two previously mentioned programs.

The Virginia State College is conducting an older worker project for $300,000 and 125 training opportunities. It operates in Petersburg, Virginia and provides employment and park and city beautification and as Traffic, Home Health Department and Nursing Home Aides.

The amount of $20,800,000 has been used in planning and expanding projects in the following priority areas: Non Standard Metropolitan Statistical Areas in States eligible under the Supplemental Training and Employment Program; small areas with significant cutbacks in local defense facilities; Indian Reservations that did not already have Operation Mainstream projects; and other relatively small areas with significant increases in unemployment as compared with a year ago.

The older worker age requirements for Indians considered for enrollment in projects on reservations has been eliminated. The life expectancy of Indians is about 47 and this severely limited the ability of Indian Operation Mainstream projects to meet the requirement that 40 percent of the program's participants be 55 years of age or older.

In 1973, the program will be at the same level as in 1972 with 26,200 enrollment opportunities to be funded at a cost of $83,900,000. No major changes are planned for this highly successful program. Emphasis will continue to be placed on quality of worksites, increased training and supportive services, and maximum linkage with other manpower services.

Changes for 1973

Mandatory changes amount to..... NONE

Program changes amount to..... NONE

Activity 5 (b). Out-of-School (1972, $125,520,000; 1973, $124,228,000)

The Out-of-School Program is designed to provide low-income unemployed youth with useful work-training 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. Enrollment is limited to youths sixteen through twenty-one years of age. This program was recently redesigned to include two components--NYC-1 and NYC-2.

NYC-1, the original design, operates in small communities and rural areas for youths 16 through 21 years of age. Emphasis is placed on work experience and general employability training. The usual schedule is about 30 hours of work experience and 10 hours of supportive services, including counseling and education.

NYC-2, the recently implemented redesign, operates in Standard Metropolitan Statiscal Areas and growth areas. Eligible enrollees are primarily 16 and 17 year olds, although each project may enroll 18 and 19 year olds up to a maximum of 10 percent of the total enrollment opportunities of that project. It limits work experience to one-third of the total scheduled time. Primary emphasis is placed on education and skill training. Each NYC-2 enrollee must have an employability plan that outlines his qualifications, potentials and plan for participation in the program.

Project sponsors (Community Action Agencies or other non-profit organizations) must submit evidence that coordination has been established with all appropriate public and private agencies in the area which can contribute to the project. Participation of private industry and organized labor is encouraged.

The main priority of the Neighborhood Youth Corps is to quality enrollees for permanent full-time non-subsidized employment in occupations offering opportunities for future advancement. Work experience provides enrollees an opportunity to participate in an actual job situation. Enrollees are placed in such work environments as beautification and conservation, clerical work, and health care. Worksites are developed which are best suited to the individual enrollee. Supportive services incorporate: (1) development of occupational competence through basic education and remediation in reading, writing, oral communication, and arithmetic skills, (2) assistance in adjusting to the demands of work, and (3) assistance in dealing with personal problems through a variety of counseling, guidance, medical and social services.

In 1971, a total of $115,195,000 was obligated for the Out-of-School Program to finance 40,100 enrollment opportunities. The Federal cost per opportunity averaged $2,880.

The Neighborhood Youth Corps Out-of-School redesign (NYC-2) had greater acceptance in 1971 and was extended from 180 to 192 projects. Major emphasis was directed toward providing intensive technical assistance to assure that NYC-2 projects were operating properly and in accordance with the redesign. Reports from a National staff survey revealed that the program concept was being adhered to and the target population reached.

Persons enrolled in the Out-of-School program during 1971 had the following characteristics:

-- 52 percent were non-white;

-- 50 percent were males;

-- 40 percent were welfare recipients;

-- 2 percent were veterans.

In 1972, a total of $125,520,000 will be obligated to finance 36,400 enrollment opportunities. It is estimated that the Federal cost will be $3,450 per opportunity. An average unit cost of $3,450 had been planned for the Out-of-School program in 1971. The actual unit cost based on obligations in 1971 was $2,880, which resulted from the extended period needed for many project conversions to NYC-2.

Major emphasis in 1972 is directed toward extending the NYC-2 enrichment concepts to enrollees living outside Standard Metropolitan Statistical Areas. In addition, enrollees will be provided training better suited to the employment needs of smaller communities and rural areas.

In 1973, the Out-of-School program request of $124,228,000 will finance 36,400 training opportunities, the same level as in 1972. The decrease of $1,292,000 relates to the Departmental Management appropriation assuming audit functions previously funded from this activity. The cost per training opportunity is estimated at $3,450.

Program objectives for 1973 will be:

-- to change the NYC-2 wage formula which is now based on MDTA allowances for specific States to the Federal or State minimum wage level, which ever is higher;

-- to utilize resources of the College Adapter Program, an experimental and developmental effort which has become a model of study by other cities. Emphasis is directed toward preparing the enrollees to successfully pass the high school equivalency examination and to compete in college.

Changes for 1973

Mandatory changes amount to..... NONE

Program changes amount to..... -$1,292,000

The decrease of $1,292,000 relates to the Departmental Management appropriation assuming audit functions previously funded from this activity.

Activity 6. SPECIAL TARGETING (1972, $156,362,000, Pos. 35; 1973, $154,390,000, Pos. -0-)

Special targeting (or the Concentrated Employment Program) is designed to cope with the problem of impacted unemployment and underemployment in inner-city neighborhoods and blighted rural areas. The objective of the program is to help the disadvantaged of the various target areas to obtain the needed preparation to find and hold permanent jobs. The Concentrated Employment Program is a coordinating system which links discrete manpower programs and services into a unified delivery system under contract with a single sponsor, usually the local community action agency. The Employment Service is generally designated as the subcontractor for manpower services making maximum use of Job Banks and employability teams. The program was begun at the end of Fiscal Year 1967 and by Fiscal Year 1970 there were 82 projects, 13 located in rural areas and the balance in inner-city neighborhoods.

Restructure and redesign of the Concentrated Employment Program took place in 1970 and was extended into 1971 and 1972. The restructured program operates more efficiently and with the new Management Information System completed in Fiscal Year 1971 as part of the redesign, management control was made more effective.

In 1971, 167,042,000 was obligated for the Concentrated Employment Program. Of this amount $290,000 was 1970 carryover available in 1971.

A report measuring progress toward planned goals was initiated as part of the Management Information System. This report, used as a monitoring and evaluation device strengthened program performance in the critical areas of enrollment, termination, fund expenditure and the quality of program results. Of particular interest are wage comparisons and follow-up studies in the analyses for program effectiveness.

A sample study, covering nearly 10,700 reports on individuals in Fiscal Year 1971 indicates that the average hourly wages of employed terminees have increased from $2.11 in a 1970 sample to $2.18 in the 1971 sample while average hours worked were 39.7 per week, practically unchanged from the previous year. Based on data from the Management Information System, average annual wages of enrollees prior to entering training was $1,400. After completion of training, average annual income was $4,600, an increase of $3,100. Terminees found employment in essentially four major categories - clerical and sales, services, structural work, and "miscellaneous" activities (particularly packaging and materials handling).

During Fiscal Year 1971, 93,700 persons enrolled in the program. On-board enrollment was 43,900 at the end of June. Terminations at the end of Fiscal Year 1971 totalled 93,200. Of this number, 28,900 or 31 percent completed the program successfully by remaining on the job for at least 30 days; 28,000 or 30 percent dropped out of the program, and 36,300 or 39 percent were terminated from the program for positive or neutral reasons. A follow-up sample of 2,800 completers showed 83 percent employment retention after 30 days. Another sample of 2,300 persons contacted 60 days after completion indicated that 78 percent still retained their jobs.

Persons enrolled in the Concentrated Employment Program during 1971 had the following characteristics:

-- 69 percent were members of minority groups;

-- 46 percent were under 22 years of age;

-- 48 percent were between 22 and 44 years of age;

-- 6 percent were at age 45 or over;

-- 60 percent had not graduated from high school;

-- 15 percent were veterans;

-- 14 percent were welfare recipients.

In 1972, $156,362,000 is available to refund 82 ongoing projects. Of this amount, $1,972,000 represents a non-recurring Fiscal Year 1971 carryover available in Fiscal 1972. It is estimated that 84,500 new enrollees will be served during Fiscal Year 1972, of which 25,000 are expected to be Vietnam-era veterans. Terminations are expected to reach 84,000. Based on favorable experience through the second quarter of the Fiscal Year, it is anticipated that 45 percent of the terminees will complete the program successfully. Another third will drop out and the remaining balance will leave the program prior to completion for positive or neutral reasons. Job retention is expected to remain at the high levels which were indicated for Fiscal Year 1971. During the month of November, 85 percent of completors contacted 30 days after completion still retained their jobs. Of completors contacted 60 days after completion, 79 percent were still employed.

A cost-effectiveness study is expected to be completed by the end of the fiscal year. This study will show what the Concentrated Employment Program is achieving and what its costs are. Also, it is expected to provide an ongoing capability for determing cost-effectiveness in this and other manpower programs.

In 1973, the level of program funds will provide for 84,500 new enrollees, the same level as in Fiscal Year 1972. Close to 90,000 terminations are expected to occur which will include persons enrolled in the previous Fiscal Year and completing the program in Fiscal Year 1972. At least 50 percent of those who terminate will be expected to complete the program successfully by remaining on a job for 30 days.

The Fiscal Year 1973 request of $154,390,000 is required to refund 82 ongoing projects. This funding level will enable the Concentrated Employment Program to provide the planned level of services to make the enrollees expected to participate in the program job-ready and to place them in jobs.

Changes in 1973

Mandatory changes amount to.....-$1,972,000

Program changes amount to..... NONE

Positions..... -35

The mandatory decreases of $1,972,000 reflects a non-recurring Fiscal Year 1971 carryover available for obligation during Fiscal Year 1972.

The decrease of 35 positions represents a transfer of Department of Labor personnel assigned to the District of Columbia Manpower Office to a State basis.

Activity 7. COMPUTERIZED JOB PLACEMENT (1972, $27,481,000; 1973, $32,000,000)

This program makes maximum use of computer and other automatic data processing and telecommunications equipment to better assist employers in finding suitable applicants for their job openings and applicants in finding jobs utilizing their skills. A Job Banks computer system lists and updates job orders daily. A job matching system matches workers with jobs on a State and local basis with the ultimate goal of regional and national systems. The program is authorized under Title I of the Manpower Development and Training Act of 1962, as amended.

Job Banks increase the exposure of applicants to jobs in local and adjacent areas and provide a vehicle to facilitate interstate clearance of hard-to-fill jobs and to furnish both labor market information not readily available heretofore and management information for improved operating efficiency.

In 1971, ninety-two areas and three statewide systems were operating. Three programs were initiated; the Manpower Operations Data System to develop an integrated data input system at the local office level; the Secretary of Labor Fellowship Program in Manpower and Computer Technology to develop individuals with expertise in manpower, computer technology and occupational analysis; the Job Opportunity Bank concept as a tool for local office job development activities.

Four Job Matching system experiments in Utah, California, Wisconsin and New York were continued. In addition, eight Employment Service - Automatic Data Processing teams were established and assigned controlled experiments on two specific descriptor vocabularies for Job Matching.

Obligations for Job Banks and Job Matching in FY 1971 totaled $15,715,000.

In 1972, the goal is fifty Statewide Job Bank Systems covering all local offices. At mid-point in fiscal year 1972, 5 Statewide Systems were operational; 15 more were funded and at various stages of implementation; 12 new proposals were approved for funding; and 15 proposals were being prepared by State agencies. Work will continue on plans and designs for improving and expanding the Manpower Operations Data System, for integrating Job Bank and Employment Security Automated Reporting Systems and for implementing experimentally the Job Opportunity Bank concept.

The descriptor vocabularies for Job Matching will be tested as part of Job Banks in seven cities and the four experimental Job Matching systems will continue.

Estimated 1972 obligations total $27,481,000.

In 1973, goals involve development of a national Job Bank linking established Statewide systems and implementation nationally of Job Opportunity Bank. The four existing experimental Job Matching systems will continue to test different approaches to computerized Job Matching and the eight State agency - National office teams implementing experiments on the two specific descriptor systems will be testing vocabularies in the batch processing mode.

The 1973 budget request is for $32,000,000.

Changes for 1973

Mandatory changes amount to..... +$4,519,000

Program changes amount to..... NONE

The mandatory net increase of $4,519,000 includes an increase of $9,726,000 to provide full year financing of the Statewide Job Banks systems and

their extension into a Nationwide interlocking system, which is an Administration commitment. A mandatory decrease of $5,207,000 is a non-recurring balance made available in 1972 from 1971.

Activity 8. PROGRAM SUPPORT (1972, $69,951,000, Pos. 3; 1973, $63,473,000, Pos -0-

Manpower programs throughout the Nation are coordinated by the interagency Cooperative Area Manpower Planning System which is funded under this activity. In addition, technical assistance and training is provided for personnel involved in the administration, direction, and performance of manpower programs. This activity also provides for a comprehensive system to develop labor market information needed by public and private users; contractual funds for research and demonstration projects to improve techniques and demonstrate effectiveness of specialized methods in meeting manpower training and employment problems; and evaluation of the effectiveness of manpower programs.

The Cooperative Area Manpower Planning System provides for a systematic planning of manpower needs and program resources. Governors and Mayors provide leadership in developing comprehensive manpower plans which assess States' manpower needs and correlate them with the capabilities of the Federal, State, and local agencies to meet these needs. The Governors and mayors have the opportunity to make recommendations on the level and kind of manpower programs in their areas and to review, evaluate, and comment on the effectiveness of manpower program efforts. With leadership provided by the Department of Labor, participating agencies are the Departments of Health, Education and Welfare; Agriculture; Housing and Urban Development; Interior; Commerce; the Office of Economic Opportunity; Civil Service Commission; and the Environmental Protection Agency.

Training and Technical Assistance for personnel involved in manpower programs is provided through contracted supportive services where in-house capability is not available.

A comprehensive labor market information system for public and private users includes regular publication of job vancancy information. Programs carried out under this activity assist manpower planners and meet State and local needs by developing and providing appropriate information for reducing the duration of unemployment and improving the efficiency of the labor market.

Contractual Research, Demonstration and Evaluation is a program of grants and contracts to carry out research and development (experimental and demonstration) projects on manpower problems, and for evaluation studies of operating manpower programs.

The research and development projects are concerned with a broad range of activities, consisting of basic and operational research to develop solutions for underdevelopment and underutilization of manpower resources. The broad objective is to develop new knowledge and methods with which to enhance workers' welfare and strengthen the Nation's economy. Evaluation studies are designed to measure the effectiveness of operating manpower programs in terms of impact upon client groups and the community.

In 1971, the Cooperative Area Manpower Planning System program of Grants to Governors and Mayors was expanded, as more Mayors accepted the offer of grant assistance made to them in 1970. A total of 126 Mayors were involved by the end of Fiscal Year 1971. These grants provided staff to State and local elected officials to strengthen their manpower planning capabilities and to support their increasing involvement in the manpower area. Also in 1971, the program of direct grants to State and local officials to provide youth program coordinators, previously administered by the President's Council on Youth Opportunity, was transferred to the Manpower Administration. The blending of youth coordinator grants into Cooperative Area Manpower Planning System grants was initiated.

A total of $8,825,000, which includes $1,895,000 of 1970 carryover funds was obligated in 1971 for these purposes.

Outside contracts were let to provide technical assistance in the areas of Work Incentive administration, equitable distribution of resources among target populations, youth tutoring activities in the Neighborhood Youth Corps In-School program, providing guidelines for contractors in meeting Manpower Administration standards in the control of Federal funds, and developing manuals for use in hiring and training minority persons. Funds obligated for technical assistance and training totaled $10,263,000, including $1,517,000 from 1970 carryover funds.

Improvements were made in the regular publication of job vacancy information data, occupational employment statistics, research studies on data needs, and the development and validation of State and local area data for manpower planning purposes. Analysis of data collected on barriers to employment of residents of poverty areas was begun. Funds obligated for Labor Market Information totalled $6,379,000, including $1,703,000 from 1970 carryover funds.

The influences on manpower programs of the findings of contractual research and development projects resulted in: (1) installation of additional Work Sample Assessment centers in Work Incentive Program, Special Targeting (Concentrated Employment Program) and Employment Service offices to assist in counseling, guiding and placing persons for whom written tests are inappropriate; (2) extension of pre-trial diversion programs for first offenders to manpower programs; (3) further development of a model for delivery of manpower services in rural areas; (4) provision by the Employment Service of fidelity bonds for disadvantaged persons who need them to obtain jobs; (5) widespread use of the Neighborhood Youth Corps Goes to Community College model for stimulating interest in further schooling in disadvantaged high school juniors and seniors; (6) widespread use of a program to teach basic occupational English to Spanish-speakers.

A study of Negro employment has led to several new local efforts to promote employment and upgrading of minorities, and additional research and development projects to increase employment of minorities in better paying white collar jobs.

A study of arrest records was used as an aid in drawing up guidelines for the Emergency Employment Program and alerted policy makers to the obstacles faced by disadvantaged persons with arrest records when seeking jobs.

Twelve new recipients of institutional grants in fiscal year 1971 initiated a wide variety of programs for research, graduate education and technical assistance. The original five grantees were concluding research projects and seeking alternative support for their manpower activities in 1971 as their institutional grants were phased out. These grants are meeting the two-fold objective of developing new manpower research talent, and applying such expertise to the solution of local and regional manpower problems through long-term research programs.

Of 25 contracted evaluation studies initiated in 1971, 16 were completed. These studies emphasized the quality and effectiveness of major components of manpower programs, such as basic education, supportive services and job development on groups such as minorities, prison inmates, and veterans, which enabled these groups to obtain better jobs. Pilot evaluations were undertaken to strengthen regional office capabilities in the area of contract monitoring and evaluative skills under a decentralized evaluative program. Priority was given to cross-program studies of total manpower programs. A methodology aimed at improving current methods of initiating evaluation studies under the Request for Proposal procurement system was instituted. The contractual research, demonstration and evaluation program was financed from funds appropriated to the Salaries and Expenses appropriation in fiscal year 1971, totaling $19,768,000.

In 1972, continuation of manpower planning staff grants at the State and area levels will be accomplished. It is expected that the full level of 53

grants to Governors and 139 grants to Mayors will be achieved and full consolidation of Youth Coordinator and Cooperative Area Manpower Planning System grants will be accomplished. Also, it is planned to complete the consolidation of State Employment Service Cooperative Area Manpower Planning System positions and Governors' grant positions, in order to eliminate duplicative administrative arrangements. Fiscal year 1972 obligations are estimated at $15,750,000, including $11,690,000 in new authority and $4,060,000 in non-recurring carryover balance from 1971.

Technical assistance contracts have been let to support programs consistent with the main thrust of manpower program emphasis. These included contracts in the design and installation of a management information system for the Emergency Employment Program; preparation for the Welfare Reform Program; improvement of management and accounting for the Special Targeting Program with emphasis on transition to reliance on in-house regional office resources; expansion of the Neighborhood Youth Corps youth tutoring activities; development of the National Indian Manpower Conference; and management planning for the President's Veterans program. Fiscal year 1972 obligations for Training and Technical Assistance are estimated at $20,193,000, which includes $15,900,000 new authority and $4,293,000 non-recurring carryover balance from 1971.

All the 1971 Labor Market Information programs are being expanded in 1972 with emphasis on assessing the effectiveness of methods tried to date in the dissemination of job information to ghetto residents and on developing individualized data needed at various levels of government to plan, administer and evaluate manpower programs. Experimental projects dealing with data collection problems are being conducted. Total estimated fiscal year 1972 obligations for Labor Market Information amount to $8,954,000, consisting of $6,815,000 new authority and $2,139,000 non-recurring carryover balance from 1971.

The major thrust of the Research and Development program in fiscal year 1972 is on: (1) improving effectiveness in manpower programs; (2) widening opportunities for the disadvantaged and working poor; (3) appaising and preparing for the impact of economic and social changes on manpower programs; and (4) improving utilization of research and demonstration findings.

Two major evaluation statistical outcomes studies will be completed in fiscal year 1972. These include the Longitudinal Study of Four Programs conducted jointly by the Office of Economic Opportunity and the Department of Labor, and the Manpower Development and Training Act Outcomes Study. In addition, approximately 20 contracted studies will be completed. With new emphasis in fiscal year 1972 on the Public Employment Program, two major initiatives were undertaken as part of a more comprehensive and coordinated effort: (1) evaluation of high impact demonstration Public Employment projects, and (2) household surveys in high impact demonstration areas by Bureau of the Census.

Total fiscal year 1972 estimated obligations for Research, Demonstration and Evaluation amount to $25,054,000, including $24,968,000 in new authority and $86,000 in non-recurring carryover from 1971.

In 1973, the Cooperative Area Manpower Planning System will continue at the same level as 1972 with the Governors and Mayors exerting substantial leadership in manpower efforts in their areas. Their planning and evaluation efforts will be of increasing value to the Manpower Administration at the regional and national levels as bases for planning, budgeting, and allocating resources. The effective implementation and coordination of manpower program Youth Coordinators within the Cooperative Area Manpower Planning System will be completed, and all previous Youth Coordinator positions will be absorbed in the grants to Mayors and Governors. The request for Cooperative Area Manpower Planning System activities in 1973 is $15,790,000.

Technical assistance plans for 1973 will center around selective support to priority programs identified on national, regional, and State levels.

Due to staff ceiling restrictions, the nation-wide network of staff training centers requiring specialized staff to operate will be delayed, but an alternative system utilizing available in-house staff with specific outside contracts will be implemented. Coordination of staff training will be accomplished identifying priority staff training needs and their location, with concomitant identification of available training programs to meet the needs.

Priorities in the areas of the Emergency Employment Act, Work Incentive Program and returning veterans will receive special attention. Continuing development of the Cooperative Area Manpower Planning System in decentralizing manpower planning and training authority and implementation will be supported as well as the development of resources allocation and control procedures, performance standards, a workload measurement system, and a review and monitoring procedure.

State agency management systems, cost accounting, automated reporting systems, and a self-appraisal system will be priorities with the installation of a Regional Operating Plan in line with national objectives.

The 1973 request for Training and Technical Assistance is $15,900,000.

Emphasis in 1973 will be on meeting local labor market information needs to support the move toward decentralization of manpower program authority. Activities aimed at improving utilization of existing information, improving methodology for making better local estimates and forecasts, and increasing the technical competence of State and local manpower staff in the use of labor market information will receive increased attention. The 1973 request for Labor Market Information is $6,815,000.

The contractual Research and Development program will continue to focus on the problems of achieving greater effectiveness in manpower programs with special emphasis on the increasing responsibilities of State and local manpower authorities, the impact of new or anticipated economic and social policies and legislation on manpower programs and the labor force.

The principal evaluation objectives in the fiscal year 1973 will be (1) major studies of the Public Employment Program; (2) evaluations of across-the-board program strategies; (3) cost-effectiveness ratios of program strategies; (4) to devise and install the systems which can serve as continuing evaluation of anticipated manpower reform, including decategorization and decentralization.

The 1973 request for Contractual Research, Demonstration and Evaluation is $24,968,000.

Changes for 1973

Mandatory changes amount to	-$6,478,000
Program changes amount to	NONE
Positions	-3

The Mandatory decrease of $6,478,000 represents the net effect of (1) an increase of $4,100,000 needed to provide full-year financing of the fiscal year 1972 Cooperative Area Manpower Planning System; and (2) the deletion of $10,578,000 in non-recurring balances made available in 1972 from 1971. The decrease of 3 Cooperative Area Manpower Planning System positions represents a transfer of Department of Labor personnel assigned to the District of Columbia Manpower office to a State basis.

ACTION ON CONGRESSIONAL
RECOMMENDATIONS

NONE

WEDNESDAY, APRIL 12, 1972.

MANPOWER ADMINISTRATION EMERGENCY EMPLOYMENT ASSISTANCE

WITNESSES

PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY FOR MANPOWER AND MANPOWER ADMINISTRATOR
WILLIAM MIRENGOFF, DIRECTOR, PUBLIC EMPLOYMENT PROGRAM
ALFRED M. ZUCK, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
JAMES P. ROBERTS, JR., CHIEF, DIVISION OF BUDGET, OFFICE OF FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
ALBERT J. ANGEBRANNDT, ACTING DIRECTOR, OFFICE OF PROGRAM, POLICY AND PLANNING; PUBLIC EMPLOYMENT PROGRAM
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation: Permanent positions		4,996	7,812
Personnel benefits: Civilian		422	664
Travel and transportation of persons		878	882
Transportation of things		44	57
Rent, communications, and utilities		428	510
Printing and reproduction		143	170
Other services		2,027	1,735
Supplies and materials		135	170
Equipment		261	150
Grants, subsidies, and contributions		990,766	1,237,850
Total obligations		1,000,000	1,250,000

PERSONNEL SUMMARY

Total number of permanent positions		565	565
Average paid employment		540	526
Average GS grade		10.5	10.4
Average GS salary		$14,484	$14,824

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Emergency employment assistance		990,766	1,237,850
2. Federal support		9,234	12,150
Total program costs, funded—obligations		1,000,000	1,250,000
Financing: Budget authority (appropriation)		1,000,000	1,250,000
Relation of obligations to outlays:			
Obligations incurred, net		1,000,000	1,250,000
Obligated balance, start of year			340,000
Obligated balance, end of year		−340,000	−490,000
Outlays		660,000	1,000,000

Mr. FLOOD. Now we continue with the Department of Labor, Manpower Administration, and will take up the budget for emergency employment assistance. The presentation will be made by Mr. Paul J. Fasser, Jr., Deputy Assistant Secretary for Manpower and Manpower Administrator. Suppose you proceed.

General Statement

Mr. Fasser. Mr. Chairman and members of the committee, I am pleased to appear before you today to discuss the 1973 appropriation estimate for the emergency employment assistance program. The President has requested $1,250 million, the full amount of the authorization provided for the second year of the act. This amount represents an increase of $250 million over the 1972 comparable appropriation of $1 billion, and is necessary to counteract unemployment while providing public services needed at the State and local levels of government. Of the total amount requested, $1 billion is designated for section 5 of the act which stipulated an unemployment rate of 4.5 percent for 3 consecutive months prior to the obligation of funds appropriated under this act. Conversely, if the unemployment rate goes below 4.5 percent for 3 consecutive months, no further obligation of funds may be made, $250 million is designated for section 6 of the act, establishing a special employment assistance program for areas of high unemployment. This section stipulates a 6-percent unemployment rate in that area for 3 consecutive months prior to the obligation of funds.

In January 1972 the emergency employment assistance program completed its first 6 months from legislation to implementation with a record of remarkable speed and effort unusual in the Federal Government. Within 1 week of the signing of the appropriations bill by President Nixon on August 9, 1971, the effort to fulfill the goals of the program was underway. A task force had already been assembled to design and implement the program. By January 31, 1972 all State allocations totaling $981 million had been completed. As of March 10, 1972, approximately 143,000 people were employed in a broad spectrum of public service occupations.

For 1973, our request includes $1,237,850,000 for emergency employment assistance and $12,150,000 and 565 positions for program direction and support.

The estimate for emergency employment assistance includes the full range of program activities authorized by the legislation. Eighty-eight percent of these funds ($1,091,095,000) will be used for wages and employment benefits for program participants. The mix of public service jobs and salaries is essentially based on each program agent's decision. However, approximately 155,000 man-years of effort are expected to be funded under the act in 1973 at an average cost of about $7,000 per position for wages and benefits.

The authorizing legislation stresses that the jobs funded under this program are transitional, thus leading participants into permanent employment opportunities. To accomplish this objective of continuing employment, we are requesting that $70 million be provided for training and manpower services for those hired under the act. In addition to these funds, we intend to use the services of other manpower programs to train and assist program participants.

We are requesting $60,989,000 for administration of the program at the local level. This will provide for salaries and nonpersonal service costs for those members of the program agents' staffs who are not themselves eligible to be hired under the act.

A total of $15,766,000 is requested for agent assistance and statistical support. This amount will allow us to collect specialized labor market information required by program agents; conduct an effective evaluation program to assess the quality of administration and the impact of the program in an effort to improve and strengthen it; and provide agents with technical assistance in such areas as recruitment and selection techniques, job analysis and development and wage and salary administration.

We are requesting a total of $12,150,000 and 565 positions for program direction and support. This will provide Federal salaries and expenses for the administration of the program. The manpower national office (116 positions) will develop and formulate overall program strategy. The manpower regional offices (373 positions) will be concerned with the overall program direction and support and the day-to-day operations of the individual agent's projects. In addition, 76 positions will be located on the departmental audit staff for audit purposes.

This concludes by prepared statement, Mr. Chairman. My staff and I will be happy to answer any questions you might have.

ADMINISTRATION OF PROGRAM

Mr. FLOOD. There is a limitation of $50 million on the amount available in 1972 for administration and other support activities.

Mr. FASSER. Yes, sir.

Mr. FLOOD. You are asking for an increase to $91,776,000. Why do you feel on this program you need such a big increase for those purposes?

Mr. FASSER. We are requesting $38,905,000 above the 1972 level of $50 million for administration and support activities. This will enable us to help the agents to administer the program.

Mr. FLOOD. Agents?

Mr. FASSER. The program agents, the people with whom we contract to provide the service under this program.

Mr. FLOOD. Who do you contract with?

Mr. FASSER. With the counties, the cities, and the States.

Mr. FLOOD. What do you mean you contract? How do you use the word "contract"?

Mr. FASSER. We contract with a particular unit of government to provide the jobs and we pass the money through those program agents.

Mr. FLOOD. Do they go looking for you or you go looking for them?

Mr. FASSER. They come to us, in effect, because they are eligible program agents. They come in with a plan and if the plan is suitable and fits the requirements and guidelines, then their plan is approved and they become the program agents.

Mr. FLOOD. How could there be a difference between the plans?

Mr. FASSER. There are certain requirements concerning who the plans serve and the mix of the jobs.

Mr. FLOOD. They know that before they apply don't they?

Mr. FASSER. Yes, sir. They know that before they apply.

Mr. FLOOD. If county A knows the requirements and the program, it therefore follows they are not coming in with a plan that doesn't meet your qualifications. What is the big deal?

Mr. FASSER. The problem is that the program agents must assemble the plans that are made up for the various school boards, the water authority, and all of those people within their jurisdiction who become subagents for the program. The increase in the money we are asking for this year is to help the program agents develop these plans, and to give them the expertise so they can deal with the program.

Mr. FLOOD. What expertise? Here is a certain county and they have county employees who have been working there for years on personnel problems. They have experience with State programs and Federal programs. All of a sudden here is this manna from heaven. They hear about it. They talk about it and the commissioners have a meeting and pass a resolution "See what you can do, Mac." So Mac is the chief clerk. He is an old pro in nine cases out of 10. He is not going to make any mistakes. He better not otherwise the county is going to lose $1 million. So he and his boys prepare the application. There is not going to be much wrong with the appplication including the punctuation I don't think. Am I wrong? Do you need many people to help Mac with his application?

Mr. FASSER. The program agent must take into account all of the people that have a right to submit a plan and has to know how to develop this plan so that all of these requests fit the guidelines of the program as set out in the act. He needs to be aware, for example, that the jobs that are going to be filled are ones that are going to provide a needed service in that area. He must be sure that he serves the appropriate type of clientele as spelled out in the act. He has to put all of these things together. There are certain administrative costs in doing this.

Mr. FLOOD. I am sure there are but I am concerned about this tremendous increase vis-a-vis what you had last year for doing the same kind of thing. You have the staff there to do it and they are experienced staff. Certainly if Mac is going to apply for the second round, he doesn't need much assistance or I don't know Mac. He will know by this time exactly what he has to do and he is going to do it. He doesn't need your people to advise him does he?

Mr. ZUCK. In addition to the costs incurred by the program agent's staff to develop the plan, there are costs to the subagents, including administrative costs, the payroll and the personnel people that you indicated. There will also be costs incurred in their reporting of program information, such as how many people are enrolled at the end of every month.

Mr. FLOOD. I am sure of that.

Mr. ZUCK. There are also costs involved with submitting financial reports and insuring that the financial records are maintained in an acceptable manner.

Mr. FLOOD. All of those things follow like night follows day from any such program. Of course those things have to be done. I am not talking about the things that have to be done mechanically but talking about the need for the very big increase to do the same things next year that you are doing this year.

Mr. ZUCK. Of that increase, Mr. Chairman, a portion is related to the Federal salaries and expenses. This program was initiated, as you know, only in the fall, so we have an increase of basically some $3 million to annualize, or put on a full-year basis, the costs that were only partially funded in fiscal year 1972.

So it does not result in additional staff but does provide for the costs on a full-year basis that in the past were provided only on a part-year basis.

BASIS FOR ALLOCATION OF FUNDS

Mr. FLOOD. Under what formula are these funds allocated to the States and to localities? There is a great deal of interest in that.

Mr. FASSER. There is a formula, Mr. Chairman.

Mr. FLOOD. Is it very rigid?

Mr. FASSER. It is a rigid formula. There are two formulas as a matter of fact because money is available under both sections 5 and 6 of the act. Section 5 funds are distributed when national unemployment equals or exceeds 4½ percent for 3 consecutive months.

Mr. FLOOD. Why 4½ percent?

Mr. FASSER. Four-and-one-half percent is the trigger stated in the act. If the unemployment rate is below 4½ percent, we are not permitted to obligate any more money. In order to determine the severity of unemployment we use that rate as one of the factors.

The other factor we use is the number of unemployed in relation to all unemployed in that particular locality or State. The combination of those two factors gives us a percentage figure that we can apply to allocate the section 5 money.

Section 6 money is distributed as specific areas where unemployment equals or exceeds 6 percent for 3 consecutive months. The 6 percent refers not only to cities and States but to localities with high unemployment.

Mr. FLOOD. That is the second one.

Mr. FASSER. That is section 6.

Mr. FLOOD. Do you have a different formula for States as distinguished from municipalities? Are applications filed by counties or cities directly with the Federal Government or must they go through the States?

Mr. FASSER. Grant ageements may be made with States, counties, and cities with popoulations of 75,000 or more who will administer the program in their own areas and, as the designated program agents of the Labor Department, will also make funds available to other governmental units with populations of less than 75,000, such as school districts, smaller counties and towns, which also qualify for agreements under the act.

Mr. FLOOD. Here is a city of 50,000 people, the county has 350,000. Can they both file?

Mr. FASSER. The country may file, the city may not.

Mr. FLOOD. Then the allocation is made by the county to the city?

Mr. FASSER. Yes, sir. The county is the program agent, but a portion of the county's allocation may be given to the city. If the city has sufficient unemployment.

Mr. FLOOD. On what formula?

Mr. FASSER. On the basis of the need in the city and on the basis of the county's apportionment of funds.

Mr. FLOOD. The county sets up its own formula?

Mr. FASSER. Yes. The county would determine its priorities of public service needs and distribute the funds accordingly.

Mr. FLOOD. Then you have two counties in one State adjacent with different formulas for doing exactly the same thing with Federal funds that are direct grants. See what I mean. Two counties adjacent and contiguous and they get grants from the Federal Government and they both have cities of 55,000, the county seats. The counties receive a direct grant from the Federal Government sets up entirely different standards.

Mr. ZUCK. The guidelines under which the counties operate specify an equitable distribution of funds based on the extent and severity of unemployment within the program agent's area, the employment opportunities available, and the extent to which there are unmet public service needs in the area.

Mr. FLOOD. What guidelines? You told me the guidelines were county guidelines.

Mr. ZUCK. They are guidelines issued by the Manpower Administration as one of the conditions of the contract grant.

Mr. FLOOD. I thought you said "yes" when I asked you if the county sets up its own formula. Then you do give the applicant county the grant guidelines?

Mr. ZUCK. That is correct. If they are not administering the program consistent with the guidelines, we have some cause to raise questions.

Mr. FLOOD. Of course.

Mr. ZUCK. The application comes from the eligible county. If they in turn are making funds available to a city or another element of local government within the county, they allocate on the basis of the percentage of unemployed in the local unit receiving the allocation from the county, the employment opportunities available, and the extent of unmet public service needs in the area.

Mr. FLOOD. I presume there could be so-called pockets within the county which are more severe than others.

Mr. FASSER. Yes, sir; there are. And that is where the section 6 money comes into play. They could be eligible for a section 6 grant.

MAXIMUM SALARY PAYABLE UNDER THE ACT

Mr. FLOOD. What is the maximum wage or salary rate that a person can be paid under the program?

Mr. FASSER. $12,000 per year.

Mr. FLOOD. Regardless of what the services are?

Mr. FASSER. Yes, sir. Regardless of what the services are.

Mr. FLOOD. What is the maximum length of time that any individual can be paid under the program?

Mr. ANGEBRANNDT. There is none.

Mr. FASSER. There is no maximum length of time. However, the duration of the act is 2 years.

EFFORTS TO INSURE PROPER USE OF FUNDS

Mr. FLOOD. What do you do to assure yourselves that these funds, and this is a stock question being asked more every day in Congress—what do you do to assure yourselves that these funds are not being

used in lieu of State and local funds that would otherwise be available? In other words, here is a city or county and they are all set to appropriate x number of dollars to hire the following people to do the following things. The chairman of the county commissioners hears that there is going to be this Federal money available. He tells the other commissioners and so they don't do anything. Why should they? They are going to get all of this dough from you. Why should they spend local money when they can get it from you?

Mr. FASSER. Mr. Chairman, program agents are obliged to spend the money according to the guidelines.

Mr. FLOOD. They are not going to spend money at all.

Mr. FASSER. They may not take this money and substitute Federal money for State, city, or county money.

Mr. FLOOD. What do you do to assure yourselves—I repeat the question—that your funds are not going to be used by the local people in lieu of State or local funds that they would otherwise have to use?

Mr. FASSER. In the guidelines there is a requirement that before an employee can be rehired into a unit of government, he must have been laid off for 30 days. In addition, a good hard look is taken at the proposal on the basis of the maintenance of effort. I think, Mr. Chairman, we can demonstrate that we have been able to hold this to a minimum when we see that only 11 percent of the 143,000 employees currently in the program have been formerly members of that particular unit of government. They could have been retired and come back or there could have been a number of other reasons why they were former employees.

ELIGIBILITY OF RETIRED PERSONS

Mr. FLOOD. Do your guidelines permit these local people to bring back onto the payroll those who have retired? Is that the purpose?

Mr. FASSER. They could be rehired.

Mr. FLOOD. Is that the purpose of the program?

Mr. FASSER. No, sir. That is not the purpose of the program.

Mr. FLOOD. Why can they do it?

Mr. FASSER. The purpose of the program, of course, is to serve all segments of the unemployed.

Mr. FLOOD. Retired or not?

Mr. FASSER. An employee under this program could have been retired.

Mr. FLOOD. This guy is retired.

Mr. FASSER. There is no prohibition against his being employed under the Emergency Employment Act.

Mr. FLOOD. Is that consistent with the emergency assistance program?

Mr. FASSER. It is consistent with the act. There is no prohibition in the act against hiring retired persons.

Mr. FLOOD. You mean because Congress did not prohibit it, you construe that to be permissible? What do you think?

Mr. FASSER. I think a man that has been retired from a unit of government ought not be reemployed in the local unit of government unless there are no other qualified unemployed persons to fill the needed positions.

Mr. FLOOD. What do you do about these cases?

Mr. FASSER. We watch them closely.

Mr. FLOOD. Do you find any?

EMPLOYEES REHIRED TO FORMER JOB

Mr. FASSER. As I said, 11 percent of the employees under the act have been formerly employed by the agent.

Mr. FLOOD. I am not talking about formerly employed. I am talking about people who retired.

Mr. FASSER. We do not have figures on retired persons.

Mr. FLOOD. Are you curious?

Mr. FASSER. Yes, sir; but the information is not available at this time.

Mr. FLOOD. You said 11 percent of those employed under the act had formerly been working in that particular unit of government.

Mr. ZUCK. Yes, sir. That amounts to about 15,000 out of the 143,000 persons currently employed under this program.

Mr. FLOOD. Is that good or bad?

Mr. FASSER. It would not be good if they were laid off specifically to take advantage of the program.

Mr. FLOOD. If he left that job 31 days ago, he can be hired back with Federal funds.

Mr. FASSER. Yes, sir. However, if indeed a year ago that particular municipality cut off the second garbage collection and there was a need for the second garbage collection, and the community now had some Federal money so they could have a second garbage collection and they put in a second garbage collection, we would find if they didn't hire people who were definitely out of jobs but had previously been on the payroll maybe a year ago, that would not be bad, Mr. Chairman. It would not be bad if a police station that was reduced in force, or a fire station that was closed rehired personnel. We would not consider this a substitution of funds.

Mr. FLOOD. Do you examine to see if they have sounder reasons to bring them back under your money than they had when they left 31 days ago?

Mr. FASSER. No, sir. We don't have that kind of information.

Mr. FLOOD. You can see the possibilities. The boss says "Look, Mac, check the records. You have 30 days' leave coming. Why don't you quit and go to Florida for 30 days and come back and we will give you a $12,000 a year job." He says, "OK," and quits and comes back in 31 days for 12 grand.

Mr. FASSER. The maximum wage is $12,000 per year.

Mr. FLOOD. I only gave him $12,000.

Mr. FASSER. The average wage under the program is $7,200.

Mr. FLOOD. Then say he gets $6,400 and you are going to give him $8,000 when he comes back. The county saves $6,400 and Mac is ahead $1,600.

Mr. ZUCK. So far as we know there are very few instances of this and a major audit program has been established to look into such cases. Most of those 15,000 who were recalled or rehired were individuals who had worked for the unit of government prior to the time and had been laid off.

Mr. FLOOD. I suppose there are local people looking at that thing just as closely as Flood is today, and any hanky-panky going on the local new media would discover very quickly.

Mr. ZUCK. Yes, sir.

AREAS HIRING PREVIOUSLY EMPLOYED PERSONNEL

Mr. MICHEL. Since you say 11 percent and specifically say 15,000——

Mr. ZUCK. I was applying the 11 percent to the current enrollment level of 143,000.

Mr. MICHEL. That means there had to be bits and pieces put together to make 15,000. Where were those areas where those people were found to be so employed?

Mr. ZUCK. We don't have that information readily available.

Mr. MICHEL. How can you get the 15,000 if you don't know where they are?

Mr. ZUCK. We can provide that information on the first 45,000 enrollees as of December 1, 1971. That is not information that we have readily available, but we will provide it for the record.

Mr. MICHEL. Why don't you supply for the record some information as to where they are? It is no insignificant amount. We went over this with Mr. Lovell yesterday and he said you don't consider that to be too bad. That is probably better than our expectations but we warned against this happening.

My own view is that 30 days is too little and it ought to be 60 or 90 days to make sure that the fellow doesn't do what the chairman says can be done and is in fact being done in some cities. We want to see it stopped. That is why I would like to have whatever figures you have in the record showing where this is happening. Maybe we can do something about correcting this and make the program work the way it was intended to and not be a substitution of Federal funds for State and local funds.

Mr. FASSER. You can imagine the correspondence we have showing the tremendous interest in substituting.

Mr. FLOOD. Sure we can.

(The information follows:)

Program agent	Section	Total enrollment	Previously employed	Previously employed (percent)
REGION I				
Connecticut	5	353	45	13
Bridgeport, Conn	5	201	26	12
Hartford, Conn	5	101	15	15
New Haven, Conn	5	76	13	17
Stamford, Conn	5	44	8	18
Waterbury, Conn	5	111	15	14
Connecticut	6	71	10	14
Maine	5	575	76	13
Do	6	97	20	21
Boston, Mass	5	61	20	33
Brockton, Mass	5	33	5	15
Cambridge, Mass	5	34	24	71
New Bedford, Mass	5	68	21	31
Somerville, Mass	5	35	4	11
Springfield, Mass	5	48	5	10
Worcester, Mass	5	30	10	33
Cambridge, Mass	6	11	10	91
Lynn, Mass	6	13	4	31
Rhode Island	6	41	12	29
REGION II				
New Jersey	5	121	27	22
Bergen County, N.J	5	52	5	10
Hudson Coutny, N.J	5	6	1	17
Monmouth County, N.J	5	142	15	11
Passaic County, N.J	5	30	10	33
Sussex County, N.J	5	13	2	15
New York	5	452	124	27
New York City, N.Y	5	1,184	511	43

Program agent	Section	Total enrollment	Previously employed	Previously employed (percent)
Nassau County, N.Y.	5	39	5	10
Niagara County, N.Y.	5	30	5	17
Jefferson County, N.Y.	5	195	21	11
Orange County, N.Y.	5	33	5	15
Schenectady County, N.Y.	5	4	1	25
St. Lawrence County, N.Y.	5	38	6	16
Cheektowaga Town, N.Y.	5	15	3	20
Tonawanda Town, N.Y.	5	14	2	14
Schenectady, N.Y.	6	4	1	25
Broome County, N.Y.	6	24	3	13
Cattaraugus County, N.Y.	6	7	1	14
Jefferson County, N.Y.	6	20	3	15
St. Lawrence County	6	6	6	100
REGION III				
Wilmington, Del.	5	33	8	24
Do.	6	15	4	27
Baltimore, Md.	5	162	18	11
Baltimore County, Md.	5	54	7	13
Frederick County, Md.	5	22	3	14
Baltimore County, Md.	6	9	2	22
Erie, Pa.	5	44	22	50
Philadelphia, Pa.	5	847	96	11
Allegheny County, Pa.	5	20	2	10
Erie, Pa.	6	2	2	100
Reading, Pa.	6	7	1	14
Franklin County, Pa.	6	5	2	40
Mercer County, Pa.	6	10	1	10
Hampton, Va.	5	7	1	14
Newport News, Va.	5	20	2	10
Virginia Beach, Va.	5	15	3	20
Chesterfield County, Va.	5	9	1	11
REGION IV				
Birmingham, Ala.	5	20	6	30
Miami, Fla.	5	46	6	13
Orlando, Fla.	5	56	9	16
Dade County, Fla.	5	107	17	16
Palm Beach County, Fla.	5	8	1	13
Polk County, Fa.	5	18	3	17
Dade County, Fla.	6	10	3	30
Georgia	5	181	21	12
Atlanta, Ga.	5	9	1	11
Lexington, Ky.	6	6	2	33
North Carolina	5	13	2	15
Charlotte, N.C.	5	20	6	30
Winston-Salem, N.C.	5	78	15	19
Gaston, N.C.	5	9	2	22
Mecklenburg County, N.C.	5	7	1	14
Robeson County, N.C.	5	52	6	12
Rowan County, N.C.	5	5	1	20
Wake County, N.C.	5	20	2	10
Tennessee	6	52	5	10
REGION V				
Peoria, Ill.	5	27	6	22
Champaign County, Ill.	5	7	1	14
Lasalle County, Ill.	5	25	4	16
McHenry County, Ill.	5	10	1	10
Rock Island County, Ill.	5	22	3	14
St. Clair County, Ill.	5	29	3	10
Winnebago County, Ill.	5	13	2	15
Indianapolis, Ind.	5	52	12	23
Vigo County, Ind.	5	10	1	10
Ann Arbor, Mich.	5	3	3	100
Dearborn Heights	5	19	2	11
Detroit, Mich.	5	42	41	98
Flint, Mich.	5	33	32	97
Grand Rapids, Mich.	5	134	75	56
Lansing, Mich.	5	42	5	10
Livonia, Mich.	5	5	1	20
Pontiac, Mich.	5	44	21	48
Saginaw, Mich.	5	15	3	20
St. Clair Shores	5	37	7	19
Bay County, Mich.	5	102	52	51
Calhoun County, Mich.	5	47	7	15
Genessee County, Mich.	5	36	15	42
Jackson County, Mich.	5	91	25	27
Lenawee County, Mich.	5	10	3	30
Muskegon County, Mich.	5	54	14	26
Oakland County, Mich.	5	32	9	28
Saginaw County, Mich.	5	32	4	13

Program agent	Section	Total enrollment	Previously employed	Previously employed (percent)
Grand Rapids	6	41	6	15
Bay County, Mich	6	42	10	24
Calhoun County, Mich	6	11	4	36
Jackson County, Mich	6	7	3	43
Muskegon County, Mich	6	16	5	31
Duluth, Minn	5	26	4	15
Minneapolis, Minn	5	69	9	13
St. Paul, Minn	5	91	9	10
St. Louis County, Minn	5	34	5	15
Duluth, Minn	6	4	1	25
Akron, Ohio	5	46	33	72
Cleveland, Ohio	5	131	131	100
Columbus, Ohio	5	8	2	25
Dayton, Ohio	5	587	84	97
Toledo, Ohio	5	61	42	69
Butler County, Ohio	5	72	7	10
Cuyahoga County, Ohio	5	38	13	34
Erie County, Ohio	5	14	2	14
Green County, Ohio	5	62	10	16
Licking County, Ohio	5	9	1	11
Medina County, Ohio	5	15	2	13
Miami County, Ohio	5	36	5	14
Richland County, Ohio	5	22	3	14
Stark County, Ohio	5	24	3	13
Trumbull County, Ohio	5	26	8	31
Warren County, Ohio	5	58	17	29
Ohio	5	80	16	20
Dayton, Ohio	6	7	6	86
Toledo, Ohio	6	9	1	11
Clermont County, Ohio	6	37	11	30
Greene County, Ohio	6	8	2	25
Warren County	6	34	5	15
Milwaukee, Wis	5	100	15	15
Manitowac County, Wis	5	16	2	13
Sheboygan County, Wis	5	19	3	16
Fond du Lac County, Wis	6	4	4	100
REGION VI				
Pulaski County, Ark	5	20	4	20
Baton Rouge, La	5	159	16	10
Lafayette Parish, La	6	5	1	20
Rapides Parish	6	24	3	13
St. Landry Parish	6	39	8	21
Oklahoma City, Okla	5	33	5	15
Tulsa, Okla	5	72	15	21
Oklahoma	6	160	22	14
Amarillo, Tex	5	17	2	12
Corpus Christi, Tex	5	26	5	19
Fort Worth, Tex	5	56	6	11
Irving, Tex	5	10	1	10
Bexar County, Tex	5	8	1	13
Galveston County, Tex	5	13	2	15
Austin, Tex	6	7	1	14
REGION VII				
Davenport, Iowa	5	37	4	11
Des Moines, Iowa	5	24	4	17
Dubuque County, Iowa	5	24	4	17
Topeka, Kans	5	17	3	18
Kansas City, Mo	5	259	30	12
St. Louis, Mo	5	563	55	10
Omaha, Nebr	5	51	5	10
Do	6	10	2	20
REGION VIII				
South Dakota	5	303	33	11
REGION IX				
California	5	155	26	17
Compton, Calif	5	39	4	10
Concord, Calif	5	6	1	17
Fremont, Calif	5	21	3	14
Fresno, Calif	5	51	9	18
Huntington Beach, Calif	5	43	6	14
Inglewood, Calif	5	27	4	15
Los Angeles, Calif	5	618	145	23
Oakland, Calif	5	72	12	17
Pasadena, Calif	5	63	9	14
Pomona, Calif	5	19	4	21
Richmond, Calif	5	16	5	31
Santa Monica, Calif	5	64	8	13
Stockton, Calif	5	53	8	15

Program agent	Section	Total enrollment	Previously employed	Previously employed (percent)
Torrance, Calif.	5	10	1	10
Fresno County, Calif.	5	83	18	22
Humboldt County, Calif.	5	51	7	14
Kern County, Calif.	5	106	14	13
Merced County, Calif.	5	149	33	22
Sacramento County, Calif.	5	83	8	10
San Diego County, Calif.	5	325	32	10
San Mateo County, Calif.	5	17	2	12
Santa Cruz, County, Calif.	5	77	10	13
Sonoma County, Calif.	5	85	10	12
Fullerton, Calif.	6	3	2	67
Garden Grove, Calif.	6	10	1	10
Oakland	6	33	14	42
Riverside	6	8	1	13
San Francisco, Calif.	6	14	3	21
Santa Monica, Calif.	6	19	4	21
Stockton, Calif.	6	26	4	15
Humboldt County, Calif.	6	25	6	24
Merced County, Calif.	6	56	8	14
San Bernardino County, Calif.	6	29	4	14
San Joaquin County, Calif.	6	75	8	11
Hawaii	5	59	10	17
REGION X				
Alaska	5	98	15	15
Idaho	5	240	53	22
Do.	6	9	3	33
Oregon	5	936	103	11
Portland, Oreg.	5	85	16	19
Oregon	6	112	14	13
Seattle, Oreg.	5	330	64	19
Spokane, Oreg.	5	98	12	12
Clark County, Wash.	5	74	8	11
King County, Wash.	5	599	81	14
Snohomish County, Wash.	5	252	27	11
Thurston County, Wash.	5	17	4	24
Clark County, Wash.	6	30	3	10
Snohomish County, Wash.	6	94	9	10
DISTRICT OF COLUMBIA				
District of Columbia	5	385	53	14

AUDIT FINDINGS

Mr. FLOOD. How many States and local agreements have you entered into and how many audits have you made?

Mr. ANGEBRANNDT. We have 658 program agents.

Mr. FLOOD. Go on and tell us what results do you get from any audits you did make, are you finding any fraud, gross mismanagement? I don't mean mistakes or errors, but patent fraud or gross mismanagement? With a program of this size, people being people, you are going to have certain things develop. First how many agreements?

Mr. ANGEBRANNDT. We have about 1,200 agreements with 658 program agents.

Mr. FLOOD. Is that good?

Mr. ANGEBRANNDT. Yes, the number is manageable.

Mr. FLOOD. Geographic?

Mr. ANGEBRANNDT. This program operates in all the States. Of the 658 agents, 40 are States, 348 are counties, 222 are cities, 22 are Indian tribes and 26 are other governmental units. All program agents have section 5 grants and about 400 have section 6 grants.

Mr. FLOOD. How many audits have you made?

Mr. ANGEBRANNDT. About a month after issuing grants to the first program agents, we conducted postaward surveys to look and see

how the accounting systems work, the proper data to support the work is being done, and how the projects are progressing. We will do a full audit a year after the program starts. The surveys included 150 program agents.

Most of the problems reported in our audits were eligibility problems dealing with residency or lack of a period of unemployment before entering the program. The act requires the person be unemployed 7 days before being eligible.

The other problems reported in the audits were primarily accounting problems, some of the accounting procedures used were very vague. However, most of the problems were minor.

Mr. FLOOD. Did you find no gross mismanagement?

Mr. ANGEBRANNDT. We found very few instances of that and all of them were in the realm of selections based on political affiliations.

Mr. FLOOD. There is not widespread partisanship?

Mr. ANGEBRANNDT. No, sir. First we found political favoritism and second, nepotism. Most instances involved a very small number of participants.

Mr. FASSER. Another problem encountered was the slowness in getting people on the job. We had to crack the whip on a number of program agents so they would get people hired.

Mr. FLOOD. It is hard to believe that there is so little abuse of a program such as this, but apparently it is so.

FOUR AND ONE-HALF PERCENT PROVISION

Mr. MICHEL. I don't expect any of the grants that have been awarded under either section 5 or 6 to any of the cities or counties have yet been affected by the provision that if unemployment is reduced to the extent that it falls below 4½ percent for a period of 3 months there can be no further obligation of funds.

Mr. FASSER. The 4½ percent refers to national unemployment. The current national rate is 5.9 percent.

Mr. ZUCK. As long as the national rate is 4½ percent or more, the program is available nationwide under section 5.

Mr. MICHEL. Even if the unemployment rate in that community is only 3 percent?

Mr. ZUCK. Yes, sir. However, the funds such a community gets are related to its share of the total unemployment picture. It would get a smaller percentage than a community with a higher unemployment rate even if the communities were the same size.

Mr. FASSER. If you take a city with a 3-percent unemployment rate, it would not get funds on the basis of its unemployment rate being over 4½ percent. It would only get money on the basis of the number of unemployed as related to the total number of unemployed in the United States.

So it would not get a great deal of money.

Mr. MICHEL. So, for all practical purposes, any of those recipients of grants during the life of this program are going to be eligible—period. I can't conceive that we are going to have a rate of unemployment less than 4½ percent during the life of this program under current legislation.

NUMBER OF POSITIONS BUDGETED

Are the people for the 565 positions all onboard now?

Mr. FASSER. They are not all onboard yet.

Mr. MICHEL. How many spots do you have filled right now?

Mr. ZUCK. We have filled 335 positions.

Mr. MICHEL. Is there a direct relationship between 400 and $1 billion and 565 and a billion and a quarter? Is it the old Parkinson's law?

Mr. ZUCK. 565 is the number of budgeted positions—as a matter of fact, when this appropriation was passed for 1972, there were 800 positions. As a part of the President's economy reduction, this number was reduced from 800 to 565. We are asking for no more positions in 1973 than the 565 we have in 1972, and we are asking only for the added funds that will finance those positions on a full-year basis.

STATE AND LOCAL MATCHING

Mr. MICHEL. The State, county, and local governments which act as program agents have a 10-percent matching requirement don't they?

Mr. ZUCK. Yes, they do.

Mr. MICHEL. How much of this requirement has been monetary and how much "in-kind"?

Mr. ANGEBRANNDT. We don't have the figures now, but we can provide them for the record.

(The information follows:)

Current estimates show that 85 percent of the 10 percent local matching requirement has been in kind and 15 percent has been monetary.

Mr. ANGEBRANNDT. The local governments have spent quite a bit of their own money to finance the administration of the program. They have bought supplies and equipment that can't be purchased with Federal money under this act. This is one of the reasons we are asking for greater administration money right now.

Mr. MICHEL. Would you for the record define what in kind is under the terms of the act?

Mr. ANGEBRANNDT. Under the act, non-Federal in kind contributions may include, but are not limited to, plant equipment and services.

Mr. MICHEL. Is this set out very clearly in your rules and regulations?

Mr. ANGEBRANNDT. Yes, sir. The program agents have flexibility to put their 10 percent in either cash or in kind. There is no equipment there.

Mr. MICHEL. Let me have spelled out in the record the specific allowable, as you have distributed that information out into the field.

(The information follows:)

Guidance on allowable in kind and cash costs for the contributing share will be provided in the PEP handbook (currently being revised) as outlined below.

MATCHING

1. The 10 percent non-Federal share must be expended for a purpose which is allowable under the provisions of subpart 1–15.7 of title 41 of the Code of Federal Regulations.

2. Non-Federal participation may be derived from a variety of sources, including newly appropriated funds and previously appropriated funds and the time of personnel used by the program agent or the employing agency for the program. Examples of additional costs that are allowable as in kind include:

(*a*) Depreciation for equipment used by a participant or for overall program administration.

(*b*) A pro-rata share of rental based on space occupied by a participant or use for overall program administration.

(*c*) Materials and supplies used by a participant in his duties or for overall program administration.

(*d*) Wages paid to a participant in excess of $12,000 per year.

(*e*) Funds other than EEA funds used to compensate participants for authorized overtime.

(*f*) Advertising.

(*g*) Printing and reproduction.

(*h*) Training and education of participants, supervisors or PEP administrative staff.

3. Voluntary services or space donated to the grantee from private sources may not be included as non-Federal share unless specifically accepted by the Secretary.

4. Other Federal funds may not be used for a program agent's 10-percent contribution, whether in cash or in kind, unless the law under which the Federal funds were made available specifically permits their use for this purpose, or when the employing agency is a Federal agency.

Model cities funds are an example of Federal funds that can be used for matching contributions. The legislative authority for model cities permits the use of these funds for in kind if the EEA participant is employed in an approved city demonstration program. Manpower Administration Order No. 24–71 provides more specific instructions on the use of these funds.

PROGRAM AGENT AND AGREEMENT PROCESS

Mr. MICHEL. In your justification on page EEA–8 you say:

As the program emerged, it encompassed the following dimensions: over 650 program agents who had received 12,000 grant agreements for distributions to 5,250 subagents, who in turn would authorize 17,500 employing agents to create more than 145,000 jobs.

Is this really as complicated a process as it sounds?

Mr. ANGERBRANNDT. Yes; it is. The Labor Department enters into agreements with 658 program agents, who in turn write individual grants with 5,000 subagents. For instance, the city could be the program agent and the school board, the independent water board and the transportation authority would be subagents. A county might enter into agreements with individual cities, boroughs, and to whatever other units in the county they are distributing their funds.

So it is a long process of agreement and considerations that have to be negotiated between the program agents and the subagents. Then each local government must go to various departments and divisions and work out who is to be employed at what jobs and at what salaries.

PROGRAM AUDITING

Mr. MICHEL. Do you audit this with an in-house operation?

Mr. ANGEBRANNDT. We plan to audit with a mixture of in-house, or departmental, auditors and contracted CPA firms to cover approximately 70 percent of the dollars each year. We don't feel we have to audit 100 percent of the funds. If we can cover 70 percent of the dollars, this would be a sizable undertaking and probably the most ambitious audit program in the Manpower Administration.

Additionally we do monitor programs. The regional manpower staff has scheduled visits with each program agent to look over the operations and check to see they are performing properly and complying with the act.

PARTICIPATION BY VETERANS

Mr. MICHEL. Am I correct that of that first 45,000 or 50,000 people that were taken onboard about half were veterans—47 percent?

Mr. FASSER. It was roughly 47 percent veterans.

Mr. MICHEL. Would that percentage hold true for that entire 155,000?

Mr. ANGEBRANNDT. That percentage hasn't changed.

REVISION OF PROGRAM GUIDELINES

Mr. MICHEL. Then in the justification on page EEA–12 there is a reference to "adjustments and revisions to program guidelines, regulations, and procedures" which are to be made in fiscal year 1973 "as the result of the first year of experience with the program."

What about these revisions? What form are they going to take? What have you learned about administration of the program that indicates a need for these revisions?

Mr. ANGEBRANNDT. There will be a revision of our guidelines to answer a lot of questions that have arisen during the first year. One question concerns overtime. How much will we pay and will we pay overtime with Federal funds? How are teachers to be paid? What retirement costs can and can't be paid? How are the significant segments more properly defined? What are allowable costs of printing and reproduction? There is a whole range of basic administrative questions that we did not anticipate in the beginning of the program and we have had to answer during the year and we will include the answers in our next year's guidelines. We also intend to clarify some points, such as transition. We require the local governments to plan to enlist at least half of the program participants into their own unsubsidized positions during the year or to fill half of the vacancies in their organizations with program participants whichever is less, assuming local civil service rules or bargaining agreements do not prohibit it.

I think we have to better define and explain maintenance of effort. These are the types of problems we are working on right now for the program.

GEOGRAPHIC DISTRIBUTION OF PROGRAM

Mr. MICHEL. Do we have a breakdown in the record of where these 155,000 people are being hired? We heard about the big problem in Seattle, Wash. That was obviously in a section 6 area. Was it the whole State?

Mr. FASSER. It was the whole State.

Mr. MICHEL. How many of those 155,000 will be in the State of Washington? Do you have that broken down?

Mr. FASSER. We can break out the number of people and the amount of money.

Mr. MICHEL. Is it fair to say that in all 50 States some people are getting in on a little bit of the action?

Mr. ANGEBRANNDT. Yes, sir. In addition to the 50 States, Guam, Puerto Rico, American Samoa, Virgin Islands, and the trust territories will receive allocations.

Mr. MICHEL. Break it down by States so we know how many they have. And then show the 10 largest city applicants you have here. Put those in with the number of people and the number of dollars involved.

(The information follows:)

DISTRIBUTION OF FISCAL YEAR 1972 EEA FUNDS AND SLOTS BY STATE

State	Fiscal year 1972 funds	Funded slots	State	Fiscal year 1972 funds	Funded slots
Alabama	$7,155,000	1,484	Montana	$5,400,000	925
Alaska	5,994,000	930	Nebraska	2,927,000	487
Arizona	8,761,000	1,302	Nevada	2,824,000	355
Arkansas	6,871,000	1,302	New Hampshire	1,996,000	281
California	184,303,000	21,576	New Jersey	61,203,000	7,663
Colorado	3,644,000	620	New Mexico	5,382,000	1,011
Connecticut	28,623,000	2,293	New York	88,545,000	10,421
Delaware	2,268,000	423	North Carolina	7,501,000	1,349
District of Columbia	3,669,000	624	North Dakota	2,365,000	325
Florida	10,928,000	1,757	Ohio	33,285,000	3,887
Georgia	8,004,000	1,366	Oklahoma	7,113,000	1,254
Guam, Samoa, Trust Territory	970,000	346	Oregon	12,464,000	2,330
Hawaii	2,499,000	378	Pennsylvania	37,752,000	6,818
Idaho	2,751,000	682	Puerto Rico	27,948,000	10,624
Illinois	47,596,000	6,684	Rhode Island	6,517,000	934
Indiana	21,865,000	2,599	South Carolina	11,396,000	2,722
Iowa	4,636,000	806	South Dakota	2,430,000	614
Kansas	9,560,000	1,736	Tennessee	10,174,000	1,914
Kentucky	12,941,000	2,487	Texas	18,184,000	3,502
Louisiana	16,611,000	3,339	Utah	5,717,000	927
Maine	6,921,000	1,231	Vermont	2,453,000	406
Maryland	7,256,000	1,412	Virginia	5,282,000	705
Massachusetts	37,041,000	4,840	Virgin Islands	530,000	130
Michigan	66,755,000	8,847	Washington	51,120,000	7,379
Minnesota	14,736,000	2,513	West Virginia	8,480,000	2,020
Mississippi	4,961,000	1,222	Wisconsin	16,019,000	2,114
Missouri	16,904,000	2,841	Wyoming	1,755,000	316

DISTRIBUTION OF EEA FISCAL YEAR 1972 FUNDS AND SLOTS TO THE 10 LARGEST CITIES

City	Fiscal year 1972 funds	Funded slots
New York	$31,511,800	2,642
Los Angeles	23,329,000	3,148
Detroit	19,073,800	2,338
Chicago	17,432,800	1,297
Philadelphia	13,517,200	2,198
Newark	10,518,200	840
Seattle	8,411,400	1,116
Cleveland	6,587,300	346
San Francisco	5,495,500	964
St. Louis	5,488,000	894

Mr. MICHEL. That concludes my questions, Mr. Chairman.

Mr. FLOOD. Mr. Shriver?

ANALYSIS OF PROGRAM EFFECTIVENESS

Mr. SHRIVER. On page 11 you say some of the 1973 funds will be required for analysis of program effectiveness and impact. Who will do this at the local level—the people who set the program up?

Mr. FASSER. In an effort to analyze program effectiveness and impact, the public employment program's national office will determine those areas of program administration and performance which require study at the local level. The national office will then arrange for Federal personnel or private contractors who have the required expertise to conduct the studies.

ENROLLEE TERMINATIONS

Mr. SHRIVER. The enrollee terminations shown on page 11 increase from 14,000 in this first year to 81,000 in 1973. Is this due to the anticipated improvement in the total economic picture? Have these people

been readily willing to rejoin unsubsidized employment when the opportunity occurred? Explain how you intend to place special emphasis on the "transitional" aspects of the program in 1973.

Mr. FASSER. The increased number of terminations anticipated for 1973 is based on the requirement that program agents either move 50 percent of their PEP participants into permanent unsubsidized jobs or that they fill 50 percent of the vacancies in their organizations with PEP employees. Of the 36 percent who are currently having the subsidized jobs, 24 percent are taking jobs in the private sector and 12 percent continue in unsubsidized public employment, so we believe there is a willingness to accept unsubsidized jobs. Methods to further the goal of transition will include increasing orientation of supervisors of participants; holding the program agents accountable for establishing employability planning services for each participant; placing emphasis on job development, job modification and employment counseling; developing procedures for referring participants to the manpower support activity shortly after PEP enrollment; and following up the progress of each PEP participant until he is placed in subsidized employment, training or terminated.

COMMENDATION OF PROGRAM ADMINISTRATION

Mr. SHRIVER. I want to congratulate you and Mr. Mirengoff and all the others in your shop who have worked hard and efficiently to launch this program. I know in my own home town of Wichita, Kans., approximately 800 persons are now employed who would not have been. As you noted in your statement, the prompt allotment of these funds is unusual for Government programs. It represents a fine job on your part and on the part of the local administrators of these funds.

Mr. FASSER. Thank you.

Mr. SHRIVER. On page 10 you show data on the first 45,000 persons employed by this program. If later data is available before these hearings go to press, we should include them.

Mr. FASSER. Data on the first 93,000 persons employed by this program show no significant changes from the data on the first 45,000 participants.

VETERAN PARTICIPATION

Mr. SHRIVER. I see that 47 percent of the recipients were veterans. How many of these were Vietnam veterans?

Mr. FASSER. Of the 47 percent who are veterans, about 29 percent are Vietnam era veterans.

Mr. SHRIVER. I am also interested in the other categories. Do you have guidelines which specify minimum for any of these other categories such as you have for veterans?

Mr. FASSER. No, sir. However, each program agent is required to assure that due consideration is given to such significant segments of the unemployed population as veterans, minorities, and the disadvantaged.

PUBLIC ASSISTANCE PARTICIPANTS

Mr. SHRIVER. Ten percent of the people were public assistance recipients. Can you estimate how much might have been saved by State

public assistance programs and unemployment programs because of this program?

These savings could, in effect, be said to decrease the actual cost of this program; could they not?

Mr. FASSER. We would not be able to estimate how much has been saved by State public assistance and unemployment programs because of the public employment program.

Mr. SHRIVER. Thank you.

Mr. FLOOD. Mr. Conte?

NUMBER OF ENROLLEES

Mr. CONTE. As of this date, how many people are employed under this program?

Mr. FASSER. As of March 10, 1972, 143,000 enrollees are on board.

Mr. CONTE. Do you have a breakdown of this figure as between section 5 and section 6 programs?

Mr. FASSER. Approximately 108,830 participants have been hired under section 5, and 34, 170 under section 6.

ENROLLEES WHO FIND OTHER PERMANENT EMPLOYMENT

Mr. CONTE. How many people put to work under this act have since been able to find permanent employment opportunities elsewhere?

Mr. FASSER. This information is not available at this time, but we will provide figures to the committee as soon as they become available.

PROGRAM PROBLEMS

Mr. CONTE. What are the major problems you have encountered thus far in the implementation of programs under the act?

Mr. FASSER. Most of the problems encountered have concerned eligibility of the applicants. These dealt mainly with unmet residency requirements and the lack of a period of unemployment before entering the program. There were also some accounting problems. However, most of the problems were minor, and in view of the newness of the program, it is premature to identify any problems as widespread or persistent at this time.

EVALUATION STUDIES

Mr. CONTE. How many evaluation studies of the program are currently in progress? Have any recommendations emerged from these studies?

Mr. FASSER. There are currently eight evaluation studies in progress. However, since the program has only been in operatoin for about 8 months, no recommendations have emerged from these studies.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Robinson?

TRANSITIONAL NATURE OF PROGRAM

Mr. ROBINSON. As I understand the program, when it began it was visualized as a short-term program. Is this correct?

Mr. FASSER. It has a 2-year authorization, sir, and it is tied to the trigger of 4½ percent of national unemployment.

Mr. ROBINSON. Do you have any basis for a prediction at this time as to the proportion of those that are currently employed under the program that it would be likely we would see retained by the employing jurisdictions if the Federal subsidy ends?

Mr. FASSER. We have not made any predictions on that, Mr. Congressman. However, we will be able to tell once we have responsible experience with the transitional nature of the program.

Mr. ROBINSON. As to the transitional nature, on page 10, you say that terminations estimated at 18,000 will reduce the number of employees in positions financed under this program to about 157,000 at the end of fiscal 1973. This, of course, is a termination rate of about one-third.

Mr. FASSER. That is right.

Mr. ROBINSON. Is that considered to be a high termination rate? It would seem so to me.

Mr. FASSER. That is the turnover that we are experiencing with the program.

Mr. ANGEBRANNDT. The turnover rate has been 2 percent per month this year and we expect a greater turnover next year as people move into regular jobs.

Mr. ROBINSON. That is my next question. Where are these people going?

Mr. ANGEBRANNDT. They are filling vacancies that occur in the governments that have hired them. Some of them are also leaving to take private sector jobs. Right now, about 36 percent are leaving subsidized jobs, 24 percent are taking jobs in the private sector and about 12 percent are taking jobs in the public sector.

AVERAGE COST PER ENROLLEE

Mr. ROBINSON. I believe you used the figure which you also quote on page 10 as to the Federal cost of the program being $7,600 on an average per-man basis. But I note that if you include the matching agent's share, that the total cost goes to $8,600. In other words, it costs the local government $1,000 per year to keep one of these people on the job, over and above the salary he gets?

Mr. FASSER. That is correct, but these are normal administrative costs that would be required to support any employee regardless of whether he is hired under this program or a program that is totally funded by the local government.

Mr. ROBINSON. And in direct cost of getting him on that job. So the local government is subsidizing the employment of the individual it might be said to the extent of $1,000 in order to keep him on this job?

Mr. FASSER. Yes, sir; it can be put that way.

ADMINISTRATIVE COST OF PROGRAM

Mr. ROBINSON. You mentioned an item of approximately $61 million for administration of the program at the local level, and state that this money would cover salaries and nonpersonal service costs for those members of the program agent's staff who are not themselves eligible to be hired under the act. This to me would seem to be a high figure for additional administrative staffing and I wonder if you could

give me some examples of who these people might be and what the rationale is to include this kind of money for their employment.

Mr. ANGEBRANNDT. Each program agent and subagent has a program manager who takes care of the grants and sees that the funds are properly administered. Clerical help is also needed. A large expense involves the accounting and protection of Federal funds to make sure they are properly managed. In general, the agents are trying to be very careful of their expenses. There are several levels of management involved. There are program agents who get funds from us, and there are other local levels of government who are also administering programs under the program agents.

So each level of management has expense. Some of the subagents are rather large, and they must have an extensive management capability to take care of the funds they get and insure that the program is run properly, that the people hired are eligible and that the selections made are objective and proper.

Mr. ROBINSON. Does this infer that the expense involved can be paid for on a part-time basis, it does not necessarily involve full-time people?

Mr. ANGEBRANNDT. The share of a man's time spent on EEA programs is an allowable cost, and his salary could be paid partially by Federal moneys and partially by local moneys, depending on how the time is split between the Federal program and his normal responsibility. This is allowed. We do have quite a few part-time people paid from Federal funds.

Mr. MICHEL. Under those circumstances does the same limitation apply on the maximum salary when it is shared?

Mr. ANGEBRANNDT. No, sir.

Mr. MICHEL. In other words, could one get the maximum of $12,000 from the Federal program and the same amount from his local source?

Mr. ANGEBRANNDT. The $12,000 does not apply to administrative personnel, it only applies to participants in the program.

Mr. MICHEL. Are any participants in the administrative level?

Mr. ANGEBRANNDT. Yes, they are. They could not be paid more than $12,000.

Mr. MICHEL. Thank you.

UTILIZATION OF UNDEREMPLOYED PEOPLE

Mr. ROBINSON. It has been suggested that a significant number of those being employed in the public service category under this program may be ignoring, or even giving up useful employment, in the private sector in order to be eligible for better paying positions under this program.

Mr. FASSER. In terms of the number of people that have been hired up to this point, 90 percent of them have been unemployed and only 10 percent have been what we would term underemployed. Indeed, the act does provide for eligibility for people that are underemployed.

Mr. MICHEL. How do they define underemployed? Does the act do that?

Mr. FASSER. The act says simply "underemployed."

Mr. MICHEL. Then how have you defined that in your rules and regulations?

Mr. ANGERBRANNDT. We have taken "underemployed" to mean part time, or if he receives less than poverty wages.

Mr. MICHEL. And poverty wages today are what?

Mr. ANGEBRANNDT. For a family of four it is $4,000.

Mr. MICHEL. A family of four, $4,000.

Mr. FASSER. To follow up further on your question, 40 percent of those hired under the program have been unemployed 15 weeks or more. When you speak about the underemployed, prior to coming to the program 18 percent, for example, made under $1.60 an hour. After coming into the program only 2 percent made under $1.60 an hour. That is quite possible where the prevailing rate applies in a low-wage area. That is the difference in terms of impact.

ALLOCATION OF FUNDS TO SMALLER LOCALITIES

Mr. ROBINSON. I note my home State of Virginia based on the statistics on page 9 received $5,282,000. Am I correct in presuming that all of this went to the communities of over 75,000 population?

Mr. FASSER. No, sir, that amount includes money for smaller local areas of the State. All of it would not have gone to cities that have over 75,000 population. The smaller areas of the State, for example, got $2,620,000 under section 5 while the entire State got $4,459,000 from section 5 money.

Mr. MICHEL. As a matter of fact, isn't there an administrative decision there with respect to the allocation to the States, to make sure there would be some equitable distribution to those smaller communities and that it wouldn't be concentrated in the big cities of 75,000 and over?

Mr. ZUCK. Yes. Just as in the example the chairman was asking about earlier, concerning the allocation from a county to a city within the county. When the balance of the State gets the funds for the areas with populations of less than 75,000, the State distributes that equitably on the basis of unemployment throughout the remaining areas of the State.

Mr. ROBINSON. I am inclined to comment that in the State of Virginia, and indeed in my own district, because of the fortunately very low rate of unemployment, that I would subscribe to the thought that has been expressed by Congressman Michel with regard to the distribution of funds in those areas where the situation does not necessarily call for this money being used. I think that trying to spread a little bit of it into every locality really accomplishes very little and it would seem to me that it would hurt the program where it is needed the most.

That is all, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION OF THE BUDGET ESTIMATES

MANPOWER ADMINISTRATION

Emergency Employment Assistance

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate.....	$ 1,000,000,000	$ 1,250,000,000

Obligations By Activity

	1972 Appropriation Revised		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Emergency Employment Assistance.....	--	$990,766,000	--	$1,237,850,000	--	$+247,084,000
2. Federal support.....	565	9,234,000	565	12,150,000	--	+ 2,916,000
Total, obligations by activity.....	565	1,000,000,000	565	1,250,000,000	--	+250,000,000

MANPOWER ADMINISTRATION

Emergency Employment Assistance

Obligations By Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
Total number of permanent positions.....	565	565	---
Average number of all employees.....	340	526	+ 186
Personnel Compensation: Permanent Positions.....	$ 4,996,000	$ 7,812,000	+ $ 2,816,000
11 Total personnel compensation.....	4,996,000	7,812,000	+ 2,816,000
12 Personnel benefits.....	422,000	664,000	+ 242,000
21 Travel and transportation of persons.....	878,000	882,000	+ 4,000
22 Transportation of things.....	44,000	57,000	+ 13,000
23 Rent, communications and utilities.....	428,000	510,000	+ 82,000
24 Printing and reproduction.....	143,000	170,000	+ 27,000
25 Other services.....	2,027,000	1,735,000	- 292,000
26 Supplies and materials.....	35,000	170,000	+ 135,000
31 Equipment.....	261,000	150,000	- 111,000
41 Grants, subsidies, and contributions.....	990,766,000	1,237,850,000	+ 247,084,000
Total, obligations by object.....	1,000,000,000	1,250,000,000	+ 250,000,000
Working Capital Fund items included above.....	(554,000)	(565,000)	(+11,000)

MANPOWER ADMINISTRATION

Emergency Employment Assistance

Summary of Changes

	Pos.	Amount
1972 Enacted appropriation.....	800	$ 1,000,000,000
Reserve, President's economy actions of 8/15/71.....	- 235	---
1972, Available for obligation.....	565	1,000,000,000
1973 Estimate.....	565	1,250,000,000
Total Change.....	---	+ 250,000,000
Mandatory Items:		
Increases:		
Net additional cost of within-grade promotions effective for part year in 1972.....	---	+ 76,000
Net cost of within-grade promotions becoming effective in 1973.....	---	+ 130,000
To provide full year cost for positions partly funded in 1972 from passage of the Emergency Employment Act (personal services, $2,942,000; non-labor, -$142,000).	---	+ 2,800,000
Subtotal, increases.....	---	+ 3,006,000
Decrease:		
To provide for a decrease of two extra days of pay for current year staff.....	---	- 90,000
Total, mandatory items.....	---	+ 2,916,000
Program Items:		
Increases:		
To provide wages, benefits, training and manpower services for program participants, and for local administration of the program (page EEA-11).....	---	+ 241,084,000

To provide for statistical support and assistance to agents (page EEA-11).....	---	+ $6,000,000
Total, program items.....	---	+ 247,084,000
Total Change.....	---	+ 250,000,000

Activity 1. EMERGENCY EMPLOYMENT ASSISTANCE (1972, $990,766,000; 1973, $1,237,850,000)

The Emergency Employment Assistance Program, authorized by the Emergency Employment Act of 1971, Public Law 92-54, dated July 12, 1971, is designed to provide unemployed and underemployed persons with transitional employment in needed public service jobs during periods of high unemployment. These jobs will help fulfill public needs which cannot be met at the local level of government due to a lack of funds. Training and supportive services will be offered to participants to increase their productivity and readiness for promotion. The Secretary of Labor is authorized to enter into agreements with State, county and city governments who will administer the program in their own areas and, as the designated agents of the Labor Department, will also make funds available to other governmental units, such as school districts, smaller counties and towns, which also qualify for agreements under the Act. The Federal government pays for wages, benefits, training and supportive services for those employed under the Act: administration of the program at the local level; and specialized data collection required by law. The State, county and local governments which act as program agents have a 10 percent matching requirement which may be in-kind or monetary. According to the authorizing legislation, funds may be obligated during fiscal years 1972 and 1973 if the national unemployment rate equals or exceeds 4.5 percent for three consecutive months or if the unemployment rate in specific areas is six percent or higher for three consecutive months. Although this program is an emergency measure to counteract unemployment, emphasis is placed on the development of skills and abilities which enable program participants to move into employment or training not supported under this Act. The Act provides an authorization of $1,000,000,000 for fiscal year 1972 and $1,250,000,000 for fiscal year 1973.

In 1972, the Emergency Employment Assistance Program completed its first six months (August 1971 to January 1972) from appropriation to implementation with a record of remarkable speed and effort unusual in the Federal government. Apportionment of funds has met the timetable with a lag of only a few weeks. Employment of people has been delayed somewhat, but the approximately 143,000 persons at work as of March 10, 1972, in a broad spectrum of public service occupations by and large represent the clientele for whom the legislation was intended.

Within one week of the signing of the Appropriations Bill by President Nixon on August 9, 1971, the program was underway. To meet the President's mandate and the Congressional intent, a task force had already been assembled to design and implement the program. The task force was able to allocate the $600,000,000 of Section 5 funds by August 12, and issued program regulations and grants instruments one day later. On August 13, the first agreement was approved for Paterson, New Jersey and the first program participant was hired by that city three days later. By Labor Day, 3,113 workers had been hired under the Act. In rapid succession, Section 6 guidelines were published and $200,000,000 of Section 6 funds were allocated on September 21. On September 28, the first $7,000,000 in Indian allocations were made, and on October 8, the $115,000,000 discretionary funds were allocated. As the program emerged, it encompassed the following dimensions: over 650 program agents who would receive 12,000 grants agreements for distribution to 5,250 sub-agents, who, in turn, would authorize 17,500 employing agents to create more than 145,000 jobs.

Between August 9, 1971, and January 31, 1972, all allocations were completed for a total of approximately $981,000,000, distributed as follows:

Alabama	$ 7,155,000	Montana	$ 5,400,000
Alaska	5,994,000	Nebraska	2,927,000
Arizona	8,761,000	Nevada	2,824,000
Arkansas	6,871,000	New Hampshire	1,996,000
California	184,303,000	New Jersey	61,203,000
Colorado	3,644,000	New Mexico	5,382,000
Connecticut	28,623,000	New York	88,545,000
Delaware	2,268,000	North Carolina	7,501,000
District of Columbia	3,669,000	North Dakota	2,365,000
Flordia	10,928,000	Ohio	33,285,000
Georgia	8,004,000	Oklahoma	7,113,000
Guam	970,000	Oregon	12,464,000
Hawaii	2,499,000	Pennsylvania	37,752,000
Idaho	2,751,000	Puerto Rico	27,948,000
Illinois	47,596,000	Rhode Island	6,517,000
Indiana	21,865,000	South Carolina	11,396,000
Iowa	4,636,000	South Dakota	2,430,000
Kansas	9,560,000	Tennessee	10,174,000
Kentucky	12,941,000	Texas	18,184,000
Louisiana	16,611,000	Utah	5,717,000
Maine	6,921,000	Vermont	2,453,000
Maryland	7,256,000	Virginia	5,282,000
Massachusetts	37,041,000	Virgin Islands	530,000
Michigan	66,755,000	Washington	51,120,000
Minnesota	14,736,000	West Virginia	8,480,000
Mississippi	4,961,000	Wisconsin	16,019,000
Missouri	16,904,000	Wyoming	1,755,000

An additional $9,766,000 was made available for agent assistance and statistical support as follows:

Labor Market Information	$2,000,000
Audit Contracts	2,000,000
Technical Assistance and Training	3,000,000
Evaluation	2,766,000

Agreements were signed with 658 program agents, of which 40 were States, 348 were counties, 222 were cities, 22 were Indian tribes, and 26 were other independent governmental units such as school districts. By March 10, 1972, 143,000 participants were working in public service occupations across the nation, including 15,730 at the State level, 44,330 at the county level, 81,510 at the city level, and 1,430 with Indian tribal councils. Schools hired teachers' aides; short-staffed police and fire departments were augmented; city clean-up activities were expanded; and needed recreational facilities were expanded and improved. A December, 1971, study based on 120,000 funded jobs showed the following job distribution in the public service areas.

-- 23 percent in public work and transportation;
-- 18 percent in education;
-- 12 percent in law enforcement;
-- 11 percent in health and hospital services;
-- 7 percent in parks and recreation;
-- 6 percent in social services;
-- 5 percent in environmental quality;
-- 3 percent in fire protection;
-- 15 percent in administration and miscellaneous occupations.

Data on the first 45,000 persons indicated that:

-- 47 percent were veterans;
-- 29 percent were minorities;
-- 35 percent were disadvantaged;
-- 72 percent were men;
-- 79 percent had a high school education or more;
-- 11 percent were previously employed by the agent;
-- 10 percent were public assistance recipients;
-- 6 percent were professional people;
-- 16 percent were 45 or older.

The average 1972 Federal cost per man-year is about $7,600, while the total costs per man-year, which includes the matching agent's share, is $8,600. Wages and fringe benefits average $7,200 or 94.2 percent of the Federal cost. Wages (82.4 percent) averaged $6,300 per man-year and fringe benefits (11.8 percent) averaged $900. Training and supportive services averaged $100 per man-year or 1.8 percent of the total. Local and national administration of the program averaged $300 per man-year, accounting for 4.0 percent of the total. The average salary earned by participants before entry into the program was $2.76 per hour, as compared with $2.95 after entry.

As the year has progressed excess funds have developed because of the staggered rate of participant hire. In keeping with the intent of the Act, Program Agents have been authorized to utilize available funds to hire additional participants, with full consideration for fiscal year 1973 limitations. Consequently, most of the additional $250,000,000 appropriation in 1973 will be required to support the peak employment level reached at the end of FY 1972. This procedure permits more entrants in 1972 than would otherwise be the case.

Preliminary reports indicate that the State and local communities are performing well and that to a large extent merit systems are accommodating those who should receive priority consideration in proportions consistent with their relative number among the unemployed. These include persons with limited knowledge of English, welfare recipients and others from families with incomes below the poverty line, migrants, young persons (18 and over) entering the labor force, older workers, and workers affected by technological change or cutbacks in Federal employment.

In 1973, the authorizing legislation provides for an expansion from the 1972 level of $990,766,000 to $1,237,850,000. The increase amounts to $247,084,000.

The request for $1,091,095,000 for wages and benefits represents an increase of $182,895,000 over the 1972 level of $908,200,000. This amount will finance 92,000 new entrants in public service jobs, in addition to those participants remaining in the program at the end of fiscal year 1972. Terminations estimated at 81,000 will reduce the number of employees in positions financed under this program to about 157,000 at the end of fiscal year 1973. The request for $1,091,095 for wages and benefits is based on an estimated average of 154,700 positions in 1973. Of these funds, $800,000,000 will be apportioned among States from Section 5 funds and $250,000,000 from Section 6 funds.

A total of $70,000,000 representing an increase of $28,200,000 over the 1972 level of $41,800,000 will provide training and manpower services for those participants who require them. These funds are included in the grant to the program agent and if not completely utilized by the Agent, they will be used for wages and benefits. The additional funds requested in 1973 will provide the agents with more flexibility to provide training and services to participants.

A total of $60,989,000 for administration of the program at the local level representing an increase of $29,989,000 over the 1971 level and will provide for an increase in administrative costs due to the expanded number of participants

and the increased attention given to the transition of employees from subsidized jobs to permanent positions not funded under this Act. Furthermore, 1972 experience showed that the $31,000,000 distributed among 5,900 governmental units and 17,500 employing agencies was not adequate to meet basic administrative needs.

A total of $15,766,000 is for agent assistance and statistical support, which includes evaluation, technical assistance and the collection of labor market information and is $6,000,000 above the 1972 level of $9,766,000. FY 1972 expenditures were related primarily to the audit and evaluative review functions which must be maintained in FY 1973. The additional FY 1973 funds will be required for analysis of program effectiveness and impact as the program reaches its full strength. An expanded data collection and follow-up program will aid in the evaluation of the initial and long-term impact of the program on enrollees and the public sector. This will include evaluation studies on the effect of public service employment on local public personnel policies and on local governmental budget and organizational structures.

The unit costs for 1973 will remain substantially the same as in 1972.

Changes for 1973

Mandatory changes amount to..... NONE

Program changes amount to.....$247,084,000

Proposal: It is proposed to finance an increased number of employment opportunities for unemployed and underemployed persons in a continuing effort to counteract unemployment while providing needed public services. Participant levels can be summarized as follows:

	Enrollees Start of Year	New Entrants	Enrollee Terminations	Enrollees End of Year	Man Years
1972	0	160,000	14,000	146,000	96,600
1973	146,000	92,000	81,000	157,000	154,700

The Need: Periods of high unemployment severely limit the work opportunities available to the general population, especially persons of limited English-speaking ability, migrants, veterans, Indians, the poor and disadvantaged, and older persons. Many State and local governments are unable to provide needed public services because of a lack of funds. The Emergency Employment Assistance program attempts to alleviate both these situations.

The Program: The Emergency Employment Assistance program will continue to provide transititional public service employment for the unemployed and underemployed while emphasizing the development of skills and abilities which will enable participants to enter unsubsidized employment as the economy continues to improve. The additional funds requested include $182,895,000 for wages and benefits, $28,200,000 for training and manpower services, $29,989,000 for local administration and $6,000,000 for agent assistance and statistical support.

Activity 2. FEDERAL SUPPORT (1972, $ 9,234,000, Pos. 565;
1973, $12,150,000, Pos. 565)

This activity provides the overall leadership, direction, policy and program planning and procedural guidance for the implementation of the Emergency Employment Assistance Act and carries out the responsibilities of the Secretary including administering grants, monitoring and auditing program agent performance under the grants issued and direct assistance to the program agents.

In 1972, staff was assigned to design and administer a program which led to the rapid implementation of the Act. Guidelines, regulations and application forms and procedures were issued to the 658 program agents designated to administer the program at the local level. Unemployment data was collected and analyzed in order to apportion funds as specified in the Act.

The national staff provided the general direction to the program. This included the establishment of program policies and standards; development of application and grant procedures; development and application of allocation formulas; program planning; designing and arranging for training and technical assistance for program agents, coordinating site visits to selected program agents; and investigating complaints and appeals emanating from program operations. The Manpower Administration components provided program support in the collection and analysis of unemployment data; the compilation and analysis of program data; general fiscal controls; and the conduct of long range evaluation studies.

The regional staff, which comprises seventy-two percent of authorized positions, administered the grants and worked with program agents to ensure that the program is providing productive employment to the unemployed and that the activities undertaken by local units of government receiving funds are consistent with the purposes and provisions of the Act. They conduct annual fiscal audits of program agents. Their efforts will be further supplemented by Certified Public Accountants under contract to the Department to provide annual audit coverage of seventy percent of the dollars granted to the local governmental units. The management and administration of grants and funds, including maintaining expenditure records and controls; providing payments to grants; compiling and analyzing grantee reports; processing grant documents and modifications requested by grantees; and maintaining official grant records and expenditures has also been provided by the regional staff. Field monitors are assigned the responsibility of monitoring the performance of program agents and sub-agents and providing them assistance necessary to the proper conduct of their program. The field monitors are required to review each agent and sub-agent semi-annually (Section 11(b) of the Act).

In 1973, adjustments and revisions to program guidelines, regulations and procedures will be made as the result of the first year of experience with the program. Special emphasis will be placed on the "transitional" aspects of the program to ensure an appropriate number of program participants are placed in unsubsidized jobs. Field monitoring of program agents will continue to ensure that the program is meeting the objectives of the Act. Approximately 30 percent of the funds granted will be subject to fiscal audit by federal staff and another 70 percent of funds will be audited by Certified Public Accountants under contract to the Department of Labor.

Changes for 1973

Mandatory changes amount to	$ 2,916,000
Program changes amount to	None
Positions	None

Mandatory changes provide for increases in within-grade promotion costs and full year cost of positions partly funded in 1972 under the Emergency Employment Act and a decrease for two extra days of pay.

ACTION ON CONGRESSIONAL RECOMMENDATIONS

No specific actions were recommended.

WEDNESDAY, APRIL 12, 1972.

MANPOWER ADMINISTRATION

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

WITNESSES

PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY FOR MANPOWER AND MANPOWER ADMINISTRATOR
ROBERT C. GOODWIN, ASSOCIATE MANPOWER ADMINISTRATOR FOR UNEMPLOYMENT INSURANCE SERVICE
EDGAR I. EATON, DIRECTOR, OFFICE OF FOREIGN ECONOMIC POLICY, BUREAU OF INTERNATIONAL LABOR AFFAIRS
WILLIAM R. CURTIS, DEPUTY ASSOCIATE MANPOWER ADMINISTRATOR FOR UNEMPLOYMENT INSURANCE SERVICE
MINOR R. MILLER, DEPUTY DIRECTOR, OFFICE OF STATE OPERATIONS, UNEMPLOYMENT INSURANCE SERVICE
DAVID L. EDGELL, DEPUTY DIRECTOR, OFFICE OF ACTUARIAL AND RESEARCH SERVICES, UNEMPLOYMENT INSURANCE SERVICE
ALFRED M. ZUCK, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
ROBERT C. HARDEN, DEPUTY CHIEF, DIVISION OF BUDGET, OFFICE OF FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation: Permanent positions	212		
Personnel benefits: Civilian	15		
Benefits for former personnel	406,563	349,962	385,000
Travel and transportation of persons	12		
Rent, communications, and utilities	7		
Printing and reproduction	2		
Other services	93		
Supplies and materials	2		
Equipment	7		
Grants, subsidies, and contributions	31,555	74,000	90,000
Total obligations	438,468	423,962	475,000

PERSONNEL SUMMARY

Total number of permanent positions	24		
Average paid employment	17.0		
Average GS grade	9.9		
Average GS salary	$12,485		

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Payments to Federal employees	100,826	96,990	121,100
2. Payments to ex-servicemen	305,737	252,972	263,900
3. Trade adjustment assistance	31,905	74,000	90,000
Total program costs, funded obligations	438,468	423,962	475,000
Financing:			
Appropriation available from subsequent year	−121,038		
Appropriation available in prior year		121,038	
Budget authority (appropriation)	317,430	545,000	475,000
Relation of obligations to outlays:			
Obligations incurred, net	438,468	423,962	475,000
Obligated balance, start of year	2,837	19,045	19,044
Obligated balance, end of year	−19,045	−19,044	−19,044
Adjustments in expired accounts	220		
Outlays	422,481	423,963	475,000

Mr. FLOOD. Now we have before us the appropriation for "Federal unemployment benefits and allowances." The presentation will be made by Paul J. Fasser, Jr., Deputy Assistant Secretary for Manpower and Manpower Administrator.

BIOGRAPHICAL SKETCHES OF WITNESSES

BIOGRAPHICAL SKETCH OF PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY OF LABOR FOR MANPOWER AND MANPOWER ADMINISTRATOR

Paul J. Fasser, Jr., was appointed Deputy Assistant Secretary of Labor for Manpower and Manpower Administrator in October of 1970.

He joined the U.S. Department of Labor after 19 years with the United Steelworkers of America.

Mr. Fasser started with the steelworkers union in April of 1951 as a research associate in the research department, moved to the arbitration department in 1963 as a contract and arbitration technician, and became assistant director of the contract administration department in 1967.

Among his major responsibilities with the Steelworkers were those of administrator and manager of the major operating section of the contract administration department; membership on numerous standing union-basic steel industry committees such as testing, apprenticeship, contract language review and benefits. In addition, he functioned as the international representative on several innovative programs which include the Kaiser long-range sharing plan, the Alan Wood joint economic expansion plan, and the basic steel earnings protection plan. He was the technical coordinator of the can and aluminum industry negotiating conferences and acted as union consultant to the USW–United States Steel Board of Arbitration.

He was educated in the public schools of Farrell, Pa. While working summers at the Steelworkers headquarters offices in Pittsburgh, he attended Grove City College, the University of Pittsburgh where he studied business administration, and the New York State School of Industrial and Labor Relations of Cornell University where he received his bachelor of science degree in industrial and labor relations in 1951.

A World War II veteran, he served in Europe with the 45th Infantry Division.

Born June 15, 1926, in Gary, Ind., Mr. Fasser is married to the former Mae A. Carino of Pittsburgh. The couple has three children and make their home in McLean, Va.

ALFRED M. ZUCK, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS

Alfred M. Zuck is the Acting Associate Manpower Administrator for Financial and Management Information Systems. In this position, Mr. Zuck is responsible for establishing policy for planning, developing, and administering a financial and management information system for manpower programs.

Prior to assuming this position, Mr. Zuck served as Director of the Office of Evaluation of the Manpower Administration where he was responsible for the program evaluation of the effectiveness of all manpower training, work experience, and job programs operated by the Department of Labor.

Mr. Zuck entered Federal service in July 1958 as a management intern in the Office of the Assistant Secretary for Administration, Department of Labor. He has since served in a variety of administrative management positions with the Department, including, Deputy Assistant Manpower Administrator for Administration—sharing in the full range of administrative management activities for the Manpower Administration, including budget, financial management, personnel, and management analysis.

Mr. Zuck also served as Director of Federal programs with the President's Council on Youth Opportunity.

In 1970 Mr. Zuck was chosen to receive the William A. Jump Memorial Award. This award is presented annually to the two most exceptional young men in Federal service in recognition of their outstanding contributions to the field of public administration.

A native of East Petersburg, Pa., Mr. Zuck graduated from Franklin and Marshall College with an A.B. degree, magna cum laude, in 1957. He took his master's degree in political science with distinction at the Maxwell School of Syracuse University in 1958. He is a member of Phi Beta Kappa, Phi Gamma Mu, and Kappa Sigma.

Mr. Zuck is married and has two children. They reside in Vienna, Va.

BIOGRAPHICAL SKETCH OF EDGAR I. EATON, DIRECTOR, OFFICE OF FOREIGN ECONOMIC POLICY

Mr. Eaton, born June 9, 1914, received his A.B. in economics from Harvard University, 1936.

Mr. Eaton's military service includes active duty as 1st Lieutenant, Medical Administrative Corps, 1943–46.

Mr. Eaton entered Federal service in 1940 and has been with the Department of Labor since 1942—first with the Price Division of the Bureau of Labor Statistics and then as Director of the Office of Foreign Trade Research. From 1963 to 1967 he was the Acting Assistant Manpower Administrator for Trade Adjustment Assistance, a function which was transferred to the Bureau of International Labor Affairs in 1967. Mr. Eaton was appointed to his present position as Director, Office of Foreign Economic Policy, in February 1967. Since 1965 he has also been the Executive Secretary of the Automotive Agreement Adjustment Assistance Board, a Cabinet-level body chaired by the Secretary of Labor.

Mr. Eaton is a member of the American Economic Association; Harvard Club; Industrial Relations Research Association.

Mr. Eaton has published various articles in Duns Review, Monthly Labor Review, Journal of American Economic Association, Quarterly Review of Economics, Review of Economic Statistics, U.S. Department of Labor report, "Impact of Longshore Strikers on the U.S. Economy," January 1970.

Mr. Eaton received meritorious service awards, in 1959 and 1967.

Mr. FLOOD. How do you wish to proceed?

Mr. FASSER. I have a short statement I would like to read, Mr. Chairman.

Mr. FLOOD. Proceed.

GENERAL STATEMENT

Mr. FASSER. Mr. Chairman and members of the committee, this appropriation finances unemployment compensation for the payment

of trade readjustment allowances, and the payment of benefits to former Federal employees and ex-servicemen under title V, chapter 85 of the United States Code. This request totals $475 million for fiscal year 1973, a decrease of $260,562,000 from the 1972 availability.

For fiscal year 1973, the estimated costs of benefits that will be paid to former employees and ex-servicemen will amount to $385 million. Of this total, $263,900,000 will be required for the ex-servicemen's program and $121,100,000 for the former Federal civilian program. This is $198,072,000 less for ex-servicemen and $78,490,000 less for former Federal employees than is currently estimated for fiscal year 1972. This is partly due to a reduction in the number of expected civilian separations from 735,000 to 700,000 and military separations from 1,050,000 to 850,000 resulting in 200,000 fewer beneficiaries. The average duration of compensable unemployment is also expected to decline from 18.2 weeks to 17.1 weeks for former Federal employees and from 14.1 weeks to 12.5 weeks for ex-servicemen due to an improvement in the economy. These reductions will be partially offset by an increase in the average weekly benefit amount from $55.50 to $58.50 and from $56.50 to $59.50 for Federal employees and ex-servicemen, respectively.

These estimates include a reduction of $50,900,000 for the payment of extended benefits in 16 States in 1973 during periods of high State unemployment, as specified in Public Law 91–373, the Employment Security Amendments of 1970. We also expected to continue making extended benefit payments as authorized by Public Law 92–224, the Emergency Unemployment Compensation Act of 1971 in 17 States through September 30, 1972. This program will be reduced by $36,800,000 in fiscal year 1973.

For 1973, we estimate that $90 million will be needed for the payment of allowances to 33,750 workers covered under the Trade Expansion Act which provides that a worker is eligible for readjustment allowances from the time unemployment or underemployment begins as a result of trade agreements. This is an increase of $16 million over 1972 requirements which will provide for the payment of benefits to 5,465 more workers than in the fiscal year 1972 budget. The increase in number of eligibles is a result of an increased number of petitions being filed with the Tariff Commission and the Department of Labor. At least 74 firms will be eligible in fiscal year 1973, in comparison to 64 in the current fiscal year.

This concludes my statement, Mr. Chairman.

OMB ACTION ON 1973 REQUEST

Mr. FLOOD. I see as usual the Office of Management and Budget cut your request, this time by $64,100,000. This makes the budget picture appear better temporarily by $64,100,000. Do they give you any other reason for this cut outside of the budget balancing act?

Mr. FASSER. Mr. Chairman, we have an adjusted estimate that seems to now be adequate to carry us through fiscal 1973. One of the reasons is that the national trigger under the extended benefits program has gone off. Of course that was not even contemplated back in the fall when our original estimates were made up.

So we are in position now to feel fairly sure that this amount of money will carry us through fiscal 1973.

Mr. FLOOD. I see that in order to make the benefit payment figure total to what the OMB allowed you estimate the fourth quarter of next year at only $23,400,000 compared to $69,400,000 for this year's fourth quarter. Does that seem very realistic to you that these payments in 1973 will be only one-third of the amount for 1972?

Mr. FASSER. We hope it works out that way, Mr. Chairman.

Mr. FLOOD. So do I but let's don't kid the troops now. You had to absorb a cut of $64,100,000 by OMB. What did you do? One thing you did was to estimate benefit payments in the fourth quarter of 1973 at one-third of the amount they are in the fourth quarter of 1972.

Mr. FASSER. Yes, sir.

Mr. FLOOD. I don't know what else you can say. It is as plain as the nose on your face. What a nice way to do a balancing act.

Mr. FASSER. We are anticipating an upturn in the economy. We see signs of that. And we are anticipating a drop in the number of weeks of compensation and hopefully we can make it through fiscal 1973 on this amount.

Mr. FLOOD. If you don't, you will say "sorry," and be back with a supplemental request.

Mr. FASSER. I hope, sir, we do not need to come back for a supplemental.

Mr. FLOOD. We hope you get your hope.

TRADE ADJUSTMENT ACT

Mr. FLOOD. With regard to the Trade Adjustment Act program, what is the reason for estimating the continued increase in the number of certified workers? You estimate more than twice as many in 1973 as actually certified in 1971.

Mr. FASSER. The estimate is based on the number of applications that are before the Tariff Commission. I will ask Mr. Eaton to speak to that.

Mr. EATON. The adjustment assistance operation seems to be growing almost at a geometric rate, sir. As people hear about petitions approved by the Tariff Commission, each petition seems to generate three or four new ones. For example, right now as of noon today we checked and there are 32 petitions covering some 30,000 workers either accepted by the Tariff Commission or waiting on the Secretary's desk to be logged in and reviewed. This workload is going up all the time.

Conversely I must admit that Tariff Commission has changed its direction sharply in the past few months. We went from six cases approved at the end of 1970 to 48 cases approved at the end of 1971. We are three-quarters of the way through 1972 and are only up to 56 cases. So we had 48 cases in 1971 covering approximately 17,000 workers, and in the first 9 months of this year we have approved eight cases with 4,000 workers.

This is something that the Tariff Commission controls; we don't.

CASH BENEFITS MOST TYPICAL FORM OF ASSISTANCE

Mr. FLOOD. About the matter of unemployment compensation itself, do most of the certified workers simply take their unemployment compensation or are those provisions of the law providing for training and relocation extensively used?

Mr. EATON. Most of them, sir, from the nature of the cases up to now, have been taking cash benefits. About 60 percent of them have come in and have taken cash benefits.

We just got through with a survey where we found that approximately 50 percent of the workers are back at work, most of them in new jobs. They didn't take their full benefits by any means—they got new jobs, a lot of them through the Employment Service activities. Training hasn't been very extensive.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

INCREASE IN AVERAGE WEEKLY BENEFIT

How do you make the estimate of the average weekly benefit being increased by $3? Is that on the basis of enactments by State legislatures up to this point, an accomplished fact, or is it a projection of what might be in the wind in the coming year?

Mr. FASSER. That is true, we project what we see happening out in the States and we can project fairly accurately what the average payment will be.

INDUSTRIES INVOLVED IN TRADE ADJUSTMENT ASSISTANCE

Mr. MICHEL. On the trade assistance, what industries are we talking about here, what kind of companies?

Mr. EATON. The bulk of the cases have been shoe companies up to now.

Mr. MICHEL. This past year, for example.

Mr. EATON. Let me pick those in Illinois, sir. Wood & Brooks makes piano parts; they are in Illinois. Servus Rubber makes sneakers in Illinois. Brown Shoe, Illinois. Johnson, Stephens & Shinkles, Wurlitzer piano. Conover Cable, piano. Pending before the Commission is General Instrument, making automobile radios in Joliet, Ill.

We have had three turndowns by the Commission in Illinois in this past year. R. C. Allen, typewriters; Continental Can, which is canning machinery rather than cans. And Warwick Electronics. I am not certain what they make. It is one of the electronic things.

In Pennsylvania this last year we had two shoe companies turned down, and H. K. Porter, making heavy electrical equipment.

Mr. MICHEL. When you say turned down, you mean——

Mr. EATON. By the Tariff Commission. They found those workers were not eligible. So our activity in the past year has been shoes and pianos.

OPERATION OF TRADE ADJUSTMENT ASSISTANCE

Mr. MICHEL. As a hypothetical example for the record, here are employees working for a piano company that makes pianos or a shoe company making shoes whose production obviously has been hurt to some extent by imports of those same commodities from abroad. And to have a determination as to whether or not an employee becomes eligible for benefits under the program the company has to show to the Tariff Commission there has been a resultant loss.

Is that fairly accurate?

Mr. EATON. That is approximately accurate. The workers petition the Tariff Commission claiming that their unemployment is due to increased imports. The Tariff Commission makes an investigation. They always go to the company and ask the company, and then the Tariff Commission does its own thorough investigation of the situation for the industry, the situation for the company, and they make the ruling. Once they do that we can take over.

Mr. MICHEL. You are projecting that this $90 million will be required for 33,750 workers?

Mr. EATON. Yes.

Mr. MICHEL. How are you able to make that kind of a prediction? You say at least 74 firms will be eligible in fiscal 1973 as compared to 64.

Mr. EATON. We do it on the basis that we have very close contacts with organized labor, and we are constantly in receipt of inquiries from workers and from companies on behalf of unorganized workers saying, "How do we file for adjustment assistance? We are out of work." This is the number that we expect.

Mr. MICHEL. Is it possible to have placed in the record something to indicate in what line of work were the individuals who were recipients of the benefits in the past year?

Mr. EATON. Yes, sir. We can give it to you by company and by State from the beginning of the program.

Mr. MICHEL. How many companies were involved this past year?

Mr. EATON. Eight were certified in the past fiscal year.

Mr. MICHEL. Involving how many employees?

Mr. EATON. 3300.

Mr. MICHEL. But overall you are talking about how many thousand? And they are going to get benefits for how long a period of time?

Mr. EATON. Fifty-two weeks is the basic period a worker can draw benefits. If he is undergoing training at the end of the 52 weeks and needs more time, we can keep him on for up to another 26 weeks. If he was over 60 at the time he got laid off, he automatically is eligible for 65 weeks of benefits.

Mr. MICHEL. So in no case, really, does an individual get paid for more than a year-and-a-half?

Mr. EATON. This would be the absolute maximum.

Mr. MICHEL. And you said last year there were 3,300 in 1 year, but your total number of people is over 30,000? How does that happen?

Mr. EATON. No, sir. The total number we have certified to date as of March 31 was 23,500 workers. There are petitions covering 30,000 additional workers now before the Tariff Commission. If the Tariff Commission were to find favorably in all of these 32 cases before it, our number of workers would jump to over 50,000. We know of other petitions that are being prepared but they are not firm enough for us to even get an estimate of the number of workers and we won't have that until further along.

Mr. MICHEL. Since this program was enacted, how many people who have participated, received the maximum amount of benefits, and dropped out of the program?

Mr. EATON. The actual number of eligible people are 23,000. We can supply the additional information for the record.

(The information follows:)

As of February 29, 1972, about 16,500, or 70 percent of these had qualified and received an initial readjustment payment.

Mr. MICHEL. What has been the life of this program?

Mr. EATON. It was originally enacted into law in the Trade Expansion Act of 1962. The first case approved by the Tariff Commission was in November 1969. So, that it has actually been effective since January 1970 for practical purposes. November 1969 was the first positive finding, which happened to have been for a U.S. steel plant in Pennsylvania. All cases up to that date had been rejected, and since December 1969 we have issued 56 certifications.

Mr. MICHEL. You are going to be placing in the record where these people are and what the companies are, but in the whole program here people have been involved principally in what? Shoes and steel?

Mr. EATON. Shoes, steel, textiles.

Mr. FASSER. The steel is transmission towers. And some oil pipe.

(The detailed information follows:)

TRADE ADJUSTMENT ASSISTANCE FOR WORKERS—CERTIFICATIONS BY STATE AND PRODUCT, OCTOBER 1962–MAR. 31, 1972

State and company	Date of certification	Number of workers
Alabama: Avondale Mills, Birmingham (textiles)	Dec. 2, 1971	350
California:		
U.S. Steel Corp., Los Angeles (transmission towers)	Dec. 8, 1969	170
Bethlehem Steel Corp., Pinole Point (transmission towers)	Apr. 10, 1970	150
Connecticut:		
International Silver Co. (Factory E), Meriden-Wallingford (stainless and silver-plated holloware)	Jan. 25, 1971	510
International Silver Co. (Factories C, H, and L), Meriden-Wallingford (stainless and silver-plated holloware)	do	1,200
Florida: Caressa Shoe, Inc., Miami (women's leather shoes)	Feb. 8, 1971	350
Georgia:		
Whittier Mills, Atlanta (cotton textiles)	Oct. 29, 1971	540
Bibb Manufacturing Co., Macon (textiles)	Feb. 22, 1972	1,300
Illinois:		
Wood & Brooks Co., Rockford (piano parts)	Aug. 26, 1970	200
Servus Rubber Co., Rock Island (sneakers)	Dec. 2, 1970	430
Brown Shoe Co., Mattoon (leather shoes)	May 28, 1971	300
Johnson, Stephens & Shinkle Co., Vandalia (leather shoes)	do	270
Wurlitzer Co., DeKalb (complete pianos)	Apr. 14, 1971	120
Conover-Cable Piano Co., Oregon (pianos)	Aug. 20, 1971	80
Indiana:		
Uniroyal, Inc., Mishawaka, (sneakers)	Dec. 2, 1970	900
Estey Piano Co., Bluffton (pianos)	Sept. 24, 1970	70
C. P. Electronics, Inc., Columbus (TV components)	Feb. 8, 1971	240
Iowa: Advance Ross Electronics, Washington (electronic components)	June 30, 1971	440
Louisiana: Libbey-Ownes-Ford Co., Shreveport (sheet glass)	Oct. 15, 1971	410
Maine: Maine Shoe Corp., Brunswick (leather shoes)	May 18, 1971	280
Maryland: Moller Pipe Organ Co., Hagerstown (pipe organs)	Aug. 27, 1971	100
Massachusetts:		
Benson Shoe Co., Lynn, (leather shoes)	Aug. 19, 1970	70
Dartmouth Shoe Manufacturing Co., Brockton, (leather shoes)	do	260
Hartman Shoe Manufacturing Co., Haverhill (leather shoes)	do	200
Lemar Shoes, Inc., Haverhill (leather shoes)	do	280
Eagle Manufacturing Co., Everett (leather shoes)	do	230
General Instrument Corp., Chicopee (electronic components)	Nov. 4, 1970	600
B. F. Goodrich Footwear Co., Watertown (sneakers)	Dec. 2, 1970	2,650
Goldberg Bros., Inc., Haverhill (leather shoes)	May 24, 1971	200
National Ballet Makers, Inc., Medford (leather shoes)	May 25, 1971	260
Kramer Shoe Co., Inc., Haverhill (leather shoes)	May 18, 1971	220
Ornsteen Shoe Co., Inc., Haverhill (leather shoes)	June 14, 1971	246
Kleven Shoe Sales Co., Inc., North Brookfield (leather shoes)	do	460
Sinclair Shoe Co., Haverhill (leather shoes)	do	73
Michigan:		
Story & Clark Piano Co., Grand Haven (pianos)	July 7, 1970	310
American Motors Corp., Wyoming (auto soft trim)	Nov. 13, 1970	150
Everett Piano Co., South Haven (pianos)	Dec. 23, 1970	400
New Hampshire:		
Jodi Shoe Co., Derry (leather shoes)	May 24, 1971	220
Footflairs, Inc., Manchester (leather shoes)	July 14, 1971	406
Stage Door, Inc., Raymond (leather shoes)	May 25, 1971	250
Evangeline Shoe Corp., Manchester (leather shoes)	June 3, 1971	380
New Jersey: Emerson TV & Radio Co., Jersey City (TV receivers)	June 16, 1971	300

TRADE ADJUSTMENT ASSISTANCE FOR WORKERS—CERTIFICATIONS BY STATE AND PRODUCT, OCTOBER 1962–MAR. 31, 1972—Continued

State and company	Date of certification	Number of workers
New York:		
Aeolian American Corp., East Rochester (pianos)	Oct. 21, 1970	300
Wood & Brooks Co., Buffalo (piano keyboards)	Feb. 8, 1971	150
Bella Mia Footwear Manufacturing Corp., Brooklyn (leather shoes)	May 28, 1971	80
Utica Cutlery Co., Utica (stainless steel flatware)	Jan. 21, 1972	100
North Carolina: Arista Mills Co., Winston-Salem (plain woven cotten fabrics)	Apr. 14, 1971	300
Ohio: D. H. Baldwin Co., Cincinnati (pianos)	Nov. 13, 1970	100
Oklahoma: PPG Industries, Inc., Henryetta (sheet glass)	Oct. 1, 1970	300
Pennsylvania:		
Armco Steel Corp., Ambridge (steel pipe)	Dec. 8, 1969	500
United States Steel Corp., Pittsburgh (transmission towers)	do	90
ASG Corp., Arnold (flat and tempered glass)	May 25, 1970	410
ASG Corp., Jeannette (flat and tempered glass)	July 16, 1970	200
Rhode Island: Uniroyal, Inc., Woonsocket (sneakers)	May 13, 1970	840
Tennessee: RCA Corp., Memphis (TV receivers)	June 11, 1971	2,700
West Virginia: PPG Industries, Inc., Clarksburg (sheet glass)	Aug. 6, 1971	380

TRADE ADJUSTMENT ASSISTANCE FOR WORKERS—CERTIFICATIONS BY STATE, OCTOBER 1972–MAR. 31, 1972

State	Cases	Workers	State	Cases	Workers
Alabama	1	350	New Hampshire	4	1,256
California	2	320	New Jersey	1	800
Connecticut	2	1,710	New York	4	630
Florida	1	350	North Carolina	1	300
Georgia	2	1,840	Ohio	1	100
Illinois	6	1,400	Oklahoma	1	300
Indiana	3	1,210	Pennsylvania	4	1,200
Iowa	1	440	Rhode Island	1	840
Louisiana	1	410	Tennessee	1	2,700
Maine	1	280	West Virginia	1	380
Maryland	1	100			
Massachusetts	13	5,749	Total, 23 States	56	23,525
Michigan	3	860			

TRADE ADJUSTMENT ASSISTANCE FOR WORKERS CERTIFICATIONS BY MAJOR INDUSTRY—OCTOBER 1962–MAR. 31, 1972

Industry	Cases	Workers
Steel	4	910
Electronics	5	4,780
Nonrubber footwear	20	5,035
Pianos	10	1,830
Glass	5	1,700
Rubbersoled footwear	4	4,820
Automotive products	1	150
Household flatware (stainless and silverplated)	3	1,810
Cotton textiles	4	2,490
Totals	56	23,525

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Robinson.

Mr. ROBINSON. Thank you, Mr. Chairman.

PERMANENCE OF TRADE ADJUSTMENT PROGRAM

Is this also visualized as a transitional program?

Mr. EATON. The Trade Expansion Act, no, Sir; it is permanent under the law. The administration is unhappy about the access to the program, and the President's trade bill of 1969 which then became the

House of Representatives trade bill of 1970 had a much easier access to benefits for workers.

Under the current law there are four requirements. There must be significant unemployment; the significant unemployment must be due in major part——

Mr. ROBINSON. Significant unemployment within a given industry?

Mr. EATON. Within a given plant. Then there must be increased imports. The unemployment must be due in major part to the increased imports. The thing that very few people have been able to prove is that the increased imports are due in major part to tariff concessions. The administration bill and the congressional bill both dropped what we call the concession link. Where this will be a year from now I would not want to guess.

Mr. FASSER. To enlarge on that, it is transitional in terms of the individual and it is a support until this individual, the beneficiary, can be trained, because there is a training provision in the law and there is a relocation provision in the law. It is transitional to get him out of that dead job and that dead plant into another job, perhaps even in another occupation.

TRAINING PROVISIONS

Mr. ROBINSON. What proportion of the people entering the program are being retrained at the present time? The fact was mentioned that not a very significant proportion are; that most are taking cash benefits. What proportion is it?

Mr. EATON. I think the more relevant figure, Mr. Congressman, is that over half of the people who have entered the program have new jobs. Some of them required training to get the new jobs, some only required placement efforts. As of just last month over half the people had already found or been placed in new jobs that were equal to—actually the average seems to better than—the jobs they lost.

Mr. ROBINSON. I would still like to know what proportion took the opportunity for training offered to them under the program as opposed to those that simply take the cash and sit around?

Mr. EATON. Over 1,500 individuals have entered into training under the provisions of the Trade Expansion Act.

RELOCATION ASSISTANCE

Mr. ROBINSON. I would also like to know the proportion you have relocated in terms of paying the expense of their relocation, which I presume is substantial. If you have figures on that, I would like to see them.

Mr. EATON. Thirteen heads of families have requested and have been granted relocation assistance.

AVERAGE WEEKLY ADJUSTMENT ALLOWANCE

Mr. ROBINSON. Then the extent of benefits per worker hasn't been mentioned. We talk about the weekly adjustment allowances but we don't say how much they are.

Mr. EATON. The average allowance, sir, is related to the average earnings in manufacturing.

Mr. ROBINSON. Manufacturing in that plant prior to his loss of job?

Mr. EATON. No, sir; the worker gets benefits equivalent to 65 percent of his former earnings with a ceiling set at 65 percent of the average earnings in manufacturing.

Mr. ROBINSON. Nationally?

Mr. EATON. Yes; all manufacturing. It is set in the law in the Trade Expansion Act of 1962. And that changes annually.

Up until April of this year it was $87, and we figured the average worker draws about 35 weeks of benefits. So it is roughly $3,000 that he gets.

Mr. ROBINSON. Annually?

Mr. EATON. Over the period in weekly increments. It is possible to get more than that.

Mr. ROBINSON. That is all, Mr. Chairman.

Mr. FLOOD. Thank you.

JUSTIFICATION OF THE BUDGET ESTIMATES

MANPOWER ADMINISTRATION

Federal Unemployment Benefits and Allowances

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate.....	$545,000,000	$475,000,000
Estimated program supplemental.....	311,600,000	---
Advance to prior year.....	-121,038,000	---
Total available for obligation.....	735,562,000	475,000,000

Obligations by Activity

	1972 Appropriation Revised	1973 Estimate	1973 Change
1. Payments to Federal employees.....	$199,590,000	$121,100,000	-$78,490,000
2. Payments to ex-servicemen..	461,972,000	263,900,000	-198,072,000
3. Trade adjustment assistance.....	74,000,000	90,000,000	+16,000,000
Total obligations by activity.....	735,562,000	475,000,000	-260,562,000

Obligations by Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
13 Benefits for former personnel.....	$661,562,000	$385,000,000	-$276,562,000
41 Grants, subsidies and contributions.....	74,000,000	90,000,000	+ 16,000,000
Total, obligations by object..	735,562,000	475,000,000	-260,562,000

MANPOWER ADMINISTRATION

Federal Unemployment Benefits and Allowances

Summary of Changes

	Amount
1972 Enacted appropriation	$545,000,000
Estimated supplemental	311,600,000
Advances to prior year	-121,038,000
1972 Appropriation, revised	735,562,000
1973 Estimate	475,000,000
Total Change	-260,562,000
Mandatory Items:	
Increases:	
To provide for an increase in the average weekly benefit amount to:	
Former Federal employees	+6,178,000
Ex-servicemen	+13,300,000
Claimants under the Trade Assistance Act	+2,026,000
To provide for a greater number of claimants under the Trade Assistance Act	+13,974,000
Sub-total, increases	+35,478,000
Decreases:	
To provide for fewer weekly payments to:	
Former Federal employees	-84,668,000
Ex-servicemen	-211,372,000
Sub-total, decreases	-296,040,000
Total Change	-260,562,000

Activity 1. PAYMENTS TO FEDERAL EMPLOYEES (1972, $199,590,000; 1973, $121,100,000)

This activity provides for payment of unemployment compensation to unemployed former Federal employees under Title 5, Chapter 85 of the United States Code. The claims of unemployed former Federal employees are processed and paid by State unemployment insurance agencies on the same basis as claims of other unemployed workers whose employment is covered under the State unemployment compensation law. In the Virgin Islands benefits are paid in accordance with the provisions of the District of Columbia unemployment compensation law. Under this program Federal funds are allocated to the States, which act as agents for the Federal government, for the payment of benefits.

Weeks compensated are based on State average insured unemployment rates, changes in Federal employment levels, and corresponding number of separations.

The average weekly benefit amount for unemployed former Federal employees is based on civilian rates of pay and the weekly benefit amount provided for in the unemployment compensation law of the State in which he is filing. For example, the maximum weekly benefit amount payable in fiscal year 1972 in the District of Columbia is $105.00, and $57.00 in the State of Missouri. The actual average weekly amounts paid are, of course, somewhat lower. For the nation as a whole, it is anticipated weekly benefit payments will average $58.50 in fiscal year 1973.

Changes for 1973

Mandatory changes amount to.....-$78,490,000

Program changes amount to..... NONE

Weeks Compensated

	FY 1972	FY 1973	Change
Regular Program	2,688,300	1,691,700	-996,600
Extended Benefits:			
State Trigger	187,300	170,900	-16,400
National Trigger	338,500	---	-338,500
Temporary Compensation Benefits	313,400	25,600	-287,800
Total	3,527,500	1,888,200	-1,639,300

The number of weeks compensated for former Federal employees is expected to decline from a level of 3,527,500 in fiscal year 1972 to 1,888,200 in fiscal year 1973 due to fewer separations and an improvement in the economy resulting in a shorter average duration. The cost savings for the decrease in weeks compensated is expected to be partially offset by the continued upward trend in the average weekly benefit amount which is expected to be $58.50 in fiscal year 1973, an increase of $3.00 over the anticipated fiscal year 1972 level. The net effect of the estimated decrease in weeks compensated and the increase in the average weekly benefit amount is a reduction of $78,490,000 from the fiscal year 1972 benefit estimate of $199,590,000 to $121,100,000 in fiscal year 1973. The decrease by type of benefit is enumerated below.

Regular Benefits

Benefits paid to former Federal employees in fiscal year 1973 are expected to decline substantially. Weeks compensated are expected to decline 996,600 from a fiscal year 1972 level of 2,688,300 to 1,691,700 in fiscal year 1973, resulting in a reduction in benefits of $48,790,000. This decrease is offset by an increase of $5,600,000 due to the higher average weekly benefit amount estimated for fiscal year 1973, resulting in a net decrease in benefits of $43,190,000.

State Trigger Extended Benefits

The Employment Security Amendments of 1970, Public Law 91-373, provide for extended unemployment insurance benefits in individual States during specified periods of high unemployment. The program becomes operative in an individual State when the insured unemployment rate for that State averages four percent for any 13 consecutive week period and equals 120 percent of the average rate for the same 13 week period in each of the two preceding years. Weeks compensated under the State trigger provisions are expected to decline in fiscal year 1973 by 16,400 weeks as only sixteen States will trigger on in fiscal year 1973 as compared to twenty-two States in 1972 due to the anticipated improvement in the economy. This will result in a decrease in benefits of $900,000 which will be partially offset by an increase of $500,000 due to the higher average weekly benefit amount. The net decrease in benefits for fiscal year 1973 will be an estimated $400,000.

National Trigger Extended Benefits

In fiscal year 1973, the national program for Federal-State extended benefits is not expected to "trigger on" because the rate of insured unemployment is not expected to exceed 4.5 percent, seasonally adjusted, for a period of three consecutive months. This will result in 338,500 fewer weeks compensated in fiscal year 1973, and a reduction in benefits of $19,000,000.

Temporary Compensation Benefits

A further extension of unemployment insurance benefits is provided by the Emergency Unemployment Compensation Act of 1971, Public Law 92-224. It is estimated that $1,500,000 will be required for 25,600 weeks compensated in fiscal year 1973 which represents a decrease of $15,978,000 and 287,800 weeks compensated from fiscal year 1972. The program will be in effect for the period of January 28, 1972, through June 30, 1972. Those claimants who are determined eligible for Emergency Unemployment Compensation benefits prior to June 30, 1972, will be permitted to claim benefits up to September 30, 1972. This decrease is offset by an increase of $78,000 due to the higher average weekly benefit amount estimated for fiscal year 1973, resulting in a net decrease in benefits of $15,900,000.

BENEFITS PAID TO FEDERAL EMPLOYEES

Month	FY 1971 Actual	FY 1972 Estimate	FY 1973 Estimate
July	$6,577,990	$8,671,213 1/	$14,000,000
August	6,671,171	9,527,875 1/	12,500,000
September	7,296,288	9,130,760 1/	10,000,000
Total, 1st Qtr.	20,545,449	27,329,848 1/	36,500,000
October	7,324,645	8,306,245 1/	9,600,000
November	7,593,702	8,887,440	9,700,000
December	9,547,319	10,516,467	10,900,000
Total, 2nd Qtr.	24,465,666	27,710,152	30,200,000
January	8,861,685	24,400,000	12,010,000
February	9,158,607	24,350,000	10,083,000
March	11,092,242	26,400,000	8,907,000
Total, 3rd Qtr.	29,112,534	75,150,000	31,000,000
April	9,332,989	23,800,000	8,500,000
May	7,802,626	24,900,000	7,900,000
June	8,313,512	20,700,000	7,000,000
Total, 4th Qtr.	25,449,127	69,400,000	23,400,000
Total, year	$99,572,776	$199,590,000	$121,100,000

Explanation of Computation of Federal Unemployment Compensation Benefits to Federal Employees

	Weeks Compensated	Annual Average Duration of Weekly Benefits	Average Weekly Benefit Amount	Amount
1968	1,086,354	15.3	$42.27	$47,273,866
1969	1,021,429	15.9	44.98	47,006,153
1970	1,152,897	15.3	47.81	57,105,781
1971	1,889,426	17.7	52.70	99,572,776
1972 2/	3,527,500	18.2	55.50	199,590,000
1973 2/	1,888,200	17.1	58.50	121,100,000

1/ Actual expenditures

2/ The base 1972 and 1973 benefits paid exceed the computation of weeks compensated times average weekly benefit amount by the amount of an adjustment factor which encompasses supplemental and joint benefits with other programs and extended duration benefits which are not included in the count of weeks compensated.

Activity 2. PAYMENTS TO EX-SERVICEMEN (1972, $461,972,000; 1973, $263,900,000)

This activity provides for unemployment compensation for ex-servicemen to be administered similarly to the program of unemployment compensation for civilian employees of the Federal government under Title 5, Chapter 85 of the United States Code. A claim for benefits by an eligible ex-serviceman is processed and paid under the unemployment insurance law of the State in which he first files his claim after his most recent release from active service.

Weeks compensated are based on State average insured unemployment rates and military separations.

The average weekly benefit amount for ex-servicemen is based on military rates of pay at the time of separation from service and the weekly benefit amount provided for in the unemployment compensation law of the State in which he is filing. For example, the maximum weekly benefit amount in fiscal year 1972 payable in the District of Columbia is $105.00, and $57.00 in the State of Missouri. The actual average weekly amounts paid are, of course, somewhat lower. For the nation as a whole, it is anticipated weekly benefit payments will average $59.50 in fiscal year 1973.

Changes for 1973

Mandatory changes amount to.....-$198,072,000

Program changes amount to..... NONE

Weeks Compensated

	FY 1972	FY 1973	Change
Regular Program	6,888,900	3,974,300	-2,914,600
Extended Benefits:			
State Trigger	270,800	169,600	-101,200
National Trigger	465,400	---	-465,400
Temporary Compensation Benefits	454,900	80,200	-374,700
Total	8,080,000	4,224,100	-3,855,900

The number of weeks compensated for ex-servicemen is expected to decline from a level of 8,080,000 in fiscal year 1972 to 4,224,100 in fiscal year 1973 due to fewer military separations and an improvement in the economy resulting in a shorter average duration. The resultant estimated decrease in benefits paid will be partially offset by continued increases in the average weekly benefit amount which is expected to increase from $56.50 in fiscal year 1972 to $59.50 in fiscal year 1973. The net effect of the estimated decrease in weeks compensated and the increase in the average weekly benefit amount is a reduction of $198,072,000 from the fiscal year 1972 benefit amount of $461,972,000 to an estimated $263,900,000 in fiscal year 1973. The decrease by type of benefit is enumerated below.

Regular Benefits

With the military reaching its minimum required strength, a reduced number of anticipated separations (1,050,000 in fiscal year 1972 and 850,000 in fiscal year 1973) and an improving general economic picture is expected to produce a decline in weeks compensated to ex-servicemen of 2,914,600 from a fiscal year 1972 level of 6,888,900 to approximately 3,974,300 for a decrease of $158,172,000 in fiscal year 1973. This decrease is offset by an increase of $12,500,000 due to the higher average weekly benefit amount estimated for fiscal year 1973, resulting in a net decrease in benefits of $145,672,000.

State Trigger Extended Benefits

Weeks compensated under the State trigger provisions of Public Law 91-373 (see FUBA, page 7) are expected to decline in fiscal year 1973 by 101,200 weeks, for a decrease of $5,700,000. This decrease is offset by an increase of $500,000 due to the higher average weekly benefit amount estimated for fiscal year 1973, resulting in a net decrease of $5,200,000.

National Trigger Extended Benefits

In fiscal year 1973, the national program for Federal-State extended benefits is not expected to "trigger-on" because the rate of insured unemployment is not expected to exceed 4.5 percent, seasonally adjusted, for a period of three consecutive months. This will result in 465,400 fewer weeks compensated in fiscal year 1973, and a reduction in benefits of $26,300,000.

Temporary Compensation Benefits

Weeks compensated to ex-servicemen as provided for by the Emergency Unemployment Compensation Act of 1971, Public Law 92-224, are expected to decline in fiscal year 1973 by 374,700 weeks producing a decrease of $21,200,000. The program will be in effect for the period of January 28, 1972, through June 30, 1972. Those claimants who are determined eligible for Emergency Unemployment Compensation benefits prior to June 30, 1972, will be permitted to claim benefits up to September 30, 1972. This decrease is slightly offset by an increase of $300,000 due to the higher estimated average weekly benefit amount estimated for fiscal year 1973, resulting in a net decrease of $20,900,000.

BENEFITS PAID TO EX-SERVICEMEN

Month	FY 1971 Actual	FY 1972 Estimate	FY 1973 Estimate
July	$18,461,868	$30,496,969 1/	$28,000,000
August	18,963,926	32,191,747 1/	25,000,000
September	18,783,111	29,589,208 1/	22,000,000
Total, 1st Qtr.	56,208,905	92,277,924 1/	75,000,000
October	17,677,572	24,751,160 1/	21,500,000
November	19,204,647	26,989,717	21,100,000
December	27,351,563	41,803,199	23,000,000
Total, 2nd Qtr.	64,233,782	93,544,076	65,600,000
January	28,252,545	46,500,000	25,390,000
February	28,647,193	50,400,000	21,112,000
March	34,823,137	50,400,000	18,473,000
Total, 3rd Qtr.	91,722,875	147,300,000	64,975,000
April	31,333,507	44,700,000	20,000,000
May	27,318,668	39,400,000	20,100,000
June	31,051,600	44,750,000	18,225,000
Total, 4th Qtr.	89,703,775	128,850,000	58,325,000
Total, Year	$301,869,337	$461,972,000	$263,900,000

Explanation of Computation of Federal Unemployment Compensation Benefits to Ex-Servicemen

	Weeks Compensated	Annual Average Duration of Weekly Benefits	Average Weekly Benefit Amount	Amount
1968	1,357,733	9.2	$42.68	$58,476,478
1969	1,640,310	9.3	47.36	78,231,839
1970	2,522,374	9.7	49.43	125,820,290
1971	5,684,922	13.2	53.10	301,869,377
1972 2/	8,080,000	14.1	56.50	461,972,000
1973 2/	4,224,100	12.5	59.50	263,900,000

1/ Actual expenditures

2/ The base 1972 and 1973 benefits paid exceed the computation of weeks compensated times average weekly benefit amount by the amount of an adjustment factor which encompasses supplemental and joint benefits with other programs and extended duration benefits which are not included in the count of weeks compensated.

Activity 3. TRADE ADJUSTMENT ASSISTANCE (1972, $74,000,000; 1973, 90,000,000)

This activity provides for weekly adjustment allowances under certain conditions to workers partially or totally separated from firms which make products affected by operations under the Trade Expansion Act of 1962 (Title III: 19 U.S.C. 1901-1991) as well as the Automotive Products Trade Act of 1965 (19 U.S.C. 2001-2032). The law also provides for relocating workers in other localities, training expenses to prepare for new occupations, and State and Federal administration costs. Relocation and training expenses are financed by the Manpower Training Services budget. State administration costs are included in the Grants to States appropriation request. Federal administration costs are included in the budgets of each organization performing Trade Adjustment activities: the Manpower Administration, the Bureau of International Labor Affairs, the Bureau of Labor Statistics, and the Office of the Solicitor.

Workload Statistics	Actual FY 1971	Estimate FY 1972	Estimate FY 1973
Obligations	$31,905,000	$74,000,000	$90,000,000
Number of certified workers	21,997	37,713	45,000
Number of claimants	16,475	28,285	33,750
Number of firms	42	64	74

The types of firms which have been affected by imports are Shoes, Sneakers, TV & Radio, Sheet Glass, Electronics, Flatware, and Musical Instruments.

Benefits have been paid to workers in:

Rhode Island	New York	Michigan
Pennsylvania	Florida	Ohio
Connecticut	Indiana	Oklahoma
Massachusetts	Illinois	California
Georgia	Lousiana	New Jersey
Alabama		

Changes for 1973

Mandatory changes amount to.....+$16,000,000

Program changes amount to..... NONE

An estimated 45,000 workers in 74 firms will receive certifications of eligibility. Based on experience gained from administration of the Automotive Products Trade Act, it is estimated 75 percent or 33,750 workers will apply for readjustment allowances. Under provisions of the Trade Expansion Act a worker is eligible for readjustment allowances from the time unemployment or underemployment begins. The Secretary of Labor designates this impact date.

The estimated $16,000,000 increase in benefits to workers under the Trade Expansion Act during fiscal year 1973 is due to a greater number of claimants and a higher weekly benefit, as shown in the following table:

FY 1973:	Claimants paid	Average weeks Duration	Weeks Compensated	Average Weekly Allowance	Dollar Value
FY 1971	9,550	16	152,800	$80.00	$12,200,000
FY 1972	10,000	36	360,000	87.00	31,300,000
FY 1973	14,200	36	511,200	91.00	46,500,000
Total	33,750		1,024,000		90,000,000

ACTION ON CONGRESSIONAL RECOMMENDATIONS

Recommendations, House Appropriations Committee

House Hearings before the Subcommittee on Departments of Labor and Health, Education and Welfare Appropriations, September 30, 1971

Recommendations, Senate Appropriations Committee

Senate Hearings before the Committee on Appropriations, Supplemental Appropriations for the Department of Labor, September 30, 1971

The Manpower Administration has taken a number of steps in recent months to improve its estimates of benefits for Federal employees and ex-servicemen. First, it has established a group of actuaries and statisticians who will spend full time on these estimates and on other estimates that are required as part of the budget process in the unemployment area. This group is now reviewing the methods used in developing estimates in order to identify and eliminate weaknesses.

Second, the Manpower Administration is seeking the assistance of an outside actuarial firm in this review process. The objective is to develop a methodology which, within the assumptions on which the estimates are based, will produce the most reliable result.

Third, the Manpower Administration is working with the Civil Service Commission and the Department of Defense to obtain more reliable forecasts of future separations. Such forecasts are absolutely essential to reliable estimates of benefits.

Fourth, the Manpower Administration is working with other organizations within the Department to improve the forecasts of future unemployment. The level of unemployment influences benefit payments in a major way.

Finally, the Manpower Administration is taking steps to equip its estimating group with automatic equipment. Eventually the group will be given access to a computer.

MANPOWER ADMINISTRATION

Advances to the Extended Unemployment Compensation Account

WITNESSES

PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY FOR MANPOWER AND MANPOWER ADMINISTRATOR
ROBERT C. GOODWIN, ASSOCIATE MANPOWER ADMINISTRATOR FOR UNEMPLOYMENT INSURANCE SERVICE
WILLIAM R. CURTIS, DEPUTY ASSOCIATE MANPOWER ADMINISTRATOR FOR UNEMPLOYMENT INSURANCE SERVICE
MINOR R. MILLER, DEPUTY DIRECTOR, OFFICE OF STATE OPERATIONS, UNEMPLOYMENT INSURANCE SERVICE
DAVID L. EDGELL, DEPUTY DIRECTOR, OFFICE OF ACTUARIAL AND RESEARCH SERVICE, UNEMPLOYMENT INSURANCE SERVICE
ALFRED M. ZUCK, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
ROBERT C. HARDEN, DEPUTY CHIEF, DIVISION OF BUDGET, OFFICE OF FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

PROGRAM AND FINANCING

[In thousands of dollars]

	1971 actual	1972 estimate	1973 estimate
Program by activities: Extended unemployment compensation benefits (costs—obligations) (object class 42.0)			120,000
Financing: Budget authority (permanent, indefinite)			120,000
Relation of obligations to outlays: Obligations incurred, net			120,000
Outlays			120,000

Mr. Flood. Now we go to the "advances to the extended unemployment compensation" account. This presentation will be made by Paul J. Fasser, Jr., Deputy Assistant Secretary for Manpower, and Manpower Administrator.

BIOGRAPHICAL SKETCHES OF WITNESSES

(The biographical sketches follow:)

Biographical Sketch of Paul J. Fasser, Jr., Deputy Assistant Secretary of Labor for Manpower and Manpower Administrator

Paul J. Fasser, Jr., was appointed Deputy Assistant Secretary of Labor for Manpower and Manpower Administrator in October of 1970.

He joined the U.S. Department of Labor after 19 years with the United Steelworkers of America.

Mr. Fasser started with the Steelworkers Union in April of 1951 as a research associate in the research department, moved to the arbitration department in 1963 as a contract and arbitration technician, and became assistant director of the contract administration department in 1967.

Among his major responsibilities with the Steelworkers were those of administrator and manager of the major operating section of the contract administration department; membership on numerous standing union-basic steel industry committees such as testing, apprenticeship, contract language review and benefits. In addition, he functioned as the international representative on

several innovative programs which include the Kaiser long-range sharing plan, the Alan Wood joint economic expansion plan, and the basic steel earnings protection plan. He was the technical coordinator of the can and aluminum industry, negotiating conferences and acted as union consultant to the USW-U.S. Steel Board of Arbitration.

He was educated in the public schools of Farrell, Pa. While working summers at the Steelworkers headquarters offices in Pittsburgh, he attended Grove City College, the University of Pittsburgh where he studied business administration, and the New York State School of Industrial and Labor Relations of Cornell University where he received his bachelor of science degree in industrial and labor relations in 1951.

A World War II veteran, he served in Europe with the 45th Infantry Division.

Born June 15, 1926 in Gary, Ind., Mr. Fasser is married to the former Mae A. Carino of Pittsburgh. The couple has three children and make their home in McLean, Va.

ALFRED M. ZUCK, ACTING ASSOCIATE MANPOWER ADMINISTRATOR FOR FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS

Alfred M. Zuck is the Acting Associate Manpower Administrator for Financial and Management Systems. In this position, Mr. Zuck is responsible for establishing policy for planning, developing, and administering a financial and management information system for manpower programs.

Prior to assuming this position, Mr. Zuck served as Director of the Office of Evaluation of the Manpower Administration where he was responsible for the program evaluation of the effectiveness of all manpower training, work experience, and job programs operated by the Department of Labor.

Mr. Zuck entered Federal service in July 1958 as a management intern in the Office of the Assistant Secretary for Administration, Department of Labor. He has since served in a variety of administrative management positions with the Department, including, Deputy Assistant Manpower Administrator for Administration—sharing in the full range of administrative management activities for the Manpower Administration, including budget, financial management, personnel and management analysis.

Mr. Zuck also served as Director of Federal Programs with the President's Council on Youth Opportunity.

In 1970 Mr. Zuck was chosen to receive the William A. Jump Memorial Award. This award is presented annually to the two most exceptional young men in Federal service in recognition of their outstanding contributions to the field of public administration.

A native of East Petersburg, Pa., Mr. Zuck graduated from Franklin and Marshall College with an AB degree, magna cum laude, in 1957. He took his master's degree in political science with distinction at the Maxwell School of Syracuse University in 1958. He is a member of Phi Beta Kappa, Phi Gamma Mu, and Kappa Sigma.

Mr. Zuck is married and has two children. They reside in Vienna, Va.

BIOGRAPHICAL SKETCH OF CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET

Mr. Conrad M. Jones has served as Director, Office of Budget, Office of the Assistant Secretary for Administration, since August 1968. From July 1965 to August 1968 he served as Deputy Director.

Prior to his service in the Department of Labor, he served as a supervisory budget analyst at the Federal Aviation Agency from 1960 to 1965. Mr. Jones served as a fiscal management officer from 1957 to 1960 with the Housing and Home Finance Agency. He entered Government service in 1939 with the National Capital Housing Authority holding increasingly responsible positions in the field of financial management, including comptroller from 1953 until 1957.

Born on December 30, 1916, in Little Rock, he attended public schools in Joplin and Kansas City, Mo., and received a B.C.S. in 1942 and a M.C.S. in 1943 from Benjamin Franklin University in Washington, D.C.

Mr. Jones interrupted his civilian employment to serve for 2 years in the U.S. Army in World War II, participating in three European campaigns.

He and his wife, the former Catherine L. Dent, reside in Rockville, Md., and have three children: Conrad M., Jr., Mrs. Michael L. Hemmis, and Mrs. Stephen Shaw.

WILLIAM R. CURTIS, DEPUTY ASSOCIATE MANPOWER ADMINISTRATOR FOR UNEMPLOYMENT INSURANCE

Mr. Curtis was appointed to his present position as Deputy Associate Manpower Administrator for Unemployment Insurance in August 1970.

He has worked in the employment security system for the majority of his working life and the positions he has held include: Regional Manpower Administrator for the Philadelphia region; Comptroller, Manpower Administration; Deputy Administrator, Bureau of Employment Security; Executive Secretary, Interstate Conference of Employment Security Agencies, and Chief, Administrative Standards, Bureau of Employment Security.

Mr. Curtis is a native of Franklinville, N.C. He received a B.A. and M.A. from the University of North Carolina and a PhD. from the University of Illinois. He is married and has three children.

Mr. FLOOD. I see you have a statement on this as well.

Mr. FASSER. Yes, sir; I have a short statement.

Mr. FLOOD. You may proceed.

GENERAL STATEMENT

Mr. FASSER. Mr. Chairman and members of the committee, this request is for a $120 million appropriation to the extended unemployment compensation account in the unemployment trust fund, a reduction of $480 million from the 1972 appropriation. This account was established by Public Law 91–373, the Employment Security Amendments of 1970. It provides for the Federal share of extended employment insurance benefits. Normally these benefits are financed from Federal Unemployment Tax Act receipts earmarked for this purpose. However, receipts from this employer tax will not be sufficient to meet the full amount of extended benefit payments. When this occurs the law authorizes us to request a general revenue appropriation for the amount of the deficit which is to be repaid without interest when receipts are sufficient.

The $120 million appropriation request to cover the fiscal year 1973 deficit has two components.

The first of these components is extended benefits in individual States during periods of high State unemployment, as specified in Public Law 91–373. Trends indicate that 16 States will meet this criteria for a "State trigger." It is estimated the Federal share of the Federal-State extended-benefit program will be $152,000,000 with an estimated revenue of $129 million which leaves a deficit of $23 million to be funded from general revenue.

The second component is a further extension of benefits as authorized by Public Law 92–224, the Emergency Unemployment Compensation Act of 1971. These benefits are fully financed by Federal funds. It is estimated that 17 States will qualify for these benefits, since claimants who were determined eligible for temporary benefits prior to June 30, 1972, but who had claimed less than their maximum entitlement under the act of 13 weeks will be permitted to claim such benefits up to September 30, 1972. It is estimated that $97 million will be required for this purpose.

The national program for Federal-State extended benefits is not expected to be "triggered on" because the rate of insured unemployment is not expected to exceed 4.5 percent, seasonally adjusted, for a period of 3 consecutive months. In 1973, no advance from general

revenue funds will therefore be needed to make reimbursements to the States for a national program of extended benefits.

In conclusion, let me emphasize that this is a loan account with the legal requirement that whatever sum Congress appropriates to this account must be repaid when sufficient unemployment tax revenues become available.

Mr. Chairman, I shall be happy to answer any questions.

APPROPRIATION LANGUAGE PROVISO

Mr. FLOOD. Here we are confronted with a pet phobia of ours. There is a language provision recommended to be put in the bill. Is it really necessary and if you think it is, why?

Mr. ZUCK. That is consistent with the provision of the act that authorizes the Secretary of the Treasury to make the advances whenever notified by the Secretary of Labor.

Mr. FLOOD. I know what it says. It is in English more or less. What is it there for?

Mr. ZUCK. To be consistent with the basic legislation, Sir.

Mr. FASSER. When the tax receipts are not sufficient to provide the benefits then, Mr. Chairman, we must come to you for that money until we can make it up.

Mr. FLOOD. The law already says, "To enable the Secretary of the Treasury to make such advances." Now you have, "provided"—and the same thing for appropriation language. Why? What is the priviso for? A proviso is not for the purpose of repeating what the basic law already says.

Mr. ZUCK. The Secretary of Treasury is not authorized to make payments on his own initiative. He is required to do it upon the certification of the Secretary of Labor. The earlier language would give the authority to the Secretary of Treasury.

Mr. FLOOD. There is no doubt about that, but you don't think he would talk to the Secretary of Agriculture do you? Do we have to tell him in the appropriation bill to talk with the Secretary of Labor about this?

Mr. JONES. Mr. Chairman, the Treasury Department maintains the Employment Security Administration account. When the Secretary of the Treasury determines that the fund balance is not sufficient to make these payments, then in consultation with the Secretary of Labor, he makes advances to the account out of the general funds of the Treasury, based on a certification by the Secretary of Labor as to the amounts required for benefit payments.

REPAYMENT OF ADVANCES

Mr. FLOOD. This term "repayable advances". That is a little bit misleading; isn't it? Do you honestly think they will ever be repaid?

Mr. FASSER. We estimate that under the schedule of the tax amount allotted for the particular benefit, this amount would be repaid in 1975.

Mr. FLOOD. Tell us what would have to happen before the States would pay back these advances?

Mr. CURTIS. There are two types of benefits. The Federal-State extended benefits, which are financed 50–50 by the Federal and State

governments. The States pay for those benefits out of their own trust funds.

The Federal share of these benefits are paid out of the Federal extended benefit account, and that account gets funds from the Federal unemployment tax. Currently, that tax is not suffcient to meet the obligations.

Mr. FLOOD. What would have to happen before they pay back the advances? You use the term "trigger." What is going to trigger this thing?

Mr. CURTIS. The rate of unemployment must reach the point where we are no longer paying Federal-State extended benefits. We anticipate that will occur in 1973, probably at the middle of the fiscal year. So thereafter there will be no further claims against the account. All of the Federal unemployment tax receipts that come in and are credited to the account can then be used to repay the Treasury for the advances. We will probably start in January 1973 and pay off monthly as the Federal unemployment tax receipts are credited to the account. The Treasury will transfer them to the general fund as refunds. By 1975 we will have repaid the advances that have been made pursuant to this appropriation and the appropriation that you approved as a supplemental.

The other part, however, is a little more complex.

Mr. MICHEL. Before you leave this, your response there is predicated upon unemployment improving?

Mr. CURTIS. Yes, sir.

Mr. MICHEL. And if the situation should deteriorate so far as unemployment being at an increased level over what it now is, we obviously dig deeper into the trust fund for the payment of benefits, and make more of these advances from the Treasury, and take a longer period of time to get out from under.

Mr. CURTIS. But what we see in the unemployment insurance rate indicates that the level of unemployment is declining and that by the end of the current calendar year not more than one State will still be paying Federal-State extended benefits.

USE OF 1972 SUPPLEMENTAL FUNDS

Mr. FLOOD. Talking about the $600 million supplemental appropriation, how much of that have you actually spent?

Mr. CURTIS. As of April 11 we had transferred to the States or spent about $340 million of the $600 million.

Mr. FLOOD. This is an annual question here and on the floor. Do you still think that $341,200,000, estimated within that $600 million, will be enough to fund the Emergency Unemployment Compensation Act in 1972?

Mr. FASSER. Yes, sir; for the remainder of 1972 we are confident we are covered.

STATES PARTICIPATING IN EMERGENCY UNEMPLOYMENT PROGRAM

Mr. FLOOD. Would you put in the record a list of the participating States and the estimated amount that each will receive under this act?

Mr. FASSER. Yes, sir. For 1973?

Mr. FLOOD. Yes.

(The information follows:)

Benefit Cost Estimates Under the Emergency Unemployment Program (P.L. 92-224), by State, Fiscal Year 1973*

States	Estimated benefit payments for fiscal year 1973 (in thousands)
Alaska.....	$250
California.....	25,000
Connecticut.....	8,000
Idaho.....	300
Maine.....	600
Massachusetts...	9,500
Michigan.....	9,000
Minnesota.....	1,800
Montana.....	250
Nevada.....	500
New Jersey.....	11,000
New York.....	15,000
North Dakota....	250
Oregon.....	1,000
Puerto Rico.....	3,500
Rhode Island....	1,300
Vermont.....	250
Washington.....	9,000
West Virginia...	500
TOTAL.....	$97,000

* Cost estimates are for the period July 1, 1972 through September 30, 1972 (ending date of payments under P.L. 92-224). No new States expected to trigger on in FY 1973. Estimates assume a National trigger period (under P.L. 91-373) in effect from January 2, 1972 through June 30, 1972.

April 14, 1972

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AGREEMENTS WITH STATES UNDER EXTENDED BENEFITS PROGRAM

Mr. FLOOD. You talk about this agreement you have with the States. What is agreed to in the formal agreement you enter into with the State before it can participate in the extended benefits program?

Mr. FASSER. They agree to adjust their act so that we can give them money under this distribution.

Mr. CURTIS. The agreement applies primarily to the Emergency Unemployment Compensation Act, or the so-called Magnuson bill—the act passed by the Congress at the end of December. That act provided for the payment of up to 13 weeks of benefits in addition to the extended benefits that would otherwise be payable. The States that want to participate in the emergency unemployment compensation program, where the benefits are 100-percent federally financed, sign an agreement with the Secretary indicating that they will follow the regulations prescribed by the Secretary for the payment of those benefits.

Mr. FLOOD. How many States do you have agreements with currently?

Mr. CURTIS. We have agreements with roughly 22 States. Only 18 States are currently triggered on, or currently have rates of unemployment of 6½ percent or more and are paying the benefits.

Mr. MICHEL. The testimony says 17.

Mr. CURTIS. One came in this week, Minnesota.

Mr. FLOOD. Suppose you list those for the record.

Mr. CURTIS. Yes, sir.

(The information follows:)

STATES PARTICIPATING IN THE EMERGENCY COMPENSATION PROGRAM

Alaska	Michigan	Oregon
California	Montana	Puerto Rico
Connecticut	Nevada	Rhode Island
Maine	New Jersey	Vermont
Massachusetts	New York	Washington
Minnesota	North Dakota	West Virginia

Mr. MICHEL. Minnesota came in last week. Is it anticipated there will be any other States beyond this that will still be able qualify?

Mr. CURTIS. There is a very outside chance that the chairman's State will trigger. They have extended benefits now; Illinois has extended, but neither State has the Magnuson type benefits yet.

ADEQUACY OF BUDGET REQUEST

Mr. FLOOD. You are estimating the 1973 requirement as being $120 million. That estimate naturally you made sometime ago—early last fall.

Mr. CURTIS. Yes, sir.

Mr. FLOOD. Budget operations being what they are, should it be changed on the basis of what you know today?

Mr. FASSER. No, sir; we don't think it should be changed at this time. Of course the benefits that are going to be paid in fiscal 1973, which constitute the $120 million, will be in those States that are triggered on at that time and the remainder of the people that are eligible under the so-called Magnuson amendment. Anyone that is paid a week of a

benefit in fiscal 1972, even though the act expires at the end of fiscal 1972, shall be paid until the completion of the 13 weeks.

Mr. FLOOD. Yes, Mr. Michel.

INDIVIDUAL ELIGIBILITY

Mr. MICHEL. One final question. You said a week. Isn't it possible that an individual can become eligible on June 30, 1972 and from that point on collect 13 weeks, or does he have to collect a full week's benefits?

Mr. CURTIS. He has to be unemployed for a week for which he has been determined eligible for a payment. It would not permit the case that you suggest where he had only one day in fiscal year 1972.

Mr. MICHEL. Since that act provides for 13 weeks, by 12 weeks from June 30 we should have terminated all payments under Public Law 92–224.

Mr. FASSER. That is right.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Robinson.

Mr. ROBINSON. No questions.

Mr. FLOOD. Thank you very much.

JUSTIFICATION OF THE BUDGET ESTIMATES

MANPOWER ADMINISTRATION

Advances to the Extended Unemployment Compensation Account

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate.....	---	$120,000,000
Estimated program supplemental.....	$600,000,000	---
Subtotal budget authority.....	600,000,000	120,000,000
Total available for obligation.....	600,000,000	120,000,000

Obligations by Activity

	1972 Appropriation Revised Amount	1973 Estimate Amount	1973 Change Amount
1. Extended unemployment insurance benefits.....	$600,000,000	$120,000,000	-$480,000,000
Total obligations by activity.....	600,000,000	120,000,000	- 480,000,000

Obligations by Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
42 Insurance claims and indemnities.....	$600,000,000	$120,000,000	-$480,000,000
Total, obligations by object.....	600,000,000	120,000,000	- 480,000,000

MANPOWER ADMINISTRATION

Advances to the Extended Unemployment Compensation Account

Summary of Changes

	Amount
1972 Enacted appropriation	---
Estimated program supplemental	$600,000,000
1972 Appropriation, revised	600,000,000
1973 Estimate	120,000,000
Total Change	-480,000,000

Mandatory Item:

Decrease:

To provide for a net decrease in the number of individuals receiving extended and temporary unemployment benefits	-480,000,000
Total Change	-480,000,000

Activity 1. EXTENDED UNEMPLOYMENT INSURANCE BENEFITS (1972, $600,000,000; 1973, $120,000,000)

Public Law 91-373, enacted August 10, 1970, established an Extended Unemployment Compensation Account out of which the Federal portion of the Federal-State benefits authorized by that law is to be paid. Title II of the Act requires each State to provide specific, additional unemployment compensation benefits during specified periods of high unemployment.

The Emergency Unemployment Compensation Act of 1971 (P.L. 92-224) provides that funds in the Extended Unemployment Compensation Account (as established by the Employment Security Amendments of 1970) of the Unemployment Trust Fund shall be used for making payments to States having agreements entered into under that title. The Act further provides that sums payable to any State having an agreement shall be payable, either in advance or by reimbursement, as may be determined by the Secretary of Labor.

Federal-State Extended Benefits

In 1972, Employment Security Amendments of 1970, Public Law 91-373, provides two bases which may cause a "trigger-on" condition for extended benefits. Prior to January 1, 1972, extended benefits could occur only through the operation of a State trigger. The program becomes operative in an individual State when the insured unemployment rate for that State averages 4 percent for any 13 consecutive week period and equals 120 percent of the average rate for the same 13 week period in each of the 2 preceding years. During the July-December 1971 period, 22 States met the above criteria and began making extended benefit payments. The Federal share of the State payments for that period totalled $168,300,000 against revenues of $44,500,000 leaving a deficit of $123,800,000. The States made these payments from their trust funds.

A supplemental appropriation was requested in fiscal year 1972 to advance the funds from general revenue necessary to reimburse the States for these benefits.

The law also provided, effective January 1, 1972, for a national extended benefits program whenever insured unemployment, as specified in the law, equaled or exceeded 4.5 percent, seasonally adjusted, for each of 3 consecutive months. Insured unemployment exceeded 4.5 percent in every month for the period April through December 1971; consequently, the national extended benefits program became effective on January 1. All States paid extended benefits for weeks of unemployment claimed by eligible individuals, effective with the week beginning January 2, 1972.

Trends indicate that the Federal share of benefits for the period January to June 1972, will total $261,000,000 or 4,833,335 weeks of compensation at an average weekly benefit amount of $54.00 and that revenues will total $126,000,000 for that period. This leaves a deficit of $135,000,000. The above mentioned supplemental appropriation request also provided for the advance of funds from the general revenues necessary to reimburse the States for the Federal share of such benefits.

In 1973, the national program for Federal-State extended benefits is not expected to be "triggered-on" because the rate of insured unemployment is not expected to exceed 4.5 percent, seasonally adjusted, for a period of 3 consecutive months. No advance from general revenue funds will be required to make reimbursements to the States for a national program of extended benefits.

The Federal-State extended benefit program is expected to "trigger-on" in at least 16 States under the State trigger provision of Public Law 91-373. It is estimated that those States will pay extended benefits to 560,000 claimants for about 5,600,000 weeks amounting to $304,000,000. The Federal share of those payments will be $152,000,000. covering 2,800,000 weeks of extended benefits. The estimated revenue to the Extended Unemployment Compensation account for fiscal 1973 is $129,000,000 which leaves a balance of $23,000,000 to

be advanced from general revenue. Thus the revenue to the account in fiscal year 1973 will fund only about 85 percent of the Federal share of the estimated extended benefit payments under the State trigger program.

Temporary Benefits

Temporary unemployment benefits under the Emergency Unemployment Compensation Act of 1971, Public Law 92-224, are payable in States reaching the special individual State emergency unemployment rate of 6.5 percent. The rate includes workers who have previously exhausted their benefit entitlement, in addition to the usual rate of insured unemployment. This is defined in Public Law 92-224 as the rate of insured unemployment for the most recent 13 week period, divided by the average monthly covered employment under the State law for the first four of the most recent six calendar quarters ending before the close of such period. Under these criteria, 17 States are expected to be eligible for temporary benefits during fiscal year 1972.

The Act provides for the payment of up to 13 weeks of Emergency Unemployment Compensation benefits to workers who have exhausted all rights to regular compensation under the State law, have exhausted all rights to extended compensation and have no rights to compensation under any other State or Federal unemployment compensation law. The program is to be in effect for the period of January 30, 1972, through June 30, 1972. Those claimants who are determined eligible for Emergency Unemployment Compensation benefits prior to June 30, 1972, will be permitted to claim benefits up to September 30, 1972.

In fiscal year 1972, the funds required for the temporary compensation provided under Public Law 92-224 are estimated to be $341,200,000. Of this amount, $210,000,000 would be required to pay such compensation to a backlog of 340,000 eligible exhaustees who would claim 3,886,000 weeks of unemployment compensation at an average weekly benefit amount of $54.00. This backlog represents eligible claimants who exhausted their benefits prior to passage of Public Law 92-224. Between January 30 and June 30, 1972, another $131,200,000 would be required to pay compensation, to individuals who exhaust regular State and/or Federal-State extended benefits and become eligible to receive temporary compensation. This is expected to amount to 2,432,520 weeks compensation at an average of $54.00 per week. A supplemental appropriation request for the appropriation of advances totaling $341,200,000 is now pending.

In 1973, it is estimated that 1,763,600 weeks will be compensated amounting to $97,000,000. An advance of that amount from general revenue is required in fiscal year 1973 to advance funds to the States (17 States are expected to qualify) to cover the costs of temporary compensation benefits for the period July to September 1972.

Summary of 1972 and 1973 Extended Unemployment Compensation Account Requirements

	Estimated Expenditures	Tax Revenue	Advance Required
1972			
Federal-State Extended Benefits			
(a) State Trigger	$168,300,000	$ 44,500,000	$123,800,000
(b) National Trigger	261,000,000	126,000,000	135,000,000
Temporary Benefits	341,200,000	---	341,200,000
Total, 1972	770,500,000	170,500,000	600,000,000
1973			
Federal-State Extended Benefits	152,000,000	129,000,000	23,000,000
Temporary Benefits	97,000,000	---	97,000,000
Total, 1973	249,000,000	129,000,000	120,000,000

ACTION ON CONGRESSIONAL
RECOMMENDATIONS

No specific actions recommended.

THURSDAY, APRIL 13, 1972.

MANPOWER ADMINISTRATION

LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICES AND FEDERAL GRANTS TO STATES FOR EMPLOYMENT SERVICES

WITNESSES

PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY FOR MANPOWER AND MANPOWER ADMINISTRATOR
CHARLES E. ODELL, ACTING DEPUTY ASSOCIATE MANPOWER ADMINISTRATOR FOR THE U.S. EMPLOYMENT SERVICE
WILLIAM R. CURTIS, DEPUTY ASSOCIATE MANPOWER ADMINISTRATOR FOR UNEMPLOYMENT INSURANCE SERVICE
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICES

Object Classification (in thousands of dollars)

Identification code 12-05-8042-0-7-999	1971 actual	1972 est.	1973 est.
Personnel compensation:			
11.1 Permanent positions	2,880	3,094	----------
11.5 Other personnel compensation	49	59	----------
Total personnel compensation	2,929	3,153	----------
12.1 Personnel benefits: Civilian	230	251	----------
21.0 Travel and transportation of persons	23	42	----------
23.0 Rent, communications, and utilities	283	300	----------
24.0 Printing and reproduction	8	46	----------
25.0 Other services	369	636	----------
26.0 Supplies and materials	16	30	----------
31.0 Equipment	7	14	----------
41.0 Grants, subsidies, and contributions	738,912	807,257	820,317
93.0 Administrative expenses included in schedule for fund as a whole	−742,777	−811,729	−820,317
99.0 Total obligations	----------	----------	----------

Personnel Summary

Total number of permanent positions	290	305	----------
Average paid employment	282	274	----------
Average GS grade	8.5	8.4	----------
Average GS salary	$11,626	$11,700	----------

Program and Financing (in thousands of dollars)

	1971 actual	1972 est.	1973 est.
Program by activities:			
1. Unemployment insurance services	368,417	378,200	420,782
2. Employment services	374,360	389,529	355,535
3. Contingency fund	----------	44,000	44,000
Total program costs, funded—obligations	742,777	811,729	820,317
Financing:			
Receipts and reimbursements from: Federal funds	−17	−17	−17
Unobligated balance lapsing	740	288	----------
Limitation	**743,500**	**812,000**	**820,300**

FEDERAL GRANTS TO STATES FOR EMPLOYMENT SERVICES

Program and Financing (in thousands of dollars)

Identification code 12-05-0179-0-1-607	1971 actual	1972 est.	1973 est.
Program by activities:			
10 Employment services (costs—obligations) (object class 41.0)	----------	----------	66,700
Financing:			
40 Budget authority (appropriation)	----------	----------	**66,700**
Relation of obligations to outlays:			
71 Obligations incurred, net	----------	----------	66,700
90 Outlays	----------	----------	66,700

Mr. FLOOD. The committee will come to order.

We will continue with the Department of Labor, Manpower Administration and will consider the budgets for "Limitation on Grants to States for Unemployment Insurance and Employment Services," and "Federal Grants to States for Employment Services."

INTRODUCTION OF WITNESSES

Continuing in the role as chief witness will be Mr. Paul J. Fasser, Deputy Assistant Secretary for Manpower and Manpower Administrator.

Do you have any other witnesses with you this morning to be identified for the record? If so, why don't you do so and then we will move on to your statement.

Mr. FASSER. I have Mr. O'Dell with me who will represent the Employment Service, and I have Mr. Curtis, who will represent the Unemployment Insurance Service, and Mr. Conrad Jones, the Departmental Budget Officer. Among us we will try to handle any questions.

I have a statement that has all the numbers in it, Mr. Chairman, and with your permission, I will proceed.

Mr. FLOOD. Go ahead.

GENERAL STATEMENT

Mr. FASSER. Mr. Chairman and members of the committee, I am pleased to appear before you today to discuss the "Limitation on Grants to States for Unemployment Insurance and Employment Services" and the "Federal Grants to States for Employment Services" appropriations. These appropriations provide administrative financing of the Unemployment Insurance and Employment Service activities in the State agencies. The total request is $887 million, an increase of $55,288,000 over 1972, including mandatory increases of $50,750,000 and net program increases of $4,538,000. The major source of funds is the unemployment trust fund which accounts for $820,300,000 of the total. For the first time a portion of the Employment Service will be funded from general revenue as spelled out in Public Law 91-373. The general revenue portion totals $66,700,000.

I will begin with the State Employment Service activities. In addition to the $66,700,000 of general revenue, $355,518,000 of trust fund financing will be required to carry out this program. The Employment Security Amendments of 1970, Public Law 91-373, contain a provision which limits the use of Federal Unemployment Tax Act revenues to providing services to those individuals who are covered under the unemployment insurance laws. In accordance with this provision, effective the first time in fiscal year 1973, 15 percent of the cost of the Employment Service will be financed from general funds since 15 percent represents the estimated portion of Employment Service activities not related to persons covered under unemployment insurance laws. The $355,518,000 (trust fund) plus the $66,700,000 (general revenue) equals a total request of $422,218,000 for the Employment Service. This total represents a net increase of $32,706,000 which includes mandatory increases of $26,538,000 and program increase of $6,168,000.

The mandatory increases include salary and benefit cost increases resulting from statewide compensation plan changes, $12,992,000; increased rents for local offices, $2,288,000; annualization of veteran positions funded for only a part of fiscal year 1972, $6 million; cost increase associated with the Office of Management and Budget Circular A–87 requirements, $2,320,000 and increased penalty mail payments to the U.S. Postal Service of $2,938,000.

The program increase of $6,168,000 is a net figure of an $18 million increase for operating the program of mandatory listings of job opportunities for veterans and a decrease (savings) of $11,832,000 from productivity increases.

In 1973, the Employment Service will devote primary emphasis to improving the quality of services to applicants and employers to help achieve an increase in nonagricultural job placements. We expect to increase job vacancy listings by offering an integrated program of employer services and individual job development planning, making maximum use of the mandatory job listing program that was initiated in Executive Order 11598. Special emphasis will be given to meeting the needs of Vietnam-era veterans in addition to serving the needs of all applicants.

Attention will be given to those who are not job-ready, in helping them find and enroll in training programs and subsequently assist them in finding suitable employment.

We shall continue to experiment with programs to improve manpower delivery systems into rural areas and also alleviate transitional problems in those parts of the agricultural work force which are facing dislocation due to increasing mechanization.

Our ability to accomplish these objectives will require full utilization of computer capability through job banks in order to provide optimum exposure of applicants to available job openings. We shall also strive to increase productivity by eliminating less essential procedures and activities.

The limitation on grants to States budget which provides for the operation of Unemployment Insurance activities amounts to $420,782,000 in 1973. This anticipated appropriation continues to be funded solely from the unemployment trust fund. Changes for 1973 total a net increase of $22,582,000.

Mandatory changes amount to $24,212,000. Recent information received from the States indicate that there will be about 366,000 more employers covered under provisions of Public Law 91–373 in 1973 over the 1972 level. To process those additional employers will require $12,800,000. In addition, $8,100,000 is necessary to fund full year costs of State positions funded for only a part of fiscal year 1972.

Increased State salary and benefit costs will require $11,792,000 and $3,216,000 respectively. In order to provide for a cost increase associated with the Office of Management and Budget Circular A–87 $2,680,000 is required. Increased rents for local offices will require $2,231,00.

Penalty mail payments to the U.S. Postal Service necessitate an increase of $3,393,000. A mandatory decrease of $20 million is the result of decreases in the Unemployment Insurance workloads.

Program changes amount to a net decrease of $1,630,000. The Supreme Court decision in the *JAVA* case makes it mandatory to decrease

the appeals time lapse. To improve the scheduling of the appeals it will be necessary to utilize more staff and expend more time in travel for fewer cases. The Court's decision will require the States to continue payments to claimants after an appeal has been filed and until a hearing has been held and a subsequent decision made. It is necessary to improve the quality of the fact finding and nonmonetary determination processes to minimize overpayments and to reduce the potential number of appeals. It will require $6,448,000 to meet the requirements of the Supreme Court's decision.

A committee under the direction of the Office of Management and Budget has revised the Standard Industry Classification coding structure for employers. The codes now existing in the unemployment insurance records in the States must be converted to these revised codes by January 1, 1973, to permit the proper reporting of employment and wage information which is used throughout the Federal Government as well as by the State governments and the public. We will require $2,300,000 to make the conversion.

Serious delays in converting the processing of unemployment insurance functions to automated data processing systems are being encountered because of a lack of adequate resources. These delays and the expanded employer coverage have produced backlogs of work and have resulted in increased costs for the administration of the Unemployment Insurance program in the States. The States must be provided with sufficient resources to recover from these conversion delays and to meet the increased work burdens imposed upon them by the expanded coverage and other federally sponsored payment programs. We will need $3,290,000 to provide the necessary additional automatic data processing equipment and staff.

A program decrease of $13,668,000 is the result of a 3 percent productivity increase which we expect will be accomplished through improved procedures and increased efficiency in carrying out the Unemployment Insurance program.

Contingency fund requirements remain at the same level as last year, $44 million. Therefore no program or mandatory changes are anticipated.

Mr. Chairman, this concludes my statement on the requirements of these appropriations. I will be glad to answer any questions you or members of the committee may have.

APPROPRIATION LANGUAGE

Mr. Flood. With regard to the proposed paragraph of appropriation language, why would it be to a State's advantage for you to buy equipment and pay the rent for them rather than to make a grant for the State to do it?

Mr. Fasser. We would need to have some idea of what kind of equipment they use. We require them to have certain equipment in order to carry out the functions of the Employment Service. We have something to say about what kind of equipment they use and we can then develop programs that will be related to that equipment which will be in place.

Mr. FLOOD. Then you have a proviso to require that unobligated funds at the end of the year be returned to the Treasury. Wouldn't they be returned to the Treasury without the language?

Mr. JONES. These funds are appropriated by Congress for expenditure out of the trust fund on an annual basis. Once we get it we put it out to the States. We have to make sure any unexpended balances remaining at the end of the fiscal year revert to the Treasury in accordance with the provisions of the appropriation language. If they are sitting out in the States with the money——

Mr. FLOOD. It wouldn't go back without the proviso?

Mr. JONES. It may not.

Mr. FLOOD. You are acting out of an abundance of caution?

Mr. JONES. Yes, sir. We could always tell them to give it back to us and they could say, "You gave it to us and we are not going to give it back." With the provision in here they have no choice. They are not subject to the rules of this committee directly, as we are, or to the Congress.

COMPARATIVE OBLIGATIONS FOR 1971 AND 1972

Mr. FLOOD. I realize the new appropriation account more or less is required by Public Law 91–373, but while it is new it provides for carrying out old activities. Why don't your justifications show comparative obligations for at least 1972? That wouldn't be tough. You can do this, can't you, you can place the comparative figures for both 1971 and 1972 in the record?

Mr. FASSER. Yes, sir, we can do that.

(The information follows:)

Comparative obligations

[In thousands of dollars]

Fiscal years:	
1971 actual	742,777
1972 estimate	832,000
1973 estimate	887,000

EMPLOYMENT SERVICE WORKLOADS

Mr. FLOOD. Take a look at page 6 with regard to the workload statistics. It shows only 1973 estimates. Put in the record a table showing 1971 and the estimates for 1972 and 1973.

Mr. FASSER. Yes, sir.

(The information follows:)

EMPLOYMENT SERVICE WORKLOADS

	1971			1972			1973		
	General revenue actual	Trust fund actual	Total actual	General revenue estimate	Trust fund estimate	Total estimate	General revenue estimate	Trust fund estimate	Total estimate
Obligations		$374,453,000	$374,453,000		$389,512,000	$389,512,000	$66,700,000	$355,518,000	$422,218,000
Basic workloads:									
New applications		9,740,000	9,740,000		10,430,000	10,430,000	1,500,000	8,930,000	10,430,000
Initial counseling interviews		1,062,000	1,062,000		1,100,000	1,100,000	110,000	990,000	1,100,000
Tests administered		1,198,000	1,198,000		1,270,000	1,270,000	120,000	1,150,000	1,270,000
Placements, nonagricultural		3,597,000	3,597,000		5,298,000	5,298,000	540,000	4,740,000	5,280,000
Placements, agricultural		3,300,000	3,300,000		3,300,000	3,300,000	2,800,000		2,800,000
State positions		31,003	31,003		32,581	32,581	5,223	27,840	33,063

FINANCING OF EMPLOYMENT SERVICE

Mr. FLOOD. What is your opinion about this splitting of financing of the Employment Service like this? Is it good or did Congress make a mistake? If you can imagine Congress making a mistake. What about this?

Mr. FASSER. I think it is a good way of determining that workload and that expense that is entailed in noncovered activity.

Mr. FLOOD. This is pretty low key.

Mr. FASSER. We are required by law to break it out.

Mr. FLOOD. I thought I indicated that I knew that.

MANDATORY COST INCREASES

In total for both the trust funds and the general funds you are asking for $422,218,000 for the Employment Service compared with $389,512,000 in 1972. That is about a $33 million increase. This is your own kind of talk—how much of this is for the mandatory or built-in costs, such as the salary increases?

Mr. FASSER. Mandatory cost increases for the Employment Service amount to about $26.5 million.

INCREASES IN CONNECTION WITH OMB CIRCULAR

Mr. FLOOD. Now you want an increase of $5 million for costs in connection with OMB circular A–87 requirements. What are these requirements? How much are you spending this year? What do you want with an increase of $5 million for next year?

Mr. FASSER. I don't have the breakout in front of me—I can provide it for the record—on expenditures for A–87 this year. But the breakout in terms of the Employment Service on A–87 requirements would be $2,320,000 and on the UI side it would be $2,680,000 for the circular A–87 requirements.

Mr. FLOOD. And give us the other for the record.

Mr. FASSER. Yes, sir.

(The information follows:)

Current year costs are estimated to be $2.2 million, although we do not have precise accounting identification of them at this time. e are currently making a definitive survey of such costs which may revise this estimate for fiscal year 1972.

ADEQUACY OF BUDGET REQUEST

Mr. FLOOD. We certainly are not here for the purpose of encouraging you people to ask for more money, but just a couple of days ago you testified regarding a supplemental for 1972.

Mr. FASSER. That is right.

Mr. FLOOD. That was needed because of the increased unemployment claims workload. Now I see that you estimate a decrease of $20 million for 1973. Is that still a good estimate?

Mr. FASSER. That is still a good estimate; yes, sir.

IMPACT OF SUPREME COURT DECISION IN THE JAVA CASE

Mr. FLOOD. Why do you estimate that you will need a program increase of $6,448,000 for "increased numbers of appeals and nonmonetary determinations"?

Mr. FASSER. This is all on the UI side and is connected with the JAVA case and the increased workload brought about by the appeal provision.

Mr. FLOOD. You will have to tell us what you mean by the JAVA case.

Mr. FASSER. The JAVA case was a Supreme Court case that provided an employee, who had been on unemployment insurance and was taken off for one reason or another, the right to the adjudication process or an appeal before his payments could be stopped. In order to accommodate the Supreme Court decision, we were required to set up an accelerated appeal procedure, and this required, of course, more travel time, more space, and more personnel. We estimated increases in administrative costs due to the JAVA decision would be about $16.5 million in 1973.

Mr. FLOOD. I am sure the Supreme Court would be delighted to know I agree with them, but I can see where it causes you some problems.

JOBS FOR VETERANS COMMITTEE

This is a red hot question so don't brush off the answer casually. What is the Jobs for Veterans Committee and how does it operate?

Mr. FASSER. The Jobs for Veterans Committee was the initial effort on the part of the administration to get top business leaders, labor leaders, and public members together to do something about the fact that the Vietnam veterans coming back were not finding jobs. So essentially the Jobs for Veterans Committee was more or less a public relations activity.

Mr. FLOOD. In what year was that born?

Mr. FASSER. That was born in 1971. It was more or less a public relations activity to make business and just about anyone who could provide jobs aware of the facts.

Mr. FLOOD. And the news media certainly cooperated.

Mr. FASSER. The news media did cooperate. We have a large advertising company that provided free advertising and we just got everybody working on this.

Mr. FLOOD. What was the name of the company? Give them a break—a little credit on the hearing record.

Mr. ODELL. It was done through the Advertising Council.

Mr. FASSER. It was a trade deal. They did that and they laid the groundwork essentially for the program that began around last June, the program that included the mandatory listings, the program that included manpower programs for veterans and the whole six point program of the President. We have been working on this very hard for the last year. The jobs for veterans program laid the groundwork so these employers would be aware that there were competent people coming out of service who could do a good job for them. Part of this effort was in the form of job fairs.

JOB FAIRS

Mr. FLOOD. What is job fair? Let's show again what were these job fairs, where were they held, who participated in them? Did you see any good results? What happens?

Mr. FASSER. For several months prior to the date of the job fair. employers are recruited to come down to one central armory or some large building in a city, where they set up booths in which they will talk to veterans. Veterans are then referred to the job fair.

Mr. FLOOD. Do your regional office people take part in this?

Mr. FASSER. Yes; they do, and the employment service takes part in it, and the employers interested in that particular aspect.

Mr. FLOOD. You mean the State employment service?

Mr. FASSER. Yes; and the employers in that particular city or county or State who are concerned about this set up their booths and interview these veterans.

Mr. FLOOD. Small business as well as big business?

Mr. FASSER. Yes, sir. In this one coming up in Chicago in May there are going to be 800 employers involved, and there are some small among them.

Mr. FLOOD. That is very important especially in small towns.

Mr. ODELL. One other aspect of the Jobs for Veterans Committee is that in most States now there is a Governor's Jobs for Veterans Committee which ties in the veteran organizations and the business community in a combined effort.

SAVINGS DUE TO INCREASED PRODUCTIVITY

Mr. FLOOD. You show a decrease in your budget of $25,500,000 for savings made possible because of an anticipated productivity increase. What did you do, reach up with your left hand and pick that out of the air, or is this calculation based on objective assumptions? How did you arrive at the figure?

Mr. FASSER. The calculations are objective.

Mr. FLOOD. What is an objective calculation? Aren't all calculations objective?

Mr. FASSER. Most of them are in terms of the budget, and especially this one because of the fact that all of the things that we asked you to do for us in previous years in terms of providing funds for automatic equipment and better mechanical processes have paid off. We have been able to see some of the fruits of that investment, and as a result we can make this kind of a reduction. This is really the number of positions that will be reduced, and this is the related saving that will be gained.

MAN-YEARS OF EMPLOYMENT 1963–73

Mr. FLOOD. Will you place in the record a table showing the man-years of the State employment under these appropriations for 10 years from 1963 through 1973?

Mr. FASSER. Yes, sir.

Mr. FLOOD. And break it down between the unemployment insurance services and the employment services.

Mr. FASSER. Yes, sir; we can do that.

(The information follows:)

POSITION UTILIZATION, FISCAL YEARS 1963–73

	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972 estimate	1973 estimate
U.I	33,341	25,310	31,543	27,602	26,070	27,334	27,016	28,489	31,884	35,338	36,008
E.S	26,197	32,212	24,784	29,903	30,605	30,841	30,547	30,718	31,003	32,581	33,368
Total	59,538	57,522	56,327	57,505	56,675	58,175	57,563	59,207	62,887	67,919	69,376

Mr. FLOOD. Mr. Michel?

UNEMPLOYMENT COMPENSATION

Mr. MICHEL. Regarding unemployment compensation, what is the total number of covered employees throughout the country?

Mr. FASSER. It would be around 55 million.

Mr. CURTIS. About 55 million; and with the expanded coverage now becoming effective, it would be from 60 to 61 million.

Mr. MICHEL. Out of a total work force of what?

Mr. CURTIS. 86 million.

Mr. MICHEL. You mention in your testimony, Mr. Fasser, the Supreme Court decision in the *Java* case. Could we have a brief exposition at this point in the record of specifically what we are talking about?

Mr. FASSER. Do you want me to give it right now or for the record?

Mr. MICHEL. You have already given us a brief explanation, but we ought to have it in detail for the record.

(The information follows:)

THE JAVA DECISION

Claimants Java and Hudson, after having been discharged from employment, applied for unemployment benefits and were ruled eligible following an interview at which the employer did not appear. Payments began and in each case the employer filed an appeal, contending that benefits should be denied because the claimants were discharged for cause.

Pursuant to section 1335 of the State law payments automatically stopped. That section provides that if an appeal is taken from a determination providing benefits, the benefits in issue are not to be paid until the appeal has been decided.

Prior to the hearings before the referee, the claimants commenced a class action in the U.S. district court. They sought a declaration that section 1335 is unconstitutional and inconsistent with the requirements of section 303(a)(1), Social Security Act. That section makes it a condition of administrative grants that such law provide for such methods of administrative grants that such law provide for such methods of administration "as are found by the Secretary of Labor to be reasonably calculated to insure full payment of unemployment compensation when due." A three-judge court concluded that section 1335 is defective on both constitutional and statutory grounds.

On April 26, 1971, the U.S. Supreme Court issued its decision upholding the decision of the district court that section 1335 is inconsistent with the requirements of 303(a)(1).

To meet the Court's interpretation of the requirements of 303(a)(1), a State's law and procedure must provide for paying benefits promptly after a determination has been made in the claimants' favor, regardless of the pendency of an appeal period or of any appeal that has been taken from the determination. Also, a State must provide the claimant and the employer reasonable notice of the claim and the issue and an opportunity to present their respective positions before a determination is made.

MANDATORY JOB LISTINGS

Mr. MICHEL. In your statement, you refer to the mandatory job listings required by Executive Order 11598 and tell us that an $18 million increase is necessary for this. The order was issued primarily, of course, to increase job opportunities for the Vietnam era veterans. Right?

Mr. FASSER. That is right.

Mr. MICHEL. Could you give us a little bit more detail on how this $18 million would be spent.

Mr. FASSER. The $18 million represents a transfer of administrative funds that formerly were covered in the MTS budget and now will be covered in the grants budget, and appropriately so, Mr. Congressman, because this represents State positions needed to effectuate the mandatory listing.

As you will recall the mandatory listing is an Executive order that requires employers who have $10,000 or more of Government business to list their job vacancies with the employment service. We anticipate a considerable increase in the number of job openings that will be listed with the employment service and this $18 million will essentially cover the increased personnel required to do that.

PENALTY MAIL

Mr. MICHEL. Mr. Fasser, there are several items here with respect to penalty mail I probably should have asked when the Secretary was here but could you supply, for the record, the total figure of penalty mail for the entire Department of Labor at this point? It is representing significant increases in each little item here and we are getting complaints from the private sector on the increase.

Mr. FASSER. We will be glad to supply the whole Department of Labor costs for penalty mail which will include Manpower Administration costs.

(The information follows:)

Estimated penalty mail payments—Department of Labor

Fiscal year 1973	$31,643,400

EXPLANATION OF OMB CIRCULAR A–87

Mr. MICHEL. In response to the chairman's question with respect to the OMB Circular A–87 requirement, I am not sure I know what we were talking about. Is that a lengthy document?

Mr. FASSER. We are talking essentially about overhead in the States that we are required to assume under the circular. I wonder if Mr. Jones couldn't expand.

Mr. JONES. The basis of this is that we have the State employment service and UI operating as State agencies. As a part of their operation there are certain State overhead costs, legal services, the Governor's staff and other common services, part of which should be borne by this State agency. It is the policy of this administration that formulas be worked out for reimbursement to the States for these kinds of overhead costs, overall State costs, applicable to the employment service and UI. We have done some of this in the past. We have not gone quite as far as

some of the States think we should go and these funds are to provide the full complement of the administration's share of these costs.

EFFORTS ON BEHALF OF VETERANS

Mr. MICHEL. In looking through the justifications, I didn't see very much regarding the employment service attainments on behalf of veterans. Is our record so poor in this area we don't want to talk about it, or is it just an oversight? We are going to be asked about this special emphasis on veterans, and we ought to have some figures here to either back up a good record or disclose a bad record.

Mr. FASSER. Our record in the employment service with veterans is a good one. Next year we will place around 1 million veterans, and we will probably——

Mr. FLOOD. You mean from July 1, 1972, to July 1, 1973?

Mr. FASSER. Yes, sir. In fiscal 1973 we will place 1 million veterans. I have Mr. Odell here who is familiar with all of the figures for 1972. Why doesn't he give you an indication?

Mr. MICHEL. Yes.

Mr. ODELL. We will place about 930,000 veterans, or at least that is our goal, for 1972.

Mr. FLOOD. That is from July 1, 1971, to July 1, 1972; is that right?

Mr. ODELL. Yes, sir. We are running at about the anticipated rate. Actually we have projected in our planning goals for States in 1973 a figure of 1,250,000 placements. In connection with the jobs for veterans program and the President's program for veterans, our record with Vietnam veterans, which is a small part of the total veteran load but an important part of it, is projected for this year at about 380,000 placements. And as of January 31, we have placed 175,000. So we think we are going to make that goal.

Mr. MICHEL. I would like to emphasize that the veterans of greatest concern, specifically, are the Vietnam veterans. There are veterans all around this table, and we don't exactly have to go to the Employment Service to get another job .A number of people do, however, and sometimes it gets the record ballooned up so you think if it weren't for this service, nobody would get employed.

I am more concerned about the returning young fellows who have been fighting in the current war who really have a tough problem finding a job, particularly when the economy is kind of slack.

RATE OF MILITARY AND CIVILIAN SEPARATIONS

In the hearings last year, on page 172, I asked for the rate of military and civilian separations. Could we have that table updated for the record this year?

Mr. FASSER. Yes, sir.

(The information follows:)

Military separations:	
Fiscal year:	
1969	1,003,000
1970	1,043,000
1971	984,000
1972	1,050,000
1973	850,000
Civilian separations:	
Fiscal year:	
1969	661,000
1970	640,000
1971	561,000
1972	735,000
1973	700,000

SERVICES FOR "DISADVANTAGED" AND FOR VETERANS

Mr. MICHEL. On page 13 of the justifications, it says that new applications from the disadvantaged during 1971 were 16.9 percent of total new applications, and placements of the disadvantaged were 21.9 percent of the nonagricultural placements.

What were the equivalent percentages for all veterans and Vietnam era veterans in 1971 and your estimates for 1972 and 1973? Are there any different problems in putting a veteran that we are talking about to work as distinguished from the people you call disadvantaged?

Mr. FASSER. Disadvantaged could include veterans. We do have breakouts on that, and we could provide you with a similar statistic for Vietnam era veterans, and that would be that category between ages 20 and 29.

Mr. MICHEL. Is there any conflict between the two in providing placements for disadvantaged as against veterans? I don't want to see a veteran's interest submerged by this popular handle we call disadvantaged people, whatever they are.

Sometimes we get a little feedback from some of the veterans, and they get the general impression, they say, "No one could care less about what I do and what I did. Of course, everything is going for the so-called disadvantaged or economically depressed."

I think sometimes these boys have a legitimate gripe. I want to mention it here in the record, and if you can give us some kind of assurance that under no circumstances are returning veterans from Vietnam being shortchanged in favor of some group we call by the general term "disadvantaged," I would appreciate it.

Mr. FASSER. We are not doing that. As a matter of fact, Mr. Congressman, the veteran has first preference at the Employment Service. Job orders are held open for veterans for a period of time so that the file can be checked and they can be sent out. We have been able to sustain our efforts with the disadvantaged and at the same time mount this veteran's program, which, as the Secretary said a couple of days ago, is first priority—and this is a very high priority.

Mr. MICHEL. Incidentally, I heard the chairman mention the good media coverage given to the program. I have noticed, as I'm sure other members of the committee have, that a number of talk shows back home have hosted returning veterans. They have a discussion for half

an hour on what he was doing, what his experiences were in the military, his present efforts to find a job, and his job qualifications. A number of people listen to these programs and, occasionally, someone will phone in and say "that sounds like somebody I can employ."

I think it points up the fact that people are becoming more and more aware of this problem.

Mr. FASSER. That is not only happening in isolated instances, that is happening all over the country. We have hired veterans in the State offices to deal with veteran's problems.

We are counseling veterans overseas before they even get back to the United States. We have training programs within the military, a transitional program. We have quite a determined intensive effort to get the boys back into jobs.

ALLEVIATION OF RURAL UNEMPLOYMENT

Mr. MICHEL. In your statement you refer to experiments with programs to improve manpower delivery systems in the rural areas and alleviate transition problems, the problems of those in the agricultural work force facing dislocations.

Could you expand on these two points as to what kind of experiments you are talking about? How do you alleviate transitional problems?

Mr. FASSER. Let me answer the first part of the question first. We have instituted models of mobility facilitator units. These are roving Employment Service facilities so that we can get out to where the people are. We can't establish, for example, a permanent office in a small rural town, it would not be productive. But we can send a trailer in and move it around in the area to make certain——

Mr. MICHEL. On a prescheduled announced basis?

Mr. FASSER. Yes. The employers will know and the potential applicants will know that is what we are doing in that area. I am going to ask Mr. Odell to expand on that.

On the transition operation in the agriculture area, where machines have replaced people and the people must move from farm to farm, we are trying to get at these people in two ways—get to them when they are in the migrant stream and take them out and, perhaps, give them some training and get them located in cities that they pass through.

Another attack we are making on this particular problem is at the home base where they finally return after the season is over. We have training programs and programs to help them move out of the migrant stream into industries and public service jobs.

Mr. ODELL. On the first aspect, which is trying to get better organization and services to people in outlying rural areas, we have set up in about 12 rural areas, each of which serve five to 10 counties each, a network involving a local office which has complete service and a capacity for bringing together all of the information that is known to us or that we can gather about job opportunities in that area.

We also have a circulating staff of people to reach the available jobseekers or the people who ought to be available jobseekers out in the small communities around that central hub.

We try also to bring a sort of hotline telephone communications between the outlying locations and the central office, between employers

and job applicants. In addition, the location of a local office is in a trade center, medium size or small town, and serves the employers or workers immediately within commuting range of that town. Under this system, we found as much as 30 to 40 percent of the placements are made for people not within that commuting range simply because we connect them through a communications and itinerant outreach system to the central data bank or information center on job opportunities, which is an advantage to them and also to the employers. That is really the way we are trying to redirect the delivery of services in rural areas, to use our capability to bring job opportunities information into wider circulation on a much broader geographic basis than normally happens if you sit there waiting for people to come in who are not normally aware of the program

NEED FOR ADDITIONAL COMPUTER RESOURCES

Mr. MICHEL. You speak of the backlog in the area of unemployment insurance and the need for $3.2 million to clear this backlog. Is that really going to get the job done in fiscal 1973?

Mr. FASSER. We think so. Would you expand on that, Mr. Curtis?

Mr. CURTIS. Yes. Does this item relate to our request for computer facilities?

Mr. MICHEL. I believe so—the $3.2 million item to help clear away the backlog.

Mr. CURTIS. That does relate to our request for resources to expand the use of computers in unemployment insurance. Unemployment insurance has been a pioneer in the use of computers, and we have tried to take advantage of new developments in computers because the unemployment insurance operations are uniquely well suited to their use.

We have most of the benefit operations on computers, but not the employer tax function. With the resources that we have asked for here, it will be possible to computerize the tax function.

Mr. MICHEL. What are you asking for resources? Are you asking for rental of computers?

Mr. CURTIS. Typically, the State agencies do rent computers. We are encouraging States when it is advantageous to do so to purchase computers. This request covers 100 positions for people to work with the computer facility, and the remainder of the request would be for the hardware itself. It is about 2 to 1.

Mr. MICHEL. In the $3 million you are talking about, is it Federal employees or State employees?

Mr. CURTIS. State employees.

Mr. MICHEL. Funded how much with Federal money?

Mr. CURTIS. This is 100-percent federally funded, sir.

Mr. MICHEL. The 100-percent Federal funding is for how long a period of time? I know you have this request for 1973. Are they going to be indefinitely on Federal money grants for another 10 years, or is this kind of a one-shot deal?

Mr. CURTIS. The Federal Government finances or pays 100 percent of the cost of State unemployment insurance operations. We come to you annually for an appropriation. We would hope and expect that this investment of $3,200,000 would result over the long pull in reduced unit costs so that our appropriation request in, say, 1974 would be

less than it would otherwise be if we had not gotten the $3,200,000. I think we can demonstrate over the years that the application of data processing equipment has resulted in reduced costs of the unemployment insurance operation.

Mr. MICHEL. Have we a significant backlog problem?

Mr. CURTIS. It is a backlog in this sense: That about 14 States have their tax operations on computers, the remainder do not. With these resources, we think we can convert all States to mechanical processing of their tax function.

Mr. MICHEL. Generally speaking, the States that do and do not have them, are they the big industrial States that are on?

Mr. CURTIS. The big States are on.

Mr. MICHEL. And the smaller States generally are those which have not vet moved up?

Mr. CURTIS. That is right.

UCFE RATES BY STATE

Mr. MICHEL. Yesterday afternoon we touched on the subject of the benefit tables on pages 173 and 174 of last year's hearings which ought to be updated. Also be sure that the trade adjustment beneficiary figures on page 175 are updated and compared with last year's figures for the record.

Mr. FASSER. Yes.

(The information follows:)

UNEMPLOYMENT COMPENSATION FOR FORMER FEDERAL EMPLOYEES (UCFE)-AVERAGE WEEKLY BENEFIT AMOUNT

STATE	FISCAL YEAR- 1966	1967	1968	1969	1970	1971
U. S. Average	$39.58	$41.08	$42.27	$44.98	$47.81	$51.10
Alabama	30.77	33.45	36.17	37.59	40.03	42.69
Alaska	40.56	43.94	45.65	46.88	50.11	49.67
Arizona	38.78	39.05	40.14	43.43	46.80	46.69
Arkansas	31.86	32.53	35.03	37.36	40.53	41.51
California	49.96	52.51	50.57	53.12	55.83	56.18
Colorado	45.00	46.57	49.02	51.03	54.09	56.48
Connecticut	44.56	45.36	46.95	56.16	62.40	62.19
Delaware	42.84	42.01	45.91	47.36	49.50	54.24
District of Columbia	45.17	46.28	49.74	52.53	56.68	61.04
Florida	29.66	29.96	33.43	35.79	36.52	37.78
Georgia	32.83	37.40	39.94	41.70	43.85	46.10
Hawaii	45.53	49.84	52.35	56.95	65.08	69.25
Idaho	41.89	43.90	46.18	47.56	48.79	51.07
Illinois	36.45	36.29	37.56	40.01	44.85	44.93
Indiana	34.98	36.71	34.09	34.91	39.08	39.87
Iowa	37.57	40.50	43.12	45.15	49.48	51.28
Kansas	35.96	40.43	42.05	45.51	46.95	49.90
Kentucky	32.87	36.56	39.04	42.25	44.90	47.68
Louisiana	33.90	35.82	37.18	41.23	43.91	47.06
Maine	23.31	32.91	34.28	38.15	39.37	41.94
Maryland	38.27	40.45	43.15	44.41	51.12	53.37
Massachusetts	46.21	47.42	46.95	48.01	49.59	51.09
Michigan	38.95	41.13	43.26	44.89	46.18	51.56
Minnesota	26.05	34.84	41.67	43.11	47.89	49.90
Mississippi	26.28	27.21	27.35	31.96	35.64	36.72
Missouri	32.52	35.43	37.40	40.26	42.84	45.62
Montana	32.69	32.94	33.16	34.14	39.51	39.60
Nebraska	34.10	34.76	36.10	38.76	40.17	41.83
Nevada	42.16	42.56	43.47	44.02	47.51	48.14
New Hampshire	39.83	37.61	39.73	44.10	47.84	54.97
New Jersey	44.72	43.74	46.17	57.57	60.10	62.89
New Mexico	32.26	32.85	36.22	37.04	44.01	49.83
New York	40.30	41.99	42.36	45.26	49.80	52.61
North Carolina	29.49	31.42	31.65	33.13	37.45	42.70
North Dakota	38.00	38.50	37.39	40.98	41.75	43.20
Ohio	37.44	38.53	39.46	43.90	46.06	45.22
Oklahoma	28.14	28.79	32.91	34.86	35.39	41.82
Oregon	35.03	35.33	37.54	40.29	43.52	42.85
Pennsylvania	36.26	37.68	41.56	46.89	48.60	50.39
Puerto Rico	35.73	20.20	25.82	28.77	31.43	37.89
Rhode Island	43.72	45.51	47.70	50.61	53.78	62.68
South Carolina	31.57	33.10	36.18	38.10	42.30	44.65
South Dakota	31.56	33.38	35.30	37.50	37.94	41.42
Tennessee	35.16	35.29	38.56	39.95	42.75	45.89
Texas	32.56	32.50	36.57	40.58	40.81	42.72
Utah	39.13	42.32	45.45	44.63	41.75	43.78
Vermont	39.44	42.18	41.62	48.38	49.94	53.03
Virginia	34.70	33.12	36.94	38.67	42.97	47.90
Virgin Islands	37.46	45.93	52.07	59.59	57.82	65.72
Washington	36.34	36.94	36.37	36.60	40.48	57.73
West Virginia	22.34	22.25	24.79	27.55	29.18	29.05
Wisconsin	42.01	44.44	46.44	49.02	53.87	56.59
Wyoming	39.50	41.23	40.85	43.56	46.85	49.83

UNEMPLOYMENT COMPENSATION FOR EX-SERVICEMEN (UCX)-AVERAGE WEEKLY BENEFIT AMOUNT

STATE	FISCAL YEAR- 1966	1967	1968	1969	1970	1971
U. S. AVERAGE	$37.87	$41.26	$42.68	$47.36	$49.43	$52.15
Alabama	31.88	34.77	37.52	40.79	43.30	45.99
Alaska	38.54	45.37	46.25	49.38	52.32	52.77
Arizona	38.59	40.42	40.52	46.09	47.59	47.68
Arkansas	32.51	35.49	37.83	41.59	44.31	46.61
California	44.01	48.76	48.75	51.91	53.25	54.37
Colorado	41.56	45.45	47.53	51.89	56.11	59.88
Connecticut	36.89	41.02	42.74	49.26	52.22	56.53
Delaware	40.08	44.50	42.84	47.57	49.35	56.05
District of Columbia	41.06	42.55	45.69	52.16	54.91	58.15
Florida	31.65	31.95	36.67	38.37	38.81	40.89
Georgia	33.83	39.68	42.45	43.64	45.72	46.39
Hawaii	47.20	52.55	53.25	58.54	60.87	64.00
Idaho	37.98	40.56	43.39	47.60	50.64	52.69
Illinois	36.74	39.73	40.62	41.99	44.91	45.96
Indiana	35.07	37.53	38.55	39.62	39.84	40.16
Iowa	39.17	45.07	46.86	51.07	53.41	56.18
Kansas	40.72	43.98	44.75	48.53	51.33	53.02
Kentucky	36.12	40.12	42.39	46.21	49.18	49.30
Louisiana	36.31	39.47	41.15	45.86	47.01	49.84
Maine	32.18	39.03	41.71	45.42	48.42	52.79
Maryland	38.62	42.29	43.52	49.63	52.87	56.90
Massachusetts	43.36	47.34	45.83	48.88	51.30	51.91
Michigan	38.15	43.06	43.30	45.05	46.77	51.55
Minnesota	35.55	39.54	41.60	46.36	50.48	52.25
Mississippi	28.78	29.43	29.47	35.85	38.70	38.96
Missouri	35.69	39.11	41.71	47.96	49.84	51.90
Montana	32.67	33.03	33.48	34.70	40.47	40.58
Nebraska	35.93	37.74	40.64	42.18	44.44	46.63
Nevada	41.80	43.20	43.85	44.40	46.50	47.95
New Hampshire	43.34	45.18	48.98	50.02	54.91	55.18
New Jersey	41.22	43.25	47.83	58.83	62.02	64.79
New Mexico	33.23	34.22	37.88	38.71	47.31	51.37
New York	36.08	39.89	41.17	47.94	51.18	55.52
North Carolina	36.92	39.42	39.84	40.48	46.71	50.46
North Dakota	37.45	39.34	40.58	45.82	48.32	50.10
Ohio	36.86	40.33	41.35	46.26	46.68	46.82
Oklahoma	30.05	30.83	35.02	36.65	37.16	43.86
Oregon	39.20	40.94	44.45	46.08	51.01	50.22
Pennsylvania	37.25	39.60	42.13	50.41	52.73	54.13
Puerto Rico	34.51	24.22	29.37	31.39	34.86	42.16
Rhode Island	38.97	43.40	45.11	49.31	51.36	59.44
South Carolina	36.23	39.01	40.57	43.56	46.87	49.73
South Dakota	33.15	34.25	36.71	38.97	39.59	43.59
Tennessee	33.08	34.20	38.35	40.24	44.19	47.26
Texas	34.97	35.95	39.68	43.25	43.45	43.74
Utah	36.52	40.07	42.33	46.28	47.91	49.68
Vermont	37.25	41.23	42.94	48.13	48.71	52.43
Virginia	34.64	35.92	38.33	43.62	45.18	51.09
Virgin Islands	41.20	33.57	43.92	53.70	55.83	52.06
Washington	37.48	38.70	39.44	40.00	43.79	57.34
West Virginia	30.53	32.37	36.90	41.33	43.24	46.10
Wisconsin	39.27	42.29	43.66	50.77	54.37	54.80
Wyoming	38.50	41.37	41.72	46.51	49.52	51.10

TRADE ADJUSTMENT BENEFICIARY FIGURES

It is estimated that approximately 37,713 workers will be certified in fiscal year 1972. In 1973, 45,000 workers are estimated to become eligible for benefits requiring $90 million for trade adjustment allowances.

PROGRAM STATISTICS

Mr. MICHEL. On page 176 we have two tables relating to certification of workers and adjustment allowances, and those ought to be updated. On page 178–179 we have two other tables that ought to be updated.

Mr. FASSER. We will provide that.

(The information follows:)

CERTIFICATION OF ADVERSELY AFFECTED WORKERS

The Tariff Commission has acted on a total of 124 petitions since November of 1969 when the first three petitions were approved under the Trade Expansion Act. The petitions filed by groups of workers and reviewed by the Commission are broken down as follows:

Approved	16
Denied	80
Divide evenly	28
In process	7

On the 8 cases on which the Tariff Commission was evenly divided, all were approved by the President. In addition, 12 industrywide cases have been approved.

WORKERS RECEIVING ADJUSTMENT ALLOWANCES

State	Number of petitions	Number of workers
Alabama	1	350
California	2	320
Connecticut	2	1,710
Florida	1	350
Georgia	2	1,840
Illinois	6	1,400
Indiana	3	1,210
Iowa	1	440
Louisiana	1	410
Maine	1	280
Maryland	1	100
Massachusetts	13	5,749
Michigan	3	860
New Hampshire	4	1,256
New Jersey	1	800
New York	4	630
North Carolina	1	300
Ohio	1	100
Oklahoma	1	300
Pennsylvania	4	1,200
Rhode Island	1	840
Tennessee	1	2,700
West Virginia	1	380
Total	56	23,525

CLAIMANT EXHAUSTIONS UNDER STATE PROGRAMS, MONTHLY
(Monthly totals in thousands)

MONTH	Fiscal year — 1965	1966	1967	1968	1969	1970	1971	1972
July	110.0	84.2	59.6	73.4	71.2	67.0	112.9	171.2
August	95.4	79.0	60.3	76.1	64.2	59.9	111.4	169.4
September	91.0	72.9	52.6	63.4	56.6	58.9	116.0	156.1
October	86.5	67.3	51.5	65.9	59.9	58.2	114.2	141.1
November	83.1	65.2	53.9	65.3	53.3	55.4	133.2	149.2
December	101.3	76.4	59.1	67.1	60.7	70.2	162.7	171.1
January	104.5	78.0	66.6	84.1	73.5	79.6	167.9	171.2
February	101.9	75.6	64.1	77.3	67.7	80.3	159.7	---
March	117.0	83.6	75.9	81.8	70.8	88.0	188.2	---
April	117.8	79.5	80.5	87.1	82.3	102.9	192.2	---
May	101.8	73.8	87.5	82.3	75.3	101.3	176.3	---
June	98.0	67.6	81.5	69.7	71.0	108.5	187.6	---
TOTAL	1,208.3	903.1	793.1	893.5	806.5	930.3	1,822.1	1,129.4

TABLE 391.--WAGE AND EMPLOYMENT REQUIREMENTS FOR BENEFITS

State	Qualifying formula			Wages required for minimum benefit	
	Employment	Wages	Distribution of wages	Base period	High quarter
(1)	(2)	(3)	(4)	(5)	(6)
Ala.		1 1/2 x HQW	(1)	$525.00	1/ $350.00
Alaska		Flat	$100 outside HQ	750.00	
Ariz.		1 1/2 x HQW	(1)	375.00	250.00
Ark.		30 x wba	2 quarters	450.00	
Calif.		Flat		750.00	
Colo.		30 x wba		420.00	
Conn.		30 x wba	2 quarters	450.00	
Del.		36 x wba 2/		360.00	
D.C.		1 1/2 x HQW 2/	2 quarters	450.00	300.00
Fla.	20 weeks 3/	(3)	(1)	400.00	
Ga.		36 x wba	2 quarters	432.00	175.00
Hawaii	14 weeks 2/	30 x wba	(1)	150.00	
Idaho		1 1/4 x HQW	2 quarters	520.01	416.01
Ill.		Flat	$225 in qtr. outside HQ	800.00	
Ind.		Flat	$300 in last 2 qtrs.	500.00	
Iowa		Flat	$100 in a qtr. other than HQ	300.00	200.00
Kans.		30 x wba	2 quarters	480.00	
Ky.		1 3/8 x HQW	8 x wba in last 2 qtrs.	343.75	250.00
La.		30 x wba		300.00	
Maine		Flat		600.00	
Md.		1 1/2 x HQW 2/ 5/	2 quarters	360.00	192.01
Mass.		Flat		900.00	
Mich.	14 weeks 2/	(7)	(1)	350.14	
Minn.	18 weeks 2/	(7)	(1)	540.00	
Miss.		36 x wba	2 quarters	360.00	11/ 160.00
Mo.	17 weeks 2/	(7)	(1)	255.00	
Mont.		1 1/2 x HQW	(1)	448.50	299.00
Nebr.		Flat	$200 in each of 2 qtrs.	600.00	200.00
Nev.		33 x wba 2/		528.00	
N.H.		Flat	$100 in each of 2 qtrs.	600.00	
N.J.	17 weeks 2/ 9/	(7)	(1)	255.00	
N.Mex.		1 1/4 x HQW	(1)	390.01	312.01
N.Y.	20 weeks 2/ 8/	(7)	(1)	600.00	
N.C.		Flat	3/10 of wages 5/ outside HQ	550.00	
N.Dak.		40 x wba	2 quarters	600.00	
Ohio	20 weeks 2/	(7)	(1)	400.00	
Okla.		1 1/2 x HQW 2/	(1)	500.00	125.00
Oreg.	20 weeks 2/	(7)	(1)	700.00	
Pa.		32+-36 x wba 2/ 6/	1/5 of wages outside HQ.	440.00	120.00

(Table continued on next page)

TABLE 301.--WAGE AND EMPLOYMENT REQUIREMENTS FOR BENEFITS (CONTINUED)

State	Qualifying formula			Wages required for minimum benefit	
	Employment	Wages	Distribution of wages	Base period	High quarter
(1)	(2)	(3)	(4)	(5)	(6)
P.R.		214 -30 x wba 2/	2 quarters 10/	$150.00	10/ $ 50.00
R.I.	20 weeks 7/9/	(7) (9)	(1)	400.00	
S.C.		1 1/2 x HQW	(1)	300.00	180.00
S.Dak.		1 1/2 x HQW	(1)	600.00	250.00
Tenn.		36 x wba 1/	(1)	504.00	338.01
Tex.		1 1/2 x HQW 9/	(1)	500.00	125.00
Utah	19 weeks 7/	(7)	(1)	700.00	
Vt.	20 weeks 7/	(7)	(1)	600.00	
Va.		40 x wba	2 quarters	720.00	
Wash.	16 weeks 4/		(1)	4/ 1,150.00	
W.Va.		Flat		700.00	
Wis.	18 weeks 7/8/12/	(7)	(1)	720.18	
Wyo.	20 weeks 7/		(1)	800.00	200.00

1/ Wages in at least 2 quarters automatic requirement for all claimants. Additional requirement for claimants at maximum wba; 1.4 x hqw (Tennessee). Alabama claimants not qualifying for minimum wba will be eligible if paid $350 in HQ for insured work on other than part-time basis.

2/ If claimant failed to meet qualifying requirement for wba computed on his HQW but does meet the qualifying requirement for next lower bracket, he is eligible for lower weekly benefit; District of Columbia provides a stepdown of 2 brackets, Maryland, 3 brackets, Pennsylvania, 4 brackets, and Delaware, 5 brackets; Puerto Rico has an unlimited stepdown provision.

3/ Requirement, expressed as 20 times an aww of at least $20 in BP, is equivalent to 20 weeks of employment with wages averaging at least $20.

4/ Claimant must have total wages of 15% of average annual wage rounded to next lower multiple of $50, and either (1) 16 weeks of employment with the wages of 15% of average wage or (2) 600 hours of employment.

5/ The multiple (1 1/2) is not applied to the individual's HQW in Maryland, but the qualifying amount, shown in a schedule, is computed at the upper limit of each wage bracket (assuming a normal interval at the maximum benefit amount). In North Carolina the qualifying amount is a multiple (3/10) of the lower limit of each wage bracket appearing in the benefit schedule.

6/ If DPW are less than $600, claimant must have earned wages in 18 weeks.

7/ Weeks of employment with wages of at least $25.01 (Michigan), $15 (Missouri and New Jersey), $20 (Ohio, Rhode Island and Utah), and $30 (Minnesota and Vermont); with average wage of at least $30 (New York), $20 (Oregon) and $40.01 (Wisconsin); with at least 20 hours of work (Wyoming). In Hawaii, no weekly amount specified.

8/ If claimant does not meet regular qualifying requirement, he can qualify in New York if he has 15 weeks of employment in the 52-week period and a total of 40 weeks of employment in the 104-week period preceding the BY; and in Wisconsin, if he has 14 weeks of employment in the 52-week period and a total of 55 weeks in the 52-week period plus any BP which ended not more than 10 weeks before the start of the 52-week

(Footnotes ~~for Table 30~~ continued)

9/ Alternative flat-amount requirement of $1,350 in BP (New Jersey); $4,200 in BP (Oklahoma); and $1,200 in BP (Rhode Island); 2/3 of the maximum amount of wages as defined in the FICA (Texas).

10/ Agricultural workers may qualify on the basis of earnings in a single CQ.

11/ HQW must not be less than 16 times minimum wba which is computed annually.

12/ Noncovered employment may be used to qualify, but not to increase benefits, provided individual had 10 or more but less than 18 weeks of covered employment and earned $1,000 or more in wages for noncovered work in Wisconsin.

Mr. FLOOD. Mr. Conte?

SAVINGS RESULTING FROM INCREASED PRODUCTIVITY

Mr. CONTE. You indicate that program change for the unemployment insurance activity amount to a net decrease of $1,630,000. Would you provide the committee with a breakdown of this figure, please?

Mr. FASSER. The $1,630,000 figure is made up of three program increases offset by a decrease for productivity increases. The first increase is $6,448,000 for administrative costs to provide for increased numbers of appeals and nonmonetary determinations—this is the item we have referred to as the *Java* case. The second item is $2,300,000 for costs related to the revision of the standard industry classification code, and the third is $3,290,000 for automatic data processing equipment and staff to process increased workloads related to UI expanded coverage. These increases total $12,038,000 and are offset by a reduction of $13,668,000 due to savings resulting from productivity increases.

REDUCTION OF APPEALS TIME LAPSE

Mr. CONTE. By how much must the appeals time lapse be decreased to meet the requirements of the *Java* case?

Mr. FASSER. The States must reduce the time lapse so that at least 50 percent of appeals decisions will be issued within 30 days, 75 percent within 45 days, and 95 percent wtihin 75 days. During fiscal year 1970, 23.2 percent of the decisions were issued withtin 30 days, 47.1 percent within 45 days, and 76.2 percent within 75 days.

PROCESSING DELAYS AND EXPANDED EMPLOYER COVERAGE

Mr. CONTE. By how much have delays and the expanded employer coverage increased costs for the administration of the unemployment insurance program in the States?

Mr. FASSER. Delays in automating the processing of UI functions result in the continued requirements for manual procedures and manually maintained files and records. Our experience has shown that substantial reductions in the personnel requirements can be achieved through the use of computers. At the present time, little more than half of the States have completed the conversion of their tax activities. The continued simulation of older computer programs and messages do not permit the maximum efficiency from newer work equipment. Many States are currently operating on that basis.

The States have estimated that over 800,000 employers will be brought into the system by June 30, 1972. Under the expanded employers coverage from those with four or more workers to one or more workers, over 600,000 new employers have been covered as of March 15, 1972. The States expect that at least 150,000 more employers will be brought into the system by June 30, 1972. In addition, coverage is being extended to nonprofit organizations and educational institutions.

PRODUCTIVITY IMPROVEMENTS

Mr. CONTE. What improved procedures have contributed to a 3-percent productivity increase in this program?

Mr. FASSER. We expect to automate additional UI activities in fiscal year 1973. We are also applying reductions in excess of 3 percent to high cost areas. We will work with the States during 1973 to implement less costly procedures.

DICTIONARY OF OCCUPATIONAL TITLES

Mr. CONTE. When do you expect to complete the fourth edition of the "Dictionary of Occupational Titles"?

Mr. FASSER. The tentative publication date for the fourth edition of the DOT is 1976, The extent of the planned fourth edition is dependent upon the ability to get the third edition computerized within a short time to provide a base for the fourth edition and the ability to shift resources to fill existing vacancies with qualified personnel.

IMPROVEMENTS IN EMPLOYMENT SERVICES FOR RURAL AREAS

Mr. CONTE. What innovative programs to deliver employment services to rural residents are you planning?

Mr. FASSER. We shall continue to expand previously designed innovative programs for delivery of employment services to rural residents. These include the area concept expansion program, the national migrant workers program, Operation Hitchhike, concerted services in training and education, Indian reservation program, Puerto Rican labor program, smaller communities program, and cooperatively assist other Department of Labor units in the comprehensive model for rural areas, rural concentrated employment program, and the job bank program.

Mr. CONTE. How do you propose to alleviate transitional problems in those parts of the agricultural work force which are facing dislocation due to increasing mechanization?

Mr. FASSER. As you know, these problems are not new, and we have dealt with them for several years. We shall continue to deal with them by placing special emphasis on programs which provide workers with marketable skills consistent with the demand for workers in selected agricultural areas characterized by growth potential. We shall attempt to create new jobs within the rural economy for which displaced workers, with or without training in additional services, may be qualified. Relocation services will be provided to those workers who elect to move to new areas where job opportunities are more plentiful. In addition, the Department has established the national migrant worker program to offer migrant farmworkers the opportunity to learn vocational skills and find permanent employment at better wages and more humane living conditions.

PRODUCTIVITY INCREASES

Mr. CONTE. What less essential procedures and activities do you plan on eliminating to increase productivity?

Mr. FASSER. Productivity increases will be sought by emphasis on reduction of administrative and management services and redirection of staff resources to direct services to jobseekers.

Mr. CONTE. Thank you.

Mr. FLOOD. Mr. Robinson?

IMPACT OF SUPREME COURT DECISION

Mr. ROBINSON. On page 4 of the statement you mention that "The court's decision will require the States to continue payments to claimants after an appeal has been filed and until a hearing has been held and a subsequent decision made," and then you recite the cost with regard to fulfilling this obligation.

Is this going to be an additional cost over and above this amount in terms of the cost to the system itself? Is this payment to claimants after an appeal has been filed and until a hearing has been held going to cost the system more money?

Mr. FASSER. It could cost the system more money. It would not be reflected, of course, in this request because this request would strictly handle the costs of providing the machinery for appeal. But it could cost the system more money.

Mr. ROBINSON. Could this be a sufficient cost to require a raise in rates?

Mr. FASSER. I do not know.

Mr. ROBINSON. You have no ballpark figure as to what the costs might be at the moment?

Mr. CURTIS. We have made some estimates of what the increased costs would be, and those estimates are in the order of about $5 million of benefit funds. Spread nationwide, that should not have an impact on the rate structure.

Mr. ROBINSON. That is more conservative than I thought it might be.

Was the outcome of the *Java* case a surprise or was it anticipated?

Mr. FASSER. I was not involved when the *Java* case was going through the courts.

Mr. CURTIS. We were surprised that the *Java* case was filed, that the issue was taken to the Supreme Court. Once the issue was raised, the merits appeared to us to be with the individual who brought the suit.

Mr. FLOOD. Who brought it up?

Mr. CURTIS. A claimant in California.

Mr. FLOOD. The appeal was by the claimant?

Mr. CURTIS. Yes, sir.

Mr. ROBINSON. A claimant?

Mr. CURTIS. It was a class action suit.

Mr. FLOOD. It almost had to be.

Mr. CURTIS. Yes; to get it to the courts.

Mr. ROBINSON. Based on the questions that have already been asked with respect to this case, do we have sufficient background to insure we are going to be able to get the information we need out of the record with regard to this case? I am sure we will want to refer to it.

Mr. CURTIS. We will make certain, sir.

VETERANS EMPLOYMENT

Mr. ROBINSON. You mentioned that in fiscal year 1972 you expect to place, or based on statistical evidence that presently exists, you anticipate you will place about 900,000-plus veterans in jobs.

Mr. FASSER. Yes, sir.

Mr. ROBINSON. When you say "place," does this mean that the service participated in finding these jobs or simply that this many veterans went to work in that period of time?

Mr. FASSER. It would involve the service. They came into an employment service office, applied, were referred to a job, and they were accepted on the job and were then "placed." That is our definition.

Mr. ROBINSON. It infers active participation by the service in the placement of the veteran in a job position?

Mr. FASSER. Yes, sir.

MIGRANT AGRICULTURAL LABOR

Mr. ROBINSON. With regard to migrant labor, there still remains an unmet manpower need in many rural areas particularly at harvesttime. Is anything being done toward identifying and delivering to rural job opportunities jobseekers with skills that are adaptable to farmwork?

Mr. FASSER. Yes, sir, there is a function in the employment service that provides people that work in these occupations. Do you have anything to add, Mr. Odell?

Mr. ODELL. We normally place between 3 and 4 million agricultural workers, most of whom are seasonal workers, in a year. We have an organized program of licensing of crew leaders on migrant crews which is authorized by law. That program is not expanding; it is somewhat stable at this point in terms of its size and character, but it involves a sizable and continuous flow of people with an organized effort to try to insure that they get to the places where they are needed on schedule, and that proper housing and other facilities and services are made available as required either by State law and regulation or by Federal regulation.

There are situations in which for one reason or another you get an unexpected demand for harvest labor, and a shortage develops which we may not be on top of in terms of that organized approach and planning to get people where they should be.

But that problem is not the dramatic nor uncontrolled problem it was 5 or 10 years ago.

Mr. ROBINSON. I don't have to tell you that most agricultural industry is highly organized in a search for labor of good type and that it requires that kind of labor because of the pressures of the times. I don't have to tell you either that the number of crew leaders that are competent to administer a crew under the regulations of the present are becoming fewer and fewer, and that the number of competent people that are prepared to do this kind of work are also diminishing and as a consequence the size of the crews is decreasing year by year.

However, in the not too distant past some of agriculture that requires this kind of labor was required not only to go through the migrant labor crew leader routine in attempting to find their labor, but they were also required to bring into their labor camps and to wear out a number of individuals running well into the hundreds that were designated as unemployed in surrounding communities but had had no acquaintenance and no training of any kind in the past with respect to the work that was involved. I am thinking particularly of fruit harvesting.

It was required that these people be brought in at the expense of the grower, tried out, and if then they were found not to be satisfactory in sufficient numbers, then the Department of Labor would certify the necessity of the offshore labor.

Thus, only after having gone through the procedure I have described, does the industry have access to offshore labor which it can bring to assist in the harvest of whatever the crop might be.

Is there any inclination to go back down this road and require these people that need this migrant labor to harvest their crops to go through this ridiculous exercise again?

Mr. FASSER. Mr. Congressman, while we have tests that must be made against the labor market and an unemployment rate of 5.9 percent, we look very closely to make certain there are no domestics available for that particular activity. We are required to look first to see if there are available domestic workers, and second to see whether or not there is an adverse effect against the American worker. Taking those two things into account, we are then permitted to certify offshore workers. It is a cumbersome operation, but at times—most times—it is necessary that we go through all of the sources of employees and search the domestic market to see whether or not there are domestics available to do the job.

The complaint you cite is not a new one, of course. We have heard that over and over in terms of the certification of agricultural workers, but we have tried to get our operation in line so that we can provide the services that we are required to provide to the growers and at the same time account to our legal requirements that we check against the availability of domestic workers and the adverse effect upon domestic workers by bringing in offshore people.

Mr. ROBINSON. I believe the record of the trial process in this regard will reflect that at least in the instance with which I am most familiar—that is, the Northern Virginia fruitgrowing area—that in the effort to put people to work who were unemployed from Washington, from Baltimore, from the West Virginia coalfields, and from the areas that are within a reasonable range of business travel—meaning to get there, not to commute—that in this trial process not one individual ever stayed through the harvest season. That is the reason that I say I believe it is an unnecessary exercise, and I sincerely hope that it is not one that the fruitgrowers and agriculturalists are required to go through in the future as they have in the past, but not within the last few years, for which they are very thankful.

That is all, Mr. Chairman.

Mr. FLOOD. Thank you.

Mr. FASSER. Thank you very much, Mr. Chairman.

JUSTIFICATION OF THE BUDGET ESTIMATES

MANPOWER ADMINISTRATION

Limitation on Grants to States for Unemployment Insurance and Employment Services

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate	$812,000,000	$820,300,000
Estimated program supplemental	20,000,000	--
Subtotal budget authority	832,000,000	820,300,000
Reserve, President's Economy Actions of 8/15/71	-288,000	--
Total available for obligation	831,712,000	820,300,000

Obligations by Activity

	1972 Appropriation Revised		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Unemployment insurance services	--	$398,200,000	--	$420,782,000	--	+$22,582,000
2. Employment services	305	389,512,000	--	355,518,000	-305	- 33,994,000
3. Contingency fund	--	44,000,000	--	44,000,000	--	--
Total obligations by activity	305	831,712,000	--	820,300,000	-305	- 11,412,000

MANPOWER ADMINISTRATION

Limitation on Grants to States for
Unemployment Insurance and Employment Services

Obligations by Object

		1972 Appropriation Revised	1973 Estimate	1973 Change
Total number of permanent positions.....		305	--	-305
Average number of all employees.....		274	--	-274
Personnel Compensation:				
Permanent Positions.....		$3,094,000	--	$-3,094,000
Other personnel compensation.....		59,000	--	-59,000
11	Total personnel compensation.....	3,153,000	--	-3,153,000
12	Personnel benefits.....	251,000	--	-251,000
21	Travel and transporation of persons..	42,000	--	-42,000
23	Rent, communications, and utilities..	300,000	--	-300,000
24	Printing and reproduction.....	46,000	--	-46,000
25	Other services.....	636,000	--	-636,000
26	Supplies and materials.....	30,000	--	-30,000
31	Equipment.....	14,000	--	-14,000
41	Grants, subsidies, and contributions.	827,240,000	820,300,000	-6,940,000
Total obligations by object.....		831,712,000	820,300,000	-11,412,000
Working Capital Fund items included above.....		(163,000)	(--)	(-163,000)

MANPOWER ADMINISTRATION

Limitation on Grants to States for Unemployment Insurance and Employment Services

Summary of Changes

	Pos.	Amount
1972 Enacted appropriation	305	$812,000,000
Estimated program supplemental	---	20,000,000
1972 Appropriation, revised	305	832,000,000
Reserve, President's economy actions of 8/15/71	---	-288,000
1972, Available for obligation	305	831,712,000
1973 Estimate	---	820,300,000
Total Change	-305	-11,412,000
Mandatory Items:		
Increases:		
To provide for the increase in salary and benefit costs resulting from Statewide compensation plan changes	---	+28,000,000
To provide for an increase in Unemployment Insurance program coverage due to the extension of coverage required by Public Law 91-373 and the normal growth in the labor force	---	+12,800,000
To provide for annualization of Unemployment Insurance State positions funded for only a part of fiscal year 1972	---	+ 8,100,000
To provide for increased rents for local offices	---	+ 4,519,000
To provide for a net increase in penalty mail payments to United States Postal Service	---	+ 6,331,000
To provide for cost increase associated with Office of Management and Budget Circular A-87 requirements	---	+ 5,000,000
To provide for annualization of Employment Service State positions in Veterans supplemental funded for only a part of fiscal year 1972	---	+ 6,000,000
Subtotal, increases	---	+70,750,000
Decrease:		
To provide for a decrease in Unemployment Insurance workload and Trade Adjustment Act administrative costs	---	-20,000,000
Total, mandatory items	---	+50,750,000

	Pos.	Amount
Financing Item:		
To provide for a decrease in Employment Services not chargeable to the Unemployment Trust Fund pursuant to Public Law 91-373 (page 16).....	---	-$66,700,000
Program Items:		
Increases:		
To provide for increased numbers of appeals and non-monetary determinations (page 11).....	---	+ 6,448,000
To provide for Standard Industry Classification Revision related to Public Law 91-373 (page 11).....	---	+ 2,300,000
To provide for an increase in Employment Service State positions making mandatory listings of job opportunities for veterans (page 16).....	---	+18,000,000
To provide Automatic Data Processing equipment and staff to process increased workload related to Unemployment Insurance expanded coverage (page 11).....	---	+ 3,290,000
Subtotal, increases.....	---	+30,038,000
Decreases:		
Savings resulting from 3% productivity increase (pages 12, 16).....	---	-25,500,000
Transfer of all District of Columbia Employment Service positions to a State basis (page 16).....	-305	---
Subtotal, decreases.....	-305	-25,500,000
Total, program items.....	-305	+ 4,538,000
Total Change.....	-305	-11,412,000

Activity 1. UNEMPLOYMENT INSURANCE SERVICE (1972, $398,200,000; 1973, $420,782,000)

This activity provides for administration of the State unemployment insurance programs which have been enacted pursuant to the Social Security Act and the Federal Unemployment Tax Act. The program operates through a Federal-State partnership in which the expenses of administration of the State law are borne by the Federal government. Except for limited standards in the Federal laws, the States develop their own programs and have wide latitude in administering them. The Federal government provides leadership and technical assistance and oversees the use of the funds granted.

The two major functions are the collection of taxes from employers and the payment of unemployment compensation to unemployed workers. The State agencies also administer locally the federally enacted programs for payments of unemployment compensation to ex-servicemen and to former civilian employees of the Federal government. Unemployment insurance serves as a counter-cyclical mechanism in the national economy. It dampens inflationary tendencies during periods of high employment and maintains purchasing power when unemployment occurs. When business is generally poor, unemployment insurance serves, at the local level, to restore wage loss due to local disruptions in the community's business activity. The program thus helps to maintain the economic well-being of both the workers and the business community.

In 1971, the State agencies collected $2,582,192,000 in taxes from 2,679,000 subject employers. The States paid $5,651,691,000 in benefits to 7,126,993 beneficiaries, including former Federal employees, ex-servicemen, people adversely affected by foreign trade agreement and those persons covered by State unemployment insurance laws.

Extensive amendments of all State unemployment insurance laws were necessary to enable such laws to conform to the amendments to the Federal Unemployment Tax Act enacted in the Employment Security Amendments of 1970. Operational implementation of the new State law provisions commenced, in most instances, January 1, 1972, and will continue throughout the remainder of Fiscal Year 1972 and into Fiscal Year 1973. Many of the new State law provisions, notably the extensions of coverage resulting from similar extensions in the Federal statute, will entail additional administrative costs. Comprehensive long-range research planning, as required by the Employment Security Amendments of 1970, was begun in most States, concentrating on benefit adequacy, benefit financing and characteristics of the long-term unemployed.

Extended benefits were paid by 22 States whose legislatures had chosen to implement Public Law 91-373's Federal-State extended benefit provisions earlier than the required January 1972 starting date.

Agreements were negotiated with all States for operation of the Disaster Unemployment Assistance Program, under the Disaster Relief Act of 1970. Programs for stipend payments under the Supplemental Training and Employment Program and for payment of job search and relocation benefits under the Technical Mobilization and Rehabilitation Program were developed and implemented.

In 1972, it is estimated that the State agencies will collect $3,200,000,000 in taxes from 3,254,000 subject employers and will pay $7.059.853.000 in benefits to 7,520,575 beneficiaries under the Trade Expansion Act, former Federal employees, ex-servicemen and those covered by State unemployment insurance laws.

Initial claims in fiscal year 1972 will total 14,061,000. The number of weeks compensated under these programs will total 86,413,000 as compared to 92,685,000 weeks compensated during the previous fiscal year.

The Unemployment Insurance Service developed plans for research efforts late in fiscal year 1971 as provided for in Public Law 91-373. The work which was begun in 1971 will continue to completion in fiscal year 1972. One of the major research programs was on the expansion of coverage to farm workers. Other research studies will cover the adequacy of benefit payments, "trigger" conditions for an effective extended benefit program, and trust fund reserves. The Unemployment Insurance Service sponsored a training program for representatives from 32 State agencies in cost estimating and benefit financing.

A computerized uniform data system for processing all unemployment insurance functions is being developed for installation in all States. In addition, 9 States have begun preparations for implementing a system of uniform reporting of wages to States unemployment insurance agencies, the Social Security Administration and the Internal Revenue Service; additional States will begin during the fiscal year. Thirty additional States will implement the system at a later date. An exchange program for data processing systems design and programs has been established.

State agencies have begun distributing a kit of educational materials to their secondary school systems for the purpose of informing students as to the purpose and objectives of unemployment insurance and how it helps meet the needs of the unemployed. The development and production of the kits was approximately $250,000. An evaluation will be carried out in 1973.

The Supreme Court's Java decision during the previous fiscal year has caused significant legislative and procedural changes in all States' eligibility determination processes, such as affording the employer a hearing, and commencing benefit payments during employees' appeal. A training program has been developed and implemented for improving the adjudication function.

A cost-effectiveness program, developing improved data for cost determination and display, has been tested and will be installed in six States by the end of the fiscal year. This system will identify the costs related to the individual procedural steps of the entire system in the State agencies.

Public Law 91-373 required adoption by January 1, 1972, by all States of an arrangement for combining employment and wages of an unemployed worker who worked in more than one State, in order to qualify for benefits or to receive a higher level of benefits. Prior to passage of this Act, some States participated in this arrangement on a voluntary basis.

A broad program of improved training, as required by Public Law 91-373, is being developed during the year, including formal orientation training in-house skill development in auditing, eligibility determinations, management and supervision and program analysis.

Extended benefits under provisions of Public Law 91-373 were paid by 22 States under the State trigger provision and all States paid extended benefits due to the operation of the national trigger. In addition, at least 17 States will pay temporary compensation benefits under the provisions of Public Law 92-224, Emergency Unemployment Compensation Act of 1971.

In 1973, the State agencies will collect $3,600,000,000 in taxes from 3,620,000 subject employers; they will pay $5,636,598,000 in benefits to 7,173,750 beneficiaries including those covered by the Trade Expansion Act, former Federal employees, ex-servicemen and persons covered by State unemployment insurance laws. Initial claims for benefits are expected to be 13,891,000.

Major emphasis will be upon bringing all States' adjudication processes in line with guidelines developed in response to the Supreme Court's requirements, completing the tasks begun in FY 1972 concerning expanded coverage, assessing the impact of emergency and extended benefit programs, installing cost-effectiveness analysis systems in 22 additional States, and development of new research and training programs. There will be a concerted effort to develop

and improve automatic data processing systems within unemployment insurance to increase effectiveness and responsiveness to program needs.

Changes for 1973

Mandatory changes amount to..... $24,212,000

Program changes amount to..... -1,630,000

Mandatory changes consist of $11,792,000 for increased State salary costs; $3,216,000 for increased State benefit costs; $12,800,000 to provide for an increase in Unemployment Insurance program coverage due to the extension of coverage required by Public Law 91-373 and the normal growth in the labor force; $8,100,000 to provide for annualization of State positions funded for only a part of fiscal year 1972; $2,680,000 to provide for cost increase associated with Office of Management and Budget Circular A-87 requirements; $2,231,000 for increased rents for local offices, and $3,393,000 to provide for an increase of penalty mail payments to the Unites States Postal Services. This will be offset by a decrease of $20,000,000 in Unemployment Insurance Workload and Trade Adjustment Act administrative costs, for a net mandatory increase of $24,212,000.

The Supreme Court's decision in the Java case has made apparent the inadequacies in the promptness of the disposition of appeals. The decision makes it mandatory to decrease the time lapse at the lower levels of appeal. The major problem is the lack of appeals staff. To improve the scheduling of the appeals it will be necessary to utilize more staff and expend more time in travel. Our estimated increase in appeals staff is approximately 13 percent over the present staff. Recent on-site reviews of the non-monetary determination function in several States have shown a need for improved fact finding interviews. The Court's decision will require the States to continue payments to claimants after an appeal has been filed and until a hearing has been held and a subsequent decision made. It is necessary to improve the quality of the fact finding and non-monetary determination processes to minimize overpayments and to reduce the potential number of appeals. The total increase for appeals and non-monetary determinations is $6,448,000 and 500 positions.

The Office of Management and Budget has directed that the existing Standard Industry Classification codes for employers be revised to update outmoded occupation descriptions. These codes are used throughout Government and industry and the revision will provide uniformity for the use of State agencies and employers. The employer records now maintained by State agencies provide for the use of these codes and the reporting of data on that basis. All existing records will have to be converted to provide for the revised codes. In addition, the status and type of business for a large number of employers will have to be reevaluated to provide for the changes in their industry attachment and classification. Additional staff will be required in the States to prepare and obtain requests for status information from the employers and to reevaluate the information to reassign Standard Industry Classification codes appropriate to the revisions. Additional staff also will be required to prepare the corrections or changes for input to data processing equipment and for processing such changes. A total of $2,300,000 and 150 positions will be required in fiscal year 1973.

The allocation of staffing resources and acquisition of Automatic Data Processing Equipment sufficient to meet the unemployment insurance requirements are essential items for modernizing the State employment security agencies as required by Public Law 91-373. Insufficient equipment capability and limited processing time to handle the increased workloads under the law and current workload requirements have prolonged the inability to convert unemployment insurance functions. This inability has caused increased processing costs, the necessity of overtime and the development of backlogs. The impact of Public Law 91-373 and conversion recovery activities on State employment security agencies data processing capabilities will be most evident in the necessity to assign resources for unemployment insurance systems analysis and programming, source data input equipment and personnel computer processing capabilities and

storage media requirements. A total of $3,290,000 and 100 positions will be required to handle the increased workload and ensure timely and accurate processing.

To ameliorate administrative costs of the increase in State program workloads, efforts will be continued to increase staff productivity by increased use of intermittent hourly employees, by adopting systems for handling claims by mail and by better management of paper and clerical processes. Some savings should accrue as a result of earlier investments in automatic data processing systems which show sharply increasing efficiency as workloads increase. This will result in a savings of $13,668,000 and a reduction of 1,068 positions in the base program.

Activity 2. EMPLOYMENT SERVICES (1972, $389,512,000, Pos. 305; 1973, $355,518,000, Pos. -0-)

The Federal-State Employment Service, consisting of a network of over 2,300 local public employment offices, and established under the Wagner-Peyser Act of 1933, is a system which provides employability services to assist individuals to become job-ready; assists individuals who are job-ready to find suitable, gainful employment; assists employers to fill job vacancies and to help resolve their manpower problems; develops and provides job market information for use in serving applicants and employers and for use in manpower planning; provides manpower planning assistance to community organizations in dealing with economic development and manpower problems and assistance in development of programs to meet training needs; and provides an "offer of work" for applicants who are seeking unemployment insurance.

From its role as a job supply and demand exchange, the employment service system has grown into a comprehensive manpower services agency, placing emphasis on reaching out to help develop employment potential among disadvantaged segments of the population as well as provide placement services. The State Employment Service agencies also function as referral centers and contractors for needed manpower development and training services and, in some instances, subcontractors for manpower services to Community Action Agencies. These demands are met in part by additional funding for a variety of human resources development services. Through CAMPS-the-Cooperative Area Manpower Planning System - basic manpower planning information is exchanged between the Employment Service State and local offices and those of other public agencies with the Employment Service supplying leadership for many CAMPS committees.

In 1971, a total of 9,740,000 new applications were filed by job seekers with local offices. Nonagricultural placements numbered 3,597,000. The major factor affecting accomplishments was the economic condition which prevailed during the year. As unemployment increased and more experienced workers became available and employers elevated their hiring specifications, greater job development, promotion, and selection effort were required.

New applications from the disadvantaged were 16.9 percent of total new applications. Nonagricultural placements of the disadvantaged were 21.9 percent of the total nonagricultural placements. New applications from the other-than-white group were 22.4 percent of total new applications while nonagricultural placements of the other-than-white group were 33.1 percent of the total nonagricultural placements.

Mobile teams provided employment services for rural residents in selected counties in 19 States. Each team served an average of four rural counties over the year . Agricultural job placements in 1971 were 3,300,000.

To serve rural people in both nonagricultural and agricultural work, 12 "Ottumwa" type projects were in operation, serving areas in 99 counties and 12 States. These projects are experiments in a delivery system designed to bring full manpower services to rural areas through Job Bank/Job Information Center type services in addition to intensive employability services.

Local offices made over 900,000 personal contacts with employer establishments and 987,000 promotional contacts to find and help develop job opportunities for Employment Service applicants. These were about 20 percent higher than had been forecast for the year. Included were contacts with over 2,400 firms certified for preference in Government contracts under the Defense Manpower Policy-4 program.

The 36 Apprenticeship Information Centers in 22 States were able to accomplish over 98 percent of their placement goal by placing 6,678 persons in apprenticeship positions of whom 1,600 were minority workers. A total of 56,047 persons, primarily youth, requested service. Of these persons, 28,363 were tested; 17,298 counseled; and 35,626 were referred to training.

A "Jobs for Veterans" committee combined the efforts of the Departments of Defense, Labor, Commerce, and the Veterans Administration to conduct an intensive publicity and employer relations campaign to promote increased job opportunities for veterans. In January 1971, a mail campaign was directed to 900,000 employers asking their help in hiring and training veterans. Promotional efforts continued the remainder of the year.

Occupational analysis field centers developed job analysis and worker trait requirement data through 15,000 job studies in 460 establishments to provide current information on requirements for various kinds of work. In test development, a total of 30 new occupational validation studies were completed, 17 of which involved new occupations. A new test battery, the nonreading Aptitude Test Battery, was released for local office use in serving the disadvantaged.

Computer-aid to Employment Service operations by automated listing of job opportunities was further advanced with the installation of 88 Job Banks. Four States (Utah, Wisconsin, California, and New York) were doing experimental work on systems to match applicants and job opportunities. The first phase of the integration of Job Bank and Employment Security Automated Reporting Systems, for workload reporting, was installed Statewide in Vermont and in local offices of Oklahoma and one office in South Carolina.

The Job Opportunity Bank which was initiated in 1971, consists of a method for using the computer to bring together information about job opportunities generated by all employers in a community including those not using the Employment Service. It was designed for use by job developers in their work, by counselors for labor market information, as an aid in assessing total employment needs, and as an aid in order taking.

Job Information Service procedures were introduced in the 10 Comprehensive Model for Local Office Reorganization areas, and adopted by a number of other areas to serve job ready persons. This involved giving them labor market information in local offices and referring them to openings of their selection, without filing an application. About 237,000 job seekers were provided this service in the 10 areas.

About 5,000 labor area information reports were prepared by State employment security agencies, summarizing employment and unemployment developments in almost 1,000 individual areas. As a result of these activities, nearly 300 new areas were eligible for special Federal assistance under various programs. A new system of labor area reports, Area Manpower Reviews, covering 150 major metropolitan areas and selected small areas with high unemployment, became operative in 1971.

In 1972, estimates are that 10,430,000 new applications will be received from job seekers. This increase of 690,000 over 1971 is due largely to the increased influx of veterans.

The President's Executive Order 11598 makes job listings with the local Employment Service offices mandatory for those openings which certain contractors propose to fill with applicants from the open market. The order covers nearly all firms and first tier subcontractors, who are awarded Federal contracts of $10,000 or more. Government departments and agencies also are subject to the order and are required to list with the Employment Service all positions for which recruiting authority has been issued by the U. S. Civil Service Commission.

The success of the President's mandatory listing order is dependent on the cooperation of Federal agencies and contractors and the effectiveness of the Employment Service in handling the increased workloads.

Computer-aid to Employment Service operations is being extended in a phased approach of interrelated steps, the most comprehensive to date being the Statewide Job Bank. Currently, 5 Statewide systems are operational, 15 are in various stages of implementation, 12 additional proposals have been approved, and 15 others are pending. All States are expected to begin implementation of the system during 1972.

Due to mandatory job listings, nonagricultural placements reach 5,298,000 in 1972. An estimated 960,000 placements are anticipated for disadvantaged applicants and 1,550,000 for other-than-white applicants.

Rural Manpower Services will focus on the poor since about 40 percent of the nation's poor live in rural areas. Mobile teams will continue to offer job market information and placement services. The Area Concept Expansion (Ottumwa-type) Programs will provide increased access to manpower services for rural residents. In the 99 counties in 12 States now being served, expanded service is being offered. The projects are experiments in a delivery system designed to bring full manpower services to rural areas through Job Bank/Job Information Center type services in addition to intensive employability services.

Emphasis will be placed on training local office Employment Service staff in job development and employer technical services.

Developmental work on the Fourth Edition of the Dictionary of Occupational Titles is to be continued, making available up-to-date information on over 40,000 occupations in the Nation's economy.

In 1973, there are a number of factors that can be expected to have a major impact on Employment Service operations. Among these are: the increased volume of openings expected to be made available from mandatory listings; the availability of veterans as well as other qualified job seekers; the development and administration of validated tests; investment credit and the related creation of new jobs, demands for higher skill levels and changes in training needs; and the inflation controls likely to create a demand for more efficient productivity.

It is anticipated there will be considerable demand for higher skill levels requiring additional kinds of training. With inflation controls many employers are likely to demand more efficient worker productivity which would have an impact on Employment Service selections for referral. On the other hand, the Employment Service will have to ascertain whether hiring standards are realistic in terms of the job to be done. Placing the disadvantaged and the marginally qualified will be more difficult until some labor shortages begin to occur.

Staff will continue support of the President's six point program for veterans in 1973. Local office staff will be expected to contact employers affected by the Listing Order to explain the procedures for its implementation; to assist employers in converting listings into job orders; to work with employers in arriving at realistic hiring requirements; to assist employers in restructuring entry-level jobs to which veterans can be referred.

New applications are expected to remain the same in 1973 at 10,430,000 even though a healthier economic situation is forecast. Many persons who were formerly discouraged from seeking work will be registering with the Employment Service for job placement assistance. Nonagricultural placements will also be affected by this changed economic situation and by mandatory job listings by Federal agencies and contractors.

The State Employment Services will play a leading part in the summer youth opportunity campaign. The Employment Service assists in developing jobs in both the public and private sector and recruits and refers youths to these jobs. Promotional efforts with employers will focus on summer, full-time, and part-time work as a training opportunity to aid youth who need money in order to remain in school or to return to school. A workload of 3,441,000 is forecast for 1973.

It is estimated that 66,000 persons, primarily youth, will be served through Apprenticeship Information Centers. Emphasis in this program will continue to be on serving youth, especially minority youth, seeking to enter vocational trades which may not be covered by formal apprenticeship programs, but which offer employment opportunities.

Every local Employment Service office is responsible for seeing that physically and mentally handicapped applicants receive the full range of available services. Employment services to the handicapped require and will receive particular attention.

The role of Labor Market Information will continue to emphasize dissemination of information on job opportunities to help alleviate unemployment among the young veterans, the disadvantaged and job-ready applicants. It assumes availability of such data for use in determining apportionment of funds to high unemployment areas.

Experimental work on computerized job matching systems to match applicants and job opportunities will continue. The Job Opportunity Bank is expected to be expanded to all Job Bank systems uniformly. Integration of Job Bank and Employment Security Automated Reporting Systems are planned to be fully operational. Employability development and placement services to rural residents will be strengthened as Statewide Job Bank installations will be providing an expanded inventory of job opportunities that were formerly unavailable in remote rural areas. Manpower services to migrant farm workers will continue to focus on skill training and out-settlement from the migratory stream.

Changes for 1973

Mandatory changes amount to.....+$26,538,000

Financing item amounts to..... -66,700,000

Program changes amount to..... +6,168,000

Positions..... -305

Mandatory changes consist of $10,208,000 for increased State salary costs; $2,784,000 for increased State benefits costs; $2,288,000 for increased rents for local offices; $6,000,000 to provide for annualization of veterans positions funded for only a part of fiscal year 1972; $2,320,000 to provide for cost increase associated with Office of Management and Budget Circular A-87 requirements; and $2,938,000 to provide for an increase in penalty mail payments to the United States Postal Service for a total mandatory increase of $26,538,000.

The Employment Security Amendments of 1970, Public Law 91-373, contain a provision which limits the use of Federal Unemployment Tax Act revenues. In accordance with this provision, it has been estimated that $66,700,000 of State Employment Service resources in 1973 will be financed from general revenue. Therefore, it is necessary to provide for a decrease in Employment Services not chargeable to the Unemployment Trust Fund in the amount of $66,700,000.

Emphasis on Employment Service activities in support of veterans is being intensified in 1973 with the assumption of services previously funded from the Manpower Training Services appropriation. Because of the Mandatory listing of jobs, as well, local office workload is expected to increase by 1,407 positions at a cost of $18,000,000.

Productivity increases will be sought by emphasis on reduction of administrative and management services and redirection of staff resources to direct services to job seekers which will result in a savings of $11,832,000.

The 305 positions of the District of Columbia Employment Service are transferred from a Federal to a State basis. This will place the District of Columbia Employment Service on a comparable basis with the State agencies.

Activity 3. CONTINGENCY FUND (1972, $44,000,000; 1973, $44,000,000)

The purpose of the contingency fund is to assure that funds will be available to meet increased costs of administration resulting from unforeseen changes in State laws, increases in the number of claims filed and claims paid, and increased salary costs resulting from changes in State salary compensation plans which are applied generally to employees.

Changes for 1973

Mandatory changes amount to.....NONE

Program changes amount to.....NONE

ACTION ON CONGRESSIONAL RECOMMENDATIONS

Recommendations, House Appropriations Committee

It was directed (in Report No. 92-374), that $28,000,000 be added to the $16,000,000 requested for the Contingency Fund, leaving a base appropriation of $762,000,000 rather than $790,000,000 which was proposed in the budget, in that the Committee feels that expenses which may be necessary as a result of future changes in State laws should logically be provided for by the Contingency Fund.

Actions Taken:

The Contingency Fund has been increased from $16,000,000 to $44,000,000 in compliance with this directive.

Recommendations, Senate Appropriations Committee

It was directed (in Report No. 92-316) that the Contingency Fund be increased from $16,000,000 to $44,000,000, the $28,000,000 to meet increased costs of administration resulting from changes in a State law or increased salary costs resulting from changes in State salary compensation plans, which increased costs of administration cannot be provided for by normal budgetary adjustments.

Actions Taken:

The Contingency Fund has been increased from $16,000,000 to $44,000,000 in compliance with this directive.

JUSTIFICATION OF THE BUDGET ESTIMATES

MANPOWER ADMINISTRATION

Federal Grants to States for Employment Services

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate.....	--	$66,700,000

Obligations by Activity

	1972 Appropriation		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Employment services.....	--	--	--	$66,700,000	--	+$66,700,000
Total obligations by activity.....	--	--	--	66,700,000	--	+ 66,700,000

Obligations by Object

	1972 Appropriation	1973 Estimate	1973 Change
41 Grants, subsidies and contributions..	--	$66,700,000	+$66,700,000
Total, obligations by object.....	--	66,700,000	+ 66,700,000

MANPOWER ADMINISTRATION

Federal Grants to States for
Employment Services

Summary of Changes

	Amount
1972 Enacted appropriation	--
1973 Estimate	$66,700,000
Total Change	+ 66,700,000

Financing Item:

Increase:

To provide for Employment Services not chargeable to the Unemployment Trust Fund pursuant to Public Law 91-373	+ 66,700,000
Total Change	+ 66,700,000

Activity 1. EMPLOYMENT SERVICES (1972, -0-
1973, $66,700,000)

The Employment Security Amendments of 1970, Public Law 91-373, contain a provision which limits the use of Federal Unemployment Tax Act revenues to administrative costs related to unemployment compensation activities and the proportion of the total cost of administering the system of public employment offices in accordance with the Act of June 6, 1933, as amended.

In accordance with this provision, effective the first time in fiscal year 1973, it has been estimated that approximately 15 percent of State Employment Service resources in fiscal year 1973 should be financed from general revenue rather than trust funds as approximately 15 percent of the workforce is not covered by State unemployment insurance. These funds will finance the employment service in so far as it serves the agricultural sector of the country, both workers and employers, and youth entering the labor market for the first time. Employment Services must also be provided to unemployed Vietnam-era veterans and former Federal workers covered by Federal unemployment insurance benefits.

In 1973, the agricultural placement goal for fiscal year 1973 is 2,800,000. To achieve this placement goal, improved methods and more efficient service for agricultural workers and employers will be required. The demand for farm workers, especially entry level workers, sought through the Employment Service has been reduced by advances in agricultural technology and crop mechanization. As a result of the general decline in agricultural opportunities, rural manpower services require innovative programs designed to deliver Employment Services to rural residents. The Smaller Communities program provides a partial solution to this problem by sending mobile teams of trained State employment service specialists to remote rural areas. A comprehensive approach is also being taken to meet special needs of migrant farm workers such as job training and job finding assistance to relocate them in the non-farm sector.

Furthermore, there is reluctance on the part of some agricultural employers to list job openings with the Employment Service because, if they do, they must comply with Department of Labor housing standards, wage scales and working conditions for interstate farm workers. To help resolve this problem the States will be encouraged to develop their own regulations to guard the working conditions of agricultural employees.

Another major group of job seekers not covered by State unemployment insurance laws are youths entering the labor market for the first time. It is estimated that in fiscal year 1973, the Employment Service will serve 1,000,000 "new youth" entrants.

Youth represents the labor force group that has the highest unemployment rate and the least skill and work experience. Unemployment among teenagers, high even during the relatively "full-employment" years of the late 1960's, continues to escalate further in the 1970's, e.g., unemployment has risen from 12.2 percent to 15.3 for the age group 16 to 19 years old. This increase was even higher for black teenagers. Employment Service interviewers and counselors will assist these applicants in analyzing their abilities and potential, in developing an employability plan, and in recognizing and overcoming barriers which prevent them from obtaining and holding suitable work.

Joblessness among these youths can be expected to continue at a higher level than among any other group. Untrained teenagers, particularly school dropouts, encounter rigid employment barriers when they seek work in a competitive full-time labor market. It is proposed to strengthen the long established Cooperative Employment Service-School Program which has service arrangements with about 10,000 high schools. This program serves over 500,000 graduates and dropouts annually and emphasizes placement in private industry, business and manpower training programs.

Another group of job seekers who need Federally financed Employment Services are those covered by Federal unemployment insurance benefits. These are former Federal employees and ex-servicemen. It is estimated that there will be 108,500 former Federal employees, and 331,500 veterans claiming benefits. Special efforts will be made to take advantage of the recent developments in manpower programs which open up new opportunities for veterans. Foremost among these developments is Executive Order 11598 which requires that Federal contractors with contracts of $10,000 or more list their job openings with the Employment Service. Although geared primarily to first priority services for veterans, these listings will constitute a large new source of placement potential for other job applicants.

The workloads associated with this $66,700,000 general revenue request and the Trust Fund request are shown in the following table:

EMPLOYMENT SERVICE WORKLOADS

	1973 General Revenue Estimate	1973 Trust Fund Estimate	1973 Total Estimate
Obligations	$66,700,000	$355,518,000	$422,218,000
Basic Workloads:			
New applications	1,500,000	8,930,000	10,430,000
Initial counseling interviews	110,000	990,000	1,100,000
Tests administered	120,000	1,150,000	1,270,000
Placements, nonagricultural	540,000	4,740,000	5,280,000
Placements, agricultural	2,800,000	--	2,800,000
State positions	5,223	27,840	33,063

ACTION ON CONGRESSIONAL RECOMMENDATIONS

No specific actions recommended.

THURSDAY, APRIL 13, 1972.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

WITNESSES

W. J. USERY, JR., ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
JOHN C. SHINN, DEPUTY ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
FRANK M. KLEILER, ACTING DIRECTOR, OFFICE OF LABOR-MANAGEMENT POLICY DEVELOPMENT
RALPH E. HALL, DIRECTOR, OFFICE OF VETERANS' REEMPLOYMENT RIGHTS
BEATRICE M. BURGOON, DIRECTOR, OFFICE OF LABOR-MANAGEMENT RELATIONS SERVICES
LEONARD J. LURIE, DIRECTOR, OFFICE OF LABOR-MANAGEMENT AND WELFARE-PENSION REPORTS
LOUIS J. WALLERSTEIN, DIRECTOR, OFFICE OF FEDERAL LABOR-MANAGEMENT RELATIONS
ALBERT L. MOORE, JR., DIRECTOR, OFFICE OF ADMINISTRATION AND MANAGEMENT
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimated	1973 estimated
Personnel compensation:			
Permanent positions	11,623	14,885	15,772
Positions other than permanent	40	148	336
Other personnel compensation	284	58	58
Total personnel compensation	11,947	15,091	16,166
Personnel benefits: Civilian	1,139	1,385	1,545
Travel and transportation of persons	869	1,130	1,597
Transportation of things	65	80	96
Rent, communications, and utilities	449	874	1,080
Printing and reproduction	128	240	258
Other services	2,442	2,639	3,651
Supplies and materials	71	91	99
Equipment	313	88	103
Total costs, funded	17,423	21,619	24,596
Change in selected resources	−170		
Total obligations	17,252	21,619	24,596

PERSONNEL SUMMARY

Total number of permanent positions	1,118	1,076	1,152
Full-time equivalent of other positions	18	18	60
Average paid employment	866	1,033	1,143
Average GS grade	9.9	10.0	10.0
Average GS salary	$14,539	$14,765	$14,933

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Labor-management relations services	541	833	957
2. Labor-management policy development	690	1,353	1,666
3. Administration of reporting and disclosure laws	10,507	12,114	14,070
4. Veterans' reemployment rights	1,802	2,195	2,266
5. Federal labor-management relations	2,471	3,729	4,200
6. Executive direction and administrative services	1,412	1,395	1,437
Total program costs, funded [1]	17,423	21,619	24,596
Change in selected resources [2]	−170		
Total obligations	17,252	21,619	24,596
Financing:			
Unobligated balance lapsing	729	1,149	
Budget authority	17,982	22,768	24,596
Budget authority:			
Appropriation	17,989	22,798	24,596
Transferred to other accounts	−7	−30	
Appropriation (adjusted)	17,982	22,768	24,596
Relation of obligations to outlays:			
Obligations incurred, net	17,252	21,619	24,596
Obligated balance, start of year	1,303	1,640	2,720
Obligated balance, end of year	−1,640	−2,720	−3,806
Adjustments in expired accounts	52		
Outlays	16,968	20,539	23,510

[1] Includes capital outlay as follows: 1971, $74,000; 1972, $68,000; 1973, $80,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $691,000; 1971, $521,000; 1972 $521,000; 1973, $521,000.

Note: Excludes $200,000 in 1973 for activities transferred to: "Departmental Management, Salaries and Expenses." Comparable amounts for 1971 ($347,000) and 1972 ($200,000) are included above.

Mr. FLOOD. Continuing with the Department of Labor, we have the Labor-Management Services Administration. The presentation will be made by W. J. Usery, Jr., Assistant Secretary for Labor-Management Relations.

BIOGRAPHICAL SKETCHES OF WITNESSES

We will put your biographical sketch in the record, and if anyone else is called upon, have a biographical sketch inserted for them.

(The biographical sketches follow:)

W. J. USERY, JR., ASSISTANT SECRETARY OF LABOR FOR LABOR-MANAGEMENT RELATIONS

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

He directs the work of the Department which deals with the broad field of labor-management relations. One of his principal roles is top labor-management troubleshooter in national emergency disputes.

He is responsible for administering the Labor-Management Reporting and Disclosure Act, the Welfare-Pension Plans Disclosure Act, and principal portions of Executive Order 11491, as amended, dealing with certain labor-management relations in Federal service. His responsibilities include administering laws concerning veterans' reemployment rights.

He is chairman of the Working Party on Industrial Relations under the Organization for Economic Cooperation and Development (OECD). The OECD has headquarters in Paris, France.

From 1956 until his appointment, Mr. Usery was Grand Lodge Representative of the International Association of Machinists and Aerospace Workers (IAM), AFL–CIO, and participated in most of the national labor-mangement negotiations in the aerospace industry, frequently serving as chairman of the union's negotiating committee.

From 1961 to 1967, he was the industrial union representative on the President's Missile Sites Labor Committee at the Kennedy Space Center and at the Marshall Space Flight Center in Huntsville, Ala.

Born in Hardwick, Ga., on December 21, 1923, Mr. Usery attended Georgia Military College from 1938 to 1941, and Mercer University in 1948–49. He received the Distinguished Alumni Award from Georgia Military College in 1971 for his work in labor-management relations. He served in the U.S. Navy from 1943 to 1946.

CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET

Mr. Conrad M. Jones has served as Director, Office of Budget, Office of the Assistant Secretary for Administration, since August 1968. From July 1965 to August 1968 he served as Deputy Director.

Prior to his service in the Department of Labor, he served as a supervisory budget analyst at the Federal Aviation Agency from 1960 to 1965. Mr. Jones served as a fiscal management officer from 1957 to 1960 with the Housing and Home Finance Agency. He entered Government service in 1939 with the National Capital Housing Authority holding increasingly responsible positions in the field of financial management, including Comptroller from 1953 until 1957.

Born on December 30, 1916, in Little Rock, he attended public schools in Joplin and Kansas City, Mo., and received a B.C.S. in 1942 and a M.C.S. in 1943 from Benjamin Franklin University in Washington, D.C.

Mr. Jones interrupted his civilian employment to serve for 2 years in the U.S. Army in World War II, participating in three European campaigns.

He and his wife, the former Catherine L. Dent reside in Rockville, Md., and have three children: Conrad M., Jr., Mrs. Michael L. Hemmis, and Mrs. Stephen Shaw.

ALBERT L. MOORE, JR., DIRECTOR, OFFICE OF ADMINISTRATION AND MANAGEMENT, LABOR-MANAGEMENT SERVICES ADMINISTRATION

Albert L. Moore, Jr., became Director of the Office of Administration and Management, Labor-Management Services Administration, U.S. Department of Labor, in August 1963. In this capacity, he directs and coordinates planning, development, and performance of administrative support and management services for the program offices of LMSA and for the Office of the Administrator. Previously, he had served as Assistant Commissioner for Management, Bureau of Labor-Management Reports, from January 1960 to August 1963.

Beginning in 1940 as a messenger, Mr. Moore's entire Federal career has been with the Department of Labor. He has worked as a clerk in filing, accounting and budgeting, as a budget examiner and analyst and as a program and operations analyst and has held positions in the Office of the Solicitor, the Bureau of Labor Statistics and the Office of the Assistant Secretary for Administration.

Born March 13, 1920, in Cambridge, Mass., he served in the U.S. Army Air Corps from 1942 to 1946 (first lieutenant) and in the U.S. Air Force from October 1951 to April 1953 (captain).

Mr. Moore has attended Lowell Commercial College, the U.S. Department of Agriculture Graduate School, George Washington University, and the University of Maryland's European Division.

He and his wife, the former Mary A. Biggs, of Washington, D.C., live at 3800 Portal Avenue, Temple Hills, Md. They have one daughter, Mrs. Linda M. Gregerson, and one son, Albert L. Moore III.

Mr. FLOOD. You have a prepared statement I see. How do you wish to proceed?

Mr. USERY. At your pleasure.

Mr. FLOOD. It is your show. We sometimes find out when witnesses ad lib they take longer than it would to read the prepared statement.

GENERAL STATEMENT

Mr. USERY. I shall read my prepared statement, Mr. Chairman.

Mr. Chairman and members of the committee, the budget request for fiscal year 1973 is $24,596,000, an increase of $3,177,000 over the 1972 comparable appropriation of $21,419,000. I will describe briefly our major programs, their current and projected status, and the principal elements of the increase.

The mission of Labor-Management Relations Services is to minimize economic disruptions from labor disputes, in both public and private sectors and to administer the labor protection requirements in various transportation statutes. We have been moving steadily forward in meeting the increasing needs for labor-management relations assistance to State and municipal governments and organizations of their employees.

However, with respect to private sector services, we have been concerned with the limits of our ability to perform indepth examination of particular problems and to develop added technical aids to assist parties to prevent or cope with modern labor-management relations problems. In order to improve the Department's capability to assist in the prevention or resolution of critical labor-management problems a staff increase of six positions and $110,000 is requested in fiscal year 1973.

The labor-management policy development program provides policy advice in labor-management relations areas and assists in the formulation and development of legislative and executive actions for the improvement of collective bargaining relationships and other labor relations matters. This activity also provides and administers a coordinated research program in support of policy functions, including matters related to various laws and executive orders. We are continuing to focus our efforts on policy research, analysis and special studies aimed at improving private and public sector labor relations, expanding basic knowledge of the operation of the private pension systems, and supplying technical services and supportive studies to program managers and evaluators. To overcome serious gaps in existing knowledge and in recognition of the growth of interest in and recognition of need for more information on pension systems and public sector labor relations, an increase of $300,000 is requested for contract research in these areas and in collective bargaining and economic stability.

From the inception in 1963 of Labor-Management Services Administration, the Administration of Reporting and Disclosure Laws program has included the Department's functions in the administration of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. In the latter part of fiscal year 1970, the program was expanded to include the Department's cooperation in the President's program against organized crime. In addition to these functions, it now encompasses the activities necessary to implement the provisions of Executive Order 11491 relating to standards of conduct for labor organizations of Federal employees.

Investigations conducted include a wide scope of cases involving significantly varying amounts of manpower. A single investigation of a union's faulty election, with subsequent supervision could consume more resources than all delinquent report investigations made in a year.

In order to reduce backlog in cases involving fraud and embezzlement of union funds, to keep abreast of the flow of such cases and to expand the audit program as a deterrent to these actions, 50 additional positions and $1,625,000 are requested for fiscal year 1973. These positions will be located in the field offices.

The veterans' reemployment rights program is carried out through activities which provide information of a general and/or individual nature, technical assistance on specific problems, investigation of complaints and negotiation of their settlement on behalf of veterans who have reemployment rights. Based on current forecasts of separation rates and the past year's experience on complaint case intake, we expect to continue to reduce the case backlog, achieving a manageable level by the end of fiscal year 1973 without increased resources.

The primary goal of the Federal labor-management relations program is to promote effective labor-management relations within the Federal Government under the Executive order, including the processing of petitions and complaints, the making of findings and decisions regarding specific questions raised by these petitions and complaints and the supervision of representation elections, and the determination as to whether disputed grievance matters come within the negotiated grievance-arbitration procedure. Although representation cases are declining in number, the issues are becoming more complex, thus requiring more time per case and an increased number of hearings. In addition to disputed grievance matters, we expect the volume of unfair labor practice complaints will increase substantially in fiscal year 1973 as labor organizations, activities, and employees acquire greater knowledge and comprehension of Executive Order 11491, as amended, and decisions, regulations, and procedures promulgated under the order. The additional 20 positions and $500,000 will assure expeditious handling of the caseload and improve services to the public and avoid the backlog problems that plagued us in 1970 and 1971.

The executive direction and administrative services program provides administrative support and services, executive direction, program coordination and policy planning, and evaluation for Labor-Management Services Administration. No increase in resources is requested for fiscal year 1973.

This concludes my statement. I and members of my staff, will be pleased to answer any of your questions or provide additional information you may wish. Thank you, Mr. Chairman.

INCREASE IN PERMANENT POSITIONS

Mr. FLOOD. Here again we have the old story. In 1972 you are cutting back 78 jobs below what Congress authorized. I don't know what is going on down at the Department of Labor. In 1973 you want an increase of 76 positions. What happened? If you got along with 78 fewer jobs than Congress allowed for 1972, why can't you get along with the

same number in 1973? We have been getting this same story all week from the Department of Labor from the top down. Is this the result of an order or what?

Mr. JONES. The reduction, Mr. Chairman, was an order. This was the President's economy reduction in which we were directed to reduce positions and dollars.

When we go into 1973, of course, we are asking for some new programs that were not going on in 1972 and we need additional personnel to take care of those new programs. It looks like a cut and restoration, but it is not.

USE OF TEMPORARY PERSONNEL

Mr. FLOOD. You are also asking for an increase from 18 to 60 in the number of "positions other than permanent." What type of positions are these, and why the need for a threefold increase?

Mr. USERY. Mr. Chairman, we truly feel it makes sense for us to request this way. If I might tell you what happens to us——

Mr. FLOOD. What are positions other than permanent?

Mr. USERY. In administering the Labor-Management Reporting and Disclosure Act, commonly referred to as the Landrum-Griffin Act, we are required by law if we receive a complaint from a union member regarding conduct in an election to investigate it and, if we find it warrants setting the election aside, either we go to court or get an agreement with them to rerun the election supervised by the Secretary. That means that we never have enough manpower, nor would it be advisable for us to try to carry enough manpower to anticipate the holding of very large union elections with many thousands of polling places. And we have had several in the past year under investigation. It would appear that we will have to conduct some very sizable union elections.

We do not need the permanent people on board, but we do need people at periods when we have to conduct elections, or sometimes investigations. When we have 60 days that the law gives us to investigate many thousands of polling places, it is just physically impossible for us to do this. Therefore, we need some temporary people.

Mr. FLOOD. Where are you going to get them? For the kind of work you are suggesting, to oversee elections and investigations, these people can't be clerks. They must be pretty well trained. Where are you going to get them?

Mr. USERY. We can use a number of sources, Mr. Chairman. One, at some universities, college students in industrial relations—the American Arbitration Association—some retired people who have been familiar with labor-management relations, who have the basic skills and knowledge, and who would like to work for a few weeks.

Mr. FLOOD. Do you use women?

Mr. USERY. Yes, sir. In fact, we have consistently been improving our field organization by bringing women aboard. We now have close to 50.

Mr. FLOOD. You don't feel there is any dearth of qualified or reasonably competent people for this important kind of work as temporaries? It is a problem, but it is not insurmountable.

Mr. USERY. No, sir; it is not insurmountable at all.

INCREASE FOR "OTHER SERVICES"

Mr. FLOOD. You have another big increase, $1 million for what you call "other services" and "service of other agencies." What is that about?

Mr. MOORE. The basic requirement is a wide-ranging one. That is why the term "other services" is used. It is a prescribed accounting classification. It includes all sorts of services that are, in fact, provided from sources other than within our organization.

Mr. FLOOD. Name 46 kinds.

Mr. MOORE. Contractual research and special studies, data processing services by the Department of Labor or the Bureau of Labor Statistics, and personnel, financial, and administrative management services that are provided centrally by the Department.

Mr. FLOOD. How do you acquire these services?

Mr. MOORE. We buy the services.

Mr. FLOOD. You say service of other agencies.

Mr. MOORE. That is for specific services of other agencies.

Mr. FLOOD. You buy something from a specific agency in the Federal Government?

Mr. MOORE. Yes.

Mr. FLOOD. Do you buy anything from State governments or the private sector? By other agencies, do you restrict this to other Federal agencies?

Mr. MOORE. The amount requested for "Services of other agencies" is restricted to Federal agencies. "Other services" include contracts with the private sector.

Mr. FLOOD. And you mean other agencies than the Department of Labor?

Mr. MOORE. They also include services of other organizations within the Department of Labor.

INCREASE OF 50 POSITIONS FOR REPORTING AND DISCLOSURE ACT COMPLIANCE ACTIVITIES

Mr. FLOOD. Your biggest increase is 50 more jobs and $1,625,000 for compliance activities under the Labor-Management Reporting and Disclosure Act. I don't recall any new law, and I don't recall any amendments to any existing laws, relating to this. Why do you need this big increase?

Mr. USERY. Since I have held this office, I have been concerned that we were not operating as effectively and efficiently as Congress would have us operate to carry out the requirements of this law. We have never been able to acquire the amount of people, the investigators in the field, to do the job properly and correctly.

Mr. FLOOD. How long has this been going on?

Mr. USERY. I don't feel the program has ever had the amount of people——

Mr. FLOOD. When did the labor-management reporting and disclosure program begin?

Mr. USERY. In 1960. The law was passed in 1959.

Mr. FLOOD. It has been functioning since 1960 fiscal year anyhow.

Mr. USERY. Yes, sir.

Mr. FLOOD. And in 1972 you are unhappy about it?

Mr. USERY. We feel, Mr. Chairman, to do the job——

Mr. FLOOD. You must be a jovial fellow not to get unhappy until so many years later.

Mr. USERY. I think we should constantly and consistently seek to do a better job of what Congress has given us the responsibility to do. In both the Landrum-Griffith law and the Welfare and Pension Plans Disclosure Act, with more activity on the part of labor organizations, more complaints, more embezzlements in some areas——

Mr. FLOOD. All of those have been going on like Tennyson's brook. I am talking about the size of the increase and, all of a sudden, this year. Did you get that unhappy in 1 year?

Mr. USERY. No, sir. What happens is when, over the years, you get more and more election cases that take your manpower away from doing basic field audits, and you get more delinquent reports, less unions filing reports because you are not able to investigate them, the matter continues to compound until you get to the point where you must have additional people to get your house in order.

Mr. FLOOD. I think you are there now. That is a good answer.

Mr. USERY. We are there now. We need additional people to accomplish what we are required to carry out.

Mr. FLOOD. Under the President's economy program, has any reduction in jobs and money been made in this activity in 1972? If so, to what extent?

Mr. MOORE. No, sir; not in the functions we're discussing.

Mr. USERY. When we were asked to take a 5.8-percent cut, we had jobs we were seeking to fill in other programs and we did not fill those jobs and we took the cuts there. We have tried to put the emphasis in this program to carry out the intent of the law.

EFFORTS AGAINST ORGANIZED CRIME

Mr. FLOOD. You have received increased funds for this activity in the past to participate in the President's program against organized crime. It is apparent from the news media that organized crime has been in the forefront of the public mind for the last few years, that it is this year, and probably will be next year. In our congressional mail, in conversations with people back home, always, always high on the list of what the people are thinking about or talking about today is organized crime. You give us some specifics now. This is a real hot one. What do these funds enable you to contribute? What did you do in this fight against organized crime? Do you collect statistics? What do you do with all this money?

Mr. USERY. The Department of Justice has established strike forces in 17 major cities in the United States, starting in Boston to Miami in cities on the east coast, across the country to Los Angeles and San Francisco on the west coast, in order to develop and maintain a coordinated effort against organized crime. Typically, a strike force will consist of a Department of Justice attorney as its leader plus representatives of the FBI, Secret Service, Internal Revenue Service, Immigration and Naturalization Service, Department of Labor, Treasury Department, and will frequently include representatives of State and local law enforcement agencies.

The primary mission of the Labor Department representatives is to investigate criminal violations of the Labor-Management Reporting and Disclosure Act, as amended. As a result of involvement in these investigations, however, they also frequently investigate violations of the Hobbs Anti-Racketeering Act and violations of section 302 of the Labor-Management Relations Act, all as part of the effort to rid ourselves of what we refer to as organized crime.

It is my opinion that the Department of Labor investigators have done an outstanding job in this field. Since the inception of the strike forces, Department of Labor investigators have been responsible for indictment of 117 individuals and three corporations; 28 individuals have been convicted; 18 have been sentenced and 13 have been acquitted.

Mr. FLOOD. As a result of the efforts of your people?

Mr. USERY. Yes, sir; as direct results of the efforts of our people.

We have a number of investigations going on at the present time in a number of cities. Many times the investigation may start in one city but end maybe completely across the country and involve investigating work in as high as 10 or 15 cities at one time. And there is considerable travel and considerable effort on the part of the investigator.

Mr. FLOOD. If you pick up a thread in one city and start pulling it, you are going to wind up all over the lot. Is that it?

Mr. USERY. Yes, sir.

Mr. FLOOD. Is the record good? In view of the enormity of what we are confronted with nationwide in this realm of organized crime, are these piddling figures, are you doing something really good, or what?

Mr. USERY. Mr. Chairman, I am convinced we are doing something that is good, and it is not piddling. We have certainly not rid ourselves of organized crime or anywhere close to it as of today. I think great progress is being made in this area and I am convinced more than ever in the last year when I have been closer to it that it is essential we do everything we can to rid ourselves of it.

(The following information was submitted for the record:)

The indictments of 54 of the individuals and two of the corporations have occurred since July 1971. I might point out that LMSA has only 82 professional employees in the field offices in the United States engaged in this type of activity.

Mr. FLOOD. You work hand in glove with various law enforcement agencies in all places, local and Federal, do you?

Mr. USERY. Yes, sir.

Mr. FLOOD. It is not your own show?

Mr. USERY. No, sir, not entirely.

(The following information was submitted for the record:)

In a number of instances, although the investigations are conducted primarily by Labor Department representatives, investigators for other agencies such as Internal Revenue Service and Immigration and Naturalization Service, are also involved. The following are examples of the kinds of cases for which LMSA investigators have been responsible:

Executives of the A. & P. supermarket chain gave testimony before a Senate committee that Irving Kaplan, an official of local 464 of the Meat Cutters Union, was one of two New Jersey union leaders with ties to syndicated crime, who pressured them to stock an inferior detergent manufactured by a nonunion company. On March 2, 1972, as a result of investigation by the Labor Department representatives on the Newark strike force, Mr. Kaplan, three other officials, and one former official of local 464 were charged in a 26-count indictment with embezzlement, false reports, false entries, and failure to maintain required

records. This indictment involves embezzlement of $32,000 of union funds. Previous indictments in the same case in September and November 1971 against Kaplan and two of the officers involved embezzlement of more than $18,000 of union funds.

In Chicago, Ill., we were involved for a great period of time in the investigation of the pension fund of the International Barbers Union. We developed information which revealed that the president of the union, Joseph DePaola, had conspired with Thomas A. Shaheen, who was financial adviser to the barbers pension fund, to defraud the fund of several million dollars. This was done by authorizing illegal loans from the fund in violation of the Welfare and Pension Plans. Disclosure Act, one of the laws enforced by the LMSA. DePaola pled guilty in October 1971 to one count of a 36-count indictment and was sentenced to 1 year in prison and lost his position as president of the international union. Shaheen forfeited a $50,000 bond, and a new bond was set at $250,000. He has been indicted for bail jumping, and his last known address was Beirut, Lebanon.

Problems in Railroad Industry

Mr. Flood. Here is an emerging big problem for the Department of Labor. We spent some time with the Secretary the other day on this question, and he suggested we take it up further with you.

We would like your comments concerning job protection plans among the railroads and related problems.

Now we have a specter facing us, the Secretary tells us, and he made quite a point of it. We are eyeball to eyeball with what may be the biggest and toughest nationwide railroad strike in history that may occur in June. Here we are in the middle of April. So it is right around the corner.

In addition to that these railroads are in all kinds of trouble, bankruptcies, trusteeships, all kinds of trouble. It is a can of worms.

Central Railroad of New Jersey

Specifically I have in mind an order of the District Court of New Jersey shutting down the Central Railroad of New Jersey operations in the entire State of Pennsylvania, with a shadow of a similar possibility hanging over the State of New Jersey and the great metropolitan industrial areas of the east. A big, great, famous railroad. The employees are out of work. This involves the ICC, agreements and contracts between the union and management or the trustees, and I suppose it involves the Department of Labor.

We would like to know something about these contracts and agreements involving job protection plans. They affect directly now the employees of the Central Railroad of New Jersey since this occurred in the last month or so, but railroad employees all over the Nation are watching this with obvious interest.

What are these job protection plans? Is the ICC involved as a third party in these agreements? Is the Department of Labor involved as a fourth party or a third party in any of these job protection contracts or plans or agreements?

Mr. Usery. Let's take the Central New Jersey Railroad. As you know last year it went into bankruptcy.

Mr. Flood. They had a lot of company.

Mr. Usery. A lot of company; yes, sir. And in the same area generally, the Penn Central went bankrupt. And part of the Jersey Central trackage and road was going to be operated by the Lehigh Valley Railroad in that area. This problem of railroad bankruptcy entered very much into last year's round of bargaining with the unions.

Mr. FLOOD. Given to the Lehigh Valley for a period of 60 days. That was an ICC order.

Mr. USERY. Yes. subsequently, the judge assumed a greater role.

Mr. FLOOD. To end June 1.

Mr. USERY. Right. But directly, we in the Department of Labor have not had any dealings with this particular problem other than the labor relations aspect of it.

Mr. FLOOD. What do you mean by labor relations aspect?

Mr. USERY. Last year the Jersey Central was part of the national negotiations in the national bargaining.

(The following information was submitted for the record.)

The CNJ has been declared bankrupt and placed under the jurisdiction of the Federal district court, sitting in Newark. Although the Department of Labor has no direct responsibility in this matter, since the problems involved here fall within the jurisdiction of the Interstate Commerce Commission and now the court, the Department of Labor is, of course, concerned because of the overall economic consequences, and particularly the effect on employment. Consequently, we have, to the best of our ability, made an effort to keep current on this case.

As I understand the situation, the trustee, in connection with efforts to reorganize and make the road selfsustaining, proposed a plan to the court under which all service outside the State of New Jersey would be discontinued.

To this end, an application was filed with the ICC in May 1971, to abandon these lines. Subsequently, the court in December 1971, ordered the railroad to suspend operations in Pennsylvania, effective, April 1972, pending final action by the ICC. The State of Pennsylvania opposed this move in the courts but was unsuccessful following an appeal to the Supreme Court.

In connection with this decision, the CNJ on March 17, 1972, imposed an embargo on shipments to Pennsylvania. On March 24, 1972, the ICC issued an emergency order authorizing the Lehigh Valley to take over all operations of the CNJ throughout Pennsylvania as of April 1, 1972, in order to insure continuous service to, from, and through Pennsylvania over the lines previously operated by CNJ.

In addition, CNJ made application to ICC for emergency authorization to interchange traffic to designated points in Pennsylvania and New Jersey. On April 14, the ICC held a hearing on these pending issues, but has issued no final orders.

To turn now to the very serious problems of the former CNJ employees, who are unemployed as a result of these actions, we are informed that a number of discussions have been held between the unions and the railroads in an effort to provide some relief.

Unfortunately, these efforts have, thus far, been unsuccessful, primarily because the railroads involved feel that they are unable to absorb the costs of providing employee protections, for example, dismissal allowances, separation pay, earlier retirement, etc. CNJ has made an effort to rehire some of these workers on jobs in New Jersey and the Lehigh Valley has taken on others for a temporary period pending recall of employees now on the Lehigh Valley furlough list. We understand that the number of such rehires is not very large.

In this connection, we are informed that the CNJ is now engaged in a road and car rehabilitation program with funds made available by the State of New Jersey.

The railroad has found that additional workers could be used if funds could be obtained to finance a retraining program to fit the workers to the available jobs.

Mr. FLOOD. Were you concerned with the Burlington conclusion?

Mr. USERY. Yes, sir.

Mr. FLOOD. In what way does the conclusion of the Burlington situation affect the status of the workers on the Jersey Central and other railroads workers who might find themselves in a similar situation?

Mr. USERY. They both were involved in the national negotiations. I have one more point. There were 16 lighter captains who move the barges across the channels about to go on strike April 4, I believe, of this past year.

To finish with Jersey Central for a moment, the judge issued a temporary restraining order which is now in effect on the lighter captains. Sixteen of them have been laid off, and one of the principal issues was protective arrangements or job protection.

JOB PROTECTION ON RAILROADS

Mr. FLOOD. What do you mean by job protection?

Mr. USERY. Let me talk about that.

Provisions requiring that employees be afforded a measure of protection against a "worsening" of their conditions of work were included originally in laws dealing with certain industries regulated as to structure, rates, mergers, consolidations, abandonments of service, etc., because of the importance of these industries to the national economic health. More recently, such protections have been extended to employees "affected" by a Federal grant program.

Protections for railroad employees were first legislated through the Interstate Commerce Act (ICA). Section 5(2)(f) of the Interstate Commerce Act provides—let me read—

(f) As a condition of its approval, under this paragraph (2), of any transaction involving a carrier or carriers by railroad subject to the provisions of this part, the Commission shall require a fair and equitable arrangement to protect the interests of the railroad employees affected. In its order of approval the Commission shall include terms and conditions providing that during the period of 4 years from the effective date of such order such transaction will not result in employees of the carrier or carriers by railroad affected by such order being in a worse position with respect to their employment, except that the protection afforded to any employee pursuant to this sentence shall not be required to continue for a longer period, following the effective date of such order, than the period during which such employee was in the employ of such carrier or carriers prior to the effective date of such order. Notwithstanding any other provisions of this act, an agreement pertaining to the protection of the interests of said employees may hereafter be entered into by any carrier or carriers by railroad and the duly authorized representative or representatives of its or their employees.

Pursuant to this section, the Interstate Commerce Commission has, in cases of mergers and consolidations of railroads, either adopted protective conditions bargained out by the unions and employers or, in some cases, "imposed" conditions.

The levels of protection have increased with the passage of time. Originally, the employee protective terms and conditions were patterned on the so-called Washington Agreement of 1936, which was an agreement negotiated between 85 percent of the Nation's railroads and 21 standard railroad labor organizations providing protection for employees adversely affected as a result of railroad coordinations. The levels of protection were later expanded by decisions of the ICC in the *Burlington* case (1944), the *Oklahoma* case (1944) and the *New Orleans* case (1952).

The thrust of these protections is to give workers monetary benefits to offset loss of jobs, loss of earnings, relocation expenses, etc., for periods up to 5 years after being adversely affected, but for a period no longer than their term of employment. Also, the ICC requires that the parties submit to binding arbitration to resolve impasses on claims of adverse affect.

In cases of mergers and consolidations, the ICC under section 5(2)(f) must require fair and equitable arrangements to protect the inter-

ests of railroad employees affected as a condition of its approval. In cases of abandonment, however, the ICC has discretionary authority with respect to the imposition of employee protections. Section 1(18–20) of the ICA vested in the Commission the authority to determine issues of public convenience and necessity arising from proposals by carriers to abandon lines or parts of lines. Under that section, the ICC has discretion to determine what conditions, if any, should be attached in abandonment proceedings for the protection of employees.

The practice of providing employee protections has also been extended to the airline industry. The Civil Aeronautics Board, in ruling on proposed mergers, etc., in public aviation, has since 1950 required employee protection in granting the airlines' petitions. The CAB has adopted, in general, the types and levels of protection adopted by the ICC for railroad employees.

Further, the Communications Act of 1943 in section 5(f)(1), provides a 4-year protection period in cases of mergers and consolidations of telephone, radio, and radio telephone systems during which existing wage, hour, fringe, and other benefits must be maintained. Employees may seek enforcement in the courts and use NLRB remedies.

In 1964, with passage of the Urban Mass Transportation Act, the Congress gave employee protection to workers "affected" by a Federal grant program. Section 13(c) of that law incorporates all of the section 5(2)(f) ICA protections as a minimum, and in addition provides for the continuation of collective bargaining rights, retraining, preservation of pensions and fringe benefits, and priority of reemployment to employees laid off. The law affects employees in the rail, motor bus, and rapid transit industries providing mass and commuter transportation, all of which are "regulated" by Federal, State or local agencies.

The High Speed Ground Transportation Act, under which the metroliner (Washington to New York) and the turbo-jet (Boston to New York) services are being provided with some Federal assistance, contains approximately the same section 13(c) protections, although limited to employees of the company which is party to the government contract.

In the Trade Expansion Act of 1962, the Congress went outside of the "regulated" industries and provided protection to workers whose earnings or employment suffered as a result of imports. Claims under this act may be filed by employees with the Federal Trade Commission, and if the Commission finds for them the workers can go to the Secretary of Labor for certifications under which they may apply to responsible State agencies for particular benefits. Under this law, also, if the Commission finds that an industry has suffered serious injury and the President orders adjustment assistance to be provided, the workers may apply directly to the Secretary of Labor. There is currently a Presidential task force studying the possible upgrading of these benefits. The Trade Adjustment Act affords readjustment allowances, training to disemployed workers, and job placement assistance.

In section 405 of the Rail Passenger Service Act of 1970, Congress required that no contract between the National Railroad Passenger Corporation (Amtrak) and a railroad be made unless the Secretary of Labor has certified to the Corporation that the labor protective

provisions of such a contract afforded affected employees fair and equitable protection by the railroad. Pursuant to section 405, Secretary of Labor James D. Hodgson on April 16, 1971, certified as fair and equitable an arrangement providing, among other things, up to 6 years of protection to employees dismissed or displaced as a result of the inception of service by Amtrak. This protection arrangement was subsequently incorporated into the contracts signed between Amtrak and certain of the Nation's railroads.

(A voluminous amount of additional material explaining protective agreements in more detail was subsequently submitted to the committee.)

TERM AGREEMENTS

Mr. USERY. There are approximately 90 class 1 railroads in the USA. There are 22 different unions or associations that bargain with railroads for the most part nationally. Under the Railway Labor Act there are not term agreements as there would be under the National Labor Relations Act.

Mr. FLOOD. What is a term agreement?

Mr. USERY. That is an agreement that runs from one date to another. Usually agreements run approximately 3 years. That would mean during that period of time the union could not take any action. All of the contracts under the National Labor Relations Act are term contracts. Under the Railway Labor Act, as far as the railroads are concerned, they are not term agreements. They run continuously unless a union or a carrier submits a section 6 notice under the act to change the agreement.

Mr. FLOOD. That is a very important statement and I want you to put in the record at this point the excerpt from section No. 6.

(The information follows:)

Section 6 reads as follow:

"Section 6. Carriers and representatives of the employees shall give at least thirty days written notice of an intended change in agreements affecting rates of pay, rules, or working conditions, and the time and place for the beginning of conference between the representatives of the parties interested in such intended changes shall be agreed upon within ten days after the receipt of said notice, and said time shall be within the thirty days provided in the notice. In every case where such notice of intended charge has been given, or conferences are being held with reference thereto, or the services of the Mediation Board have been requested by either party, or said Board has proffered its services, rates of pay rules, or working conditions shall not be altered by the carrier until the controversy has been finally acted upon as required by Section 5 of this Act, by the Mediation Board, unless a period of ten days has elapsed after termination of conferences without request for or proffer of the services of the Mediation Board."

NEGOTIATIONS CONDUCTED BY LABOR DEPARTMENT

Mr. USERY. Starting 2 years ago we started meeting with all of the unions.

Mr. FLOOD. Who do you mean by we?

Mr. USERY. The Department of Labor, namely myself along with staff assistants.

Mr. FLOOD. You met with whom where?

Mr. USERY. National Railway Labor Conference, which represents the national railroads as far as contract negotiations are concerned. We met with the principal officers and negotiatiors of the 22 unions and associations that we are talking about.

Mr. FLOOD. How did you come to meet? Did you ask them or did they ask you?

Mr. USERY. We called the meeting.

Mr. FLOOD. You took the initiative?

Mr. USERY. Yes, we took the initiative because we realized we could not go on with having a dispute every month in the railroad industry, and certainly disputes having to come to Congress. We encouraged the unions to come together and agree to a moratorium.

Mr. FLOOD. Did you get the agreement?

Mr. USERY. Yes, sir.

Mr. FLOOD. When?

Mr. USERY. We reached agreement. All except one of the unions have already concluded their negotiations and their agreements run to July 1, 1973.

Mr. FLOOD. Does that agreement have a name of a town or a railroad or a person? Does it have a tag on it?

Mr. USERY. These railroads I mentioned and the labor organizations representing them, and each one has a separate agreement with them.

Mr. FLOOD. All right.

Mr. USERY. We still have the last union——

Mr. FLOOD. Who were the parties to the agreement?

Mr. USERY. The National Railway Labor Conference charged by the American Association of Railroads to do their negotiations for them.

Mr. FLOOD. That is management?

Mr. USERY. Right. And the 22 railroad labor unions.

Mr. FLOOD. That is organized labor?

Mr. USERY. Yes.

Mr. FLOOD. Is there a third party?

Mr. USERY. The only third party would be the National Mediation Board that assists them, or the Department of Labor, in my case.

Mr. FLOOD. There are only two parties to the contract.

Mr. USERY. That is right.

Mr. FLOOD. What is your concern about it today? What do you have to do with it?

EMERGENCY BOARD FOR SHEETMETAL WORKERS' DISPUTE

Mr. USERY. At the present time we have the last union to negotiate in this round of bargaining. It is the Sheetmetal Workers International Union.

Mr. FLOOD. It is in a very precarious state of negotiation as of noon today, April 13?

Mr. USERY. Yes, sir. The President issued an Executive order on March 31, 1972, creating an emergency board. The sheetmetals workers' dispute is now before the emergency board. The emergency board has 60 days——

Mr. FLOOD. What is the emergency board? Did you say the President's board?

Mr. USERY. The President appointed the members of the emergency board.

Mr. FLOOD. When?

Mr. USERY. April 1, 1972.

(The following information was submitted for the record:)

Under the Railway Labor Act, direct negotiations are initiated by a written notice by either of the parties at least 30 days prior to the date of the intended change in the agreement as provided by section 6 of the act.

In the event that the parties do not settle their dispute in direct negotiations, either party may request the services of the National Mediation Board or the Board may proffer its services to the parties. When the best efforts of the Board have been exhausted without a settlement of the issues in dispute, the act requires that the Board urge the parties to submit the disputes to arbitration for final and binding settlement. The parties are not required to accept the arbitration procedure. If one or both of the parties refuse to arbitrate the dispute, the Board notifies both parties in writing that its mediatory efforts have failed, and for 30 days thereafter, the status quo must be maintained. The final step in the handling of major disputes is not automatically invoked when mediation is unsuccessful. Section 10 of the act provides that if a dispute has not been settled by the parties after the various provisions of the act have been applied, and, if in the judgment of the National Mediation Board, the dispute threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service, the Board shall notify the President who may, at his discretion, create a board to investigate and report on the dispute. The report must be submitted within 30 days from the date of the creation of the board, and for that period and for 30 days after, the status quo must be maintained.

SHEET METAL WORKERS—NRLC DISPUTE

Scope: Companies—Class I railroads represented by the National Railway Labor Conference (NRLC). Union—Sheet Metal Workers' International Association (SMW). Number of workers—6,300.

Significant Dates: March 31, 1972—The President created Emergency Board No. 181 to investigate and report on the dispute. April 30, 1972—Report of Emergency Board No. 181 to be submitted to the President.

Summary: The principal issue in the dispute involves the union's demand for the elimination of the incidental work rule which permits members of one craft to do the work of other crafts under certain circumstances. Other unresolved issues include wages and vacations.

Negotiations between the NRLC and the SMW, with the assistance of the National Mediation Board, did not resolve the dispute and the case was released by the Board on March 1, 1972. Possible strike action by the union on April 1 was averted by the President's creation of Emergency Board No. 181 on March 31, 1972. Creation of the Emergency Board pursuant to the provisions of the Railway Labor Act requires the parties to maintain the status quo for 30 days while the Board investigates and reports on the dispute and for an additional 30 days after the Board's report is submitted to the President. Hearings on the dispute began on April 13 in Washington, D.C. The chairman of the Board is Charles M. Rehmus, currently the director of the Institute of Labor and Industrial Relations at the University of Michigan-Wayne State University. The members are Clare B. McDermott, arbitrator from Pittsburgh, Pa., and Alexander B. Porter, attorney and arbitrator from Washington, D.C.

During the current bargaining round, the SMW negotiated separately from the other shopcraft unions with the NRLC, as it had announced it would do subsequent to the passage of Public Law 91-226 in 1970. This law, which was the result of congressional action taken on April 8, 1970, put into effect the terms of the December 4, 1969, memorandum of undertanding initiated by the SMW, Machinists, Boilermakers and Blacksmiths, and Electrical Workers (IBEW). Included in this memorandum of understanding was the incidental work rule which brought about the rejection of the pact by the Sheet Metal Workers' membership. While the other three shopcraft unions ratified the pact, the four unions had agreed in advance that rejection by one organization constituted rejection by all.

Mr. FLOOD. Give us the names and a very brief biography of everybody on the board.

Mr. USERY. We will submit them for the record.

(The information follows:)

CHARLES M. REHMUS, CHAIRMAN

Occupation: Director.
Address: Institute of Labor and Industrial Relations, University of Michigan, Wayne State University, 108 Museums Annex, Ann Arbor, Mich. 48104.
Arbitration experience: Arbitrator since 1954. Arbitrated 12–15 cases a year since 1962. Member of two Presidential Emergency Boards under the Railway Labor Act. Presently devotes a majority of his time to administrative duties.
Other experience: Federal Mediation and Conciliation Service Commissioner, 1952–59. Bureau of Labor Statistics, U.S. Department of Labor, consultant, 1959–61. Presidential Railroad Commission, principal staff analyst, 1961–62. Labor relations advisor to the Under Secretary of Commerce, 1962.
Professional affiliations: National Academy of Arbitrators, Industrial Relations Research Association, American Political Science Association.
Education: Kenyon College, A.B., Stanford University, Ph. D.

CLARE B. MCDERMOTT

Occupation: Arbitrator.
Address: 2412 Grant Building, Pittsburgh, Pa.
Arbitration experience: Permanent arbitrator for United States Steel Corp. and United Steelworkers of America, 1960 to date.
Other experience: Formerly law professor, University of Pittsburgh, School of Law, 1954–1960.
Professional affiliations: National Academy of Arbitrators, American and Allegheny County Bar Associations.
Education: Duquesne University, A.B., 1949. University of Pittsburgh, LL.B., 1952.

ALEXANDER B. PORTER

Occupation: Attorney and labor arbitrator.
Address: 1612 K Street NW., Washington, D.C.
Arbitration experience: Arbitrator since 1960: Permanent umpire, Reynolds Metals Co. and United Steelworkers of America. Assistant to Ralph T. Seward, impartial umpire for Bethlehem Steel Corp. and United Steelworkers of America, June 1960 to 1970; ad hoc arbitrator in aluminum, can, chemical, equipment manufacturing, mining, paper, power and textile industries among others, since 1962.
Other experience: Formerly, executive secretary, U.S. Senator, 1956–59. Attorney, Office of General Counsel, Navy Department, 1954–55. Attorney, Bureau of Law, Federal Power Commission.
Professional affiilations: Member, National Academy of Arbitrators, American Arbitration Association.
Education: B.A. Wesleyan University, Middletown, Conn., 1950. LL.B., Yale University Law School, 1953.

Mr. USERY. The Emergency Board was appointed on April 1. By law they have 30 days in which to conduct hearings and make a report to the President. At the end of that 30 days, the unions can't take any action or can't strike for another period of 30 days which gives 30 days for negotiating, seeking to mediate the dispute. At the end of 60 days, the unions will have fulfilled all of the aspects of the law.

Mr. FLOOD. So we have about 50 days left.

Mr. USERY. Until May 30. As of June 1, the union would be free to strike all of the Nation's railroads or selectively, whichever it may choose to do. There would be nothing else the President could do or we could do by law other than to seek to mediate the dispute with the parties.

That is where the national dispute is. This is the last union in this round of bargaining. Hopefully, we can achieve a settlement. But we will not know whether we can achieve settlement until almost midnight of the night before, and the following day we would have a

railroad strike. That is what complicates our problem—we can't ask Congress earlier because bargaining would then cease.

Mr. FLOOD. Ask Congress for what?

Mr. USERY. Ask Congress for some legislation that would resolve the dispute.

Mr. FLOOD. In what way?

Mr. USERY. It would depend on the dispute itself, the nature of the dispute. Usually, we try to give free collective bargaining every chance we can to operate. We want the least possible amount of interference. We think this is beneficial to the parties and more especially beneficial to Congress.

(Discussion off the record.)

LEGISLATION TO PROTECT DISMISSED EMPLOYEES

Mr. FLOOD. I want to ask you one more question on this for the purpose of the record this morning. What do you have to say with reference to this problem of a man 55 years of age who has worked 30 years and is laid off. This is not parochial with one railroad. What about their pension rights after 30 years' work, at age 55 when they have been laid off? Do you have any comment to make about it?

We understand there is legislation addressed to this problem before House and Senate committees. Are you interested in this kind of legislation affecting the employees? Not any specific bill, but generally.

A very important part of this question is whether and how legislation which would permit this kind of pension payment after 30 years' work at age 55 would affect the fund. Is it dangerous to the fund? And if so, to what extent? These are big things to many, many individuals. Go ahead.

Mr. USERY. Mr. Chairman, I have been a student of labor-management relations for many years, and I think Congress in its wisdom in writing protective arrangements, say, in what is now Amtrak, the Rail Passenger Service Act, was fair and equitable. The Secretary of Labor was charged with the responsibility of working out those protective arrangements. I was given the specific assignment. We provided the 6 years' protective arrangements for railroad people displaced as a result of the discontinuance of rail passenger trains in this country.

Also, Congress in its wisdom in the mass transit and urban mass transit bills have always put what we refer to as 13(c) arrangements to protect employees from being adversely affected as a result of a loan going to any body, whether it be city, State, or other authority.

PENN CENTRAL EMERGENCY BOARD

I think I should bring to you one other case that is very serious and that is a labor dispute between the United Transportation Union and the Penn Central Railroad. It also has had a Presidential emergency board created on March 31, 1972, in accordance with section 10 of the act.

Mr. FLOOD. Do you appont a Presidential emergency board for every problem?

Mr. USERY. No, sir. In fact we try very, very hard in the administration not to appoint emergency boards until we are sure it is an emergency because the parties would be free to take action. In this

case, the Penn Central management was going to discontinue a number of the people who are now on trains. They were going to promulgate rules to cut down the crew sizes. The unions said they would strike as a result of this so we had no alternative but to appoint an emergency board. It is hopeful this board will find some answers to the question which we have before us for so many years.

Mr. FLOOD. An emergency board was named in the *Penn Central* case?

Mr. USERY. Yes.

Mr. FLOOD. When?

Mr. USERY. April 1.

Mr. FLOOD. Give us the names of the people on that board and a couple of sentences of biography for each member.

(The information follows:)

PENN CENTRAL—UTU CREW CONSIST DISPUTE

Scope: Company—Penn Central Transportation Co. Union—United Transportation Union (UTU). Number of workers—28,000.

Significant dates: March 31, 1972—The President created Emergency Board No. 180 to investigate and report on the dispute. April 30, 1972—Report of Emergency Board No. 180 to be submitted to the President.

Summary: The principal issue in this dispute involves the Penn Central's proposal to reduce the number of conductors and brakemen employed on its trains. To accomplish this, the carrier served notice on the UTU in June 1971, in accordance with section 6 of the Railway Labor Act, seeking the unrestricted right to determine crew sizes under any and all circumstances. The carrier's proposal would replace what is known as the Luna-Saunders agreement, signed by the parties to this dispute in 1965, which established minimum road and yard crews of one conductor and two brakemen. One year prior to the negotiation of the Luna-Saunders agreement, the award of Arbitration Board No. 282, which was established pursuant to Public Law 88-108, had resulted in the reduction of some crew sizes on the Nation's railroads to one conductor and one brakeman.

Negotiations between the Penn Central and UTU on the carrier's notice of June 1971, conducted with the assistance of the National Mediation Board, did not resolve the issue and the case was released by the Board on March 1, 1972. On March 16, the Penn Central announced that it would unilaterally begin to reduce the size of train crews on April 1, and, in response, the UTU threatened to strike or take other action to prevent the reductions. On March 31, 1972, the President created Emergency Board No. 180.

Creation of the Emergency Board pursuant to the provisions of the Railway Labor Act requires the parties to maintain the status quo for 30 days while the Board investigates and reports on the dispute, and for an additional 30 days after the Board's report is submitted to the President. Public hearings on the dispute began on April 10 in Washington, D.C. The Chairman of the Board is Francis A. O'Neill, Jr., retired Chairman of the National Mediation Board. The members are Frank J. Dugan, law professor at Georgetown University, and James J. Sherman, economics professor at the University of South Florida.

FRANCIS A. O'NEILL, JR., CHAIRMAN

Occupation: Retired former chairman, National Mediation Board.

Address: (Residence) 2412 Riverside Terrace, Manasquan, N.J. 08736.

Arbitration experience: Served on special boards of adjustment, system boards of adjustment, and arbitration boards by appointment of the National Mediation Board, 1971-72.

Other experience: Attorney, 1933-39. Trial attorney and trial examiner, New York State Labor Relations Board, 1939-43. Lieutenant, U.S. Navy, 1943-45. Chief trial examiner, New York State Labor Relations Board, 1946-47. Member of the National Mediation Board, 1947-71. Member of the Railroad Airline Wage Board, 1951-53. Chairman, National Mediation Board, 1949-50, 1952-55, 1957-58, 1960-61, 1963-64, 1966-67, 1969-70.

Education: St. Francis Xavier High School, 1926. B.A., Fordham University, 1929. LL.B., Fordham University, 1932.

FRANK J. DUGAN

Occupation: Professor.
Address: Georgetown University, Law Center, Washington, D.C.
Arbitration experience: Arbitrator since 1954. Almost all time devoted to teaching, with some time in arbitration. Experience in specific industries include trucking and storage, and transportation.
Other experience: Attorney, Department of Justice, 1939–42. Captain, Judge Advocate General's Corps., USA, 1942–46. Professor of Law, including labor law, 1946 to present. Member of Presidential emergency boards, 1962, 1964, 1966, 1967.
Professional affiliations: American Bar Association, American Arbitration Association, member, District of Columbia Bar.
Education: A.B., Rockhurst College, Kansas City, Mo., 1935. LL.B., Georgetown University Law School, 1938. LL.M., Georgetown University Law School, 1939.

JAMES J. SHERMAN

Occupation: Professor of economics.
Address: University of South Florida, College of Business Administration, Tampa, Fla. 33620.
Arbitration experience: Responsible for more than 60 decisions in a wide variety of cases involving both public and private employers.
Other experience: 1967–present, University of South Florida, Tampa, Fla. 1961–67, Cornell University, industrial relations training programs for union and management. 1961–67, State University of New York at Buffalo, industrial relations. 1959–61, Erie County Technical Institute, social sciences. 1958–67, partner in law firm of Owens, Turner, and Sherman. 1952–58, Bell Aerosystems Corp., staff assistant to vice president for industrial relations.
Professional affiliations: American Arbitration Association, American Bar Association, New York State Bar Association, Industrial Relations Research Association, Southern States Management Association.
Education: B.S., Canisius College, 1949. J.D., University of Buffalo, 1952. Ph. D., State University of New York at Buffalo, 1967.

Mr. USERY. Penn Central makes up about 40 percent of the railroad trackage in the Northeastern United States and with the problems they have already had we felt we had to try to keep the railroad operating. We could face a crisis when the 60 days are up.

LEGISLATION AFFECTING RAILROAD PENSION FUNDS

Mr. FLOOD. The final part of my question was with reference to pending legislation regarding pensions for those with 30 years work, 55 years of age. What are you doing about it? What do you think about it generally? And what is your opinion about its effect on the existing pension funds if something like this should ever become law?

Mr. USERY. Pensions for the railroad are covered by the Railroad Retirement Act and there are very few private pensions between the railroad carrier and its employees. In recent years as social security has moved up, the railroads have declined. There are more and more complaints from railroad employees and union members that railroad retirement is not fulfilling the responsibility it should and can for the retirees coming off the railroads.

There is beginning a desire on the part of labor organizations to negotiate pension plans in railroads like they do in the private sector.

Mr. FLOOD. You see how hot it is, with the layoffs in Jersey Central, and we may see similar situations all over the country by June 1.

Mr. USERY. Yes, sir.

I think it is certainly time that we look at the situation very seriously and in depth, and come up possibly with legislation that will do something about pensions as far as railroad employees are concerned.

For pension plans generally, the administration has recommended legislation in the form of two bills which would improve the private retirement system in two critical ways. One bill, the Employee Benefits Protection Act or so-called "fiduciary bill," would protect plan funds from financial mismanagement and abuses by establishing Federal standards of fiduciary responsibility. The other bill, the Individual Retirement Benefits Act, would provide participants a better chance of qualifying for retirement benefits by requiring adoption of the "Rule of 50" as a minimum vesting standard. According to this rule, a participant would acquire a nonforfeitable right to 50 percent of his pension credits when the combination of his age and service equals 50, and he would get an additional 10 percent each year thereafter. I should point out, however, that this vesting would apply only to pension credits earned after enactment of the legislation. Retroactive application of the standard would be very costly to the plans.

When you consider railroad workers, you are talking about an area outside the proposals I just mentioned because railroad retirement is a statutory system administered by a Federal agency. And here I don't think that earlier vesting would meet the problem because railroad workers already have vesting after 10 years of service. The problem is with the retirement age provision, which says that the earliest age at which you can retire is age 62, except in cases of disability. A railroad worker who is laid off before age 62 gets no immediate relief from being fully vested in his pension because he has to wait until that age to start drawing benefits.

You can see that the pension problems of railroad employees fall in a special category which can be dealt with only by amending the Railroad Retirement Act. The act has been amended many times in the last 35 years, but the system probably needs to be overhauled drastically. As you know, the Congress in 1970 created a Commission on Railroad Retirement to make a study of the railroad retirement system and recommended changes to provide adequate levels of benefits on an actuarially sound basis. The Commission made its interim report to the Congress in 1971 and is expected to make a final report later this year.

LABOR-MANAGEMENT RELATIONS IN THE FEDERAL SERVICE

Mr. FLOOD. I notice on page 10 of the justifications "Plans will be developed for a program of research in support of the responsibilities of the Assistant Secretary under the Executive Order 11491."

What is Executive Order 11491? Two, what are your problems in carrying it out? Three, why do you feel all of this research is needed?

Mr. USERY. Executive Order 11491, issued in October 1969, pertains to labor-management relations in the Federal service. It sets forth the policies which govern agencies of the executive branch of the Government in all dealings with Federal employees and organization representing such employees. While retaining many features of the initial labor-management relations program established by Executive Order 10988 in 1962, and continuing the basic philosophy regarding representation rights of employees enunciated therein, Executive Order

11491 updated Governmentwide policies and provided new arrangements which were needed to improve the program.

Within the administrative machinery established by Executive Order 11491, the Assistant Secretary of Labor is responsible for deciding questions as to the appropriate unit for the purpose of exclusive recognition supervising elections to determine whether a labor organization is a choice of the majority of the employees in an appropriate unit as their exclusive representative, and certify the results; deciding questions as to eligibility of labor organizations for national consultation rights under established criteria; deciding complaints of alleged unfair labor practices; and deciding alleged violations of the standards of conduct for labor organizations.

In accordance with the President's direction at the time Executive Order 11491 was issued, that a review and assessment of operations under the order be made after one year, the Federal Labor Relations Council—the central authority established to police the order—initiated public hearings in October 1970. The Council's recommendations resulted in the issuance, in August 1971, of Executive Order 11616 amending Executive Order 11491. Those changes in the amended order which are expected to have the most impact relate to the option given to the aggrieved party to file an unfair labor practice charge under the Executive order rather than proceed with a grievance on a matter pertaining to the unfair labor practice (once the aggrieved party has exercised his choice of procedure, he is prevented under the order from using the alternative procedure); and the new authority granted to me to determine in a matter of a disputed grievance whether the subject matter of the grievance is covered by the grievance-arbitration clause in the negotiated agreement.

A major problem encountered in administering the program has been in overcoming a substantial backlog of cases. Factors contributing to such a buildup were the newness of the program, the parties' lack of familiarity with procedures, and the paucity of precedent in Federal sector labor relations for resolving representation and unfair labor practice matters. The structure of the Federal Government as well as the scope of authority of agency heads create difficult and complex issues which have no counterpart in the private sector. The resolution of the various complex issues must be fashioned in terms of decisions which reflect the unique nature of the Federal organizational structure, the rights guaranteed Federal employees, the very character of labor organizations representing Federal employees, and the public interest. As we are gaining experience we have steadily reduced the backlog of cases and are moving positively toward bringing it to manageable proportions.

We are finding that at the present time the number of unfair labor practice filings under the Executive order are running below our estimate for the second year of operation. From discussions with our area personnel and some Government union leaders it appears in part that this deviation is caused by procedural difficulties and Federal unions belief that it is impractical due to the high cost in money and time for the union to proceed with such matters. I have recently taken under advisement possible changes in the regulations that would correct certain possible inequities and improve the procedure.

The Executive order makes the Department of Labor and the Civil Service Commission responsible for the collection and dissemination of information appropriate to the needs of agencies, organizations and the public. We need contract analysis and similar research and analytical work to satisfy that obligation.

VETERANS' REEMPLOYMENT RIGHTS

Mr. FLOOD. Why are complaint cases under the veterans' reemployment rights program continuing at such a high level?

Mr. USERY. You are quite correct, Mr. Chairman, the complaint cases under the veterans' reemployment rights program have continued at a very high level in fiscal 1972. In fact, for the first 8 months of this year, they have averaged 592 per month as opposed to 579 per month for fiscal 1971.

Essentially, there are three reasons why the number of complaints continues at such a high level. First, the armed services are releasing at a rate in excess of 1 million for fiscal year 1972 as opposed to an original plan of releasing some 830,000. Obviously with a higher number of releasees, there will be a higher number of complaints. Second is the state of the economy. Jobs have not been easy for veterans to get this year and whenever that happens the number of complaints goes up. The third reason is the continued success of our notification program which we have worked out jointly with the Department of Defense. As these releasees are coming out of the armed services, they complete a very simple form which tells us that they are coming out of the armed services and the name of any preservice employer. In turn, the Secretary of Labor sends to each such releasee a letter which advises the releasee of the various services provided by the Department of Labor and his employment rights if any preservice employment was indicated. Aproximately 70 percent of all the releasees complete this simple form. Obviously, we are trying to get that 70 percent figure as close to 100 percent as possible. However, by the use of this form and other publicity we reach in fact 80 percent of all releasees according to a recent Harris survey.

Mr. FLOOD. On page 20 you say there are 72 complaint cases referred to litigation in 1971. You estimate 182 in 1972. The same question—why?

Mr. USERY. The estimate of 182 cases to be referred to litigation in 1972 is low. In fact, our experience for the first 8 months was 242 cases being referred to the Department of Justice in that period of time. One basic reason for this large number of referrals to the Department of Justice revolves around a single issue with one firm. We had contemplated originally going to court on a class action basis but because the court declined to handle the case in that fashion, it was necessary to file individual suits for all the veterans having the same kind of claim. This resulted in 129 referrals.

Additionally, of course, there would be a higher number of referrals commensurate with a higher complaint intake and a higher percentage of referrals as jobs are more difficult to obtain. Of course, as you know, Mr. Chairman, the matter of referral lies solely with the individual veteran. It is his decision and not ours.

May I say one more thing about the Veterans' Reemployment Rights program?

Mr. FLOOD. Yes.

Mr. USERY. As you know, I am charged with the responsibility of carrying out the Veterans' Reemployment Rights. We have two veterans' services in the Department of Labor—the Veterans' Employment Service, which is administered by the Manpower Administrator, and Veterans' Reemployment Rights administered by my office. The latter program is for veterans who have left employment and go into the service and who, by law, have a right to their job back when they come out of the service.

Mr. FLOOD. That distinction is important.

Mr. USERY. With the release of nearly 1 million veterans last year and with the lag in our economy, it has made it even more difficult for us to get veterans placed back in their jobs.

At the beginning of the fiscal year 1971, we had a backlog of 2,002 cases. At the end of February 1972, the backlog was 2,084. We still hope, however, to have a net reduction in the backlog by the end of the fiscal year.

We are talking almost exclusively of Vietnam veterans and the problems of disabled veterans we are trying to get back, or about a company that has gone out of business or changed their project.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. Mr. Chairman, I want to say I appreciate your long exchange with Mr. Usery on the railroad dispute and the problem that we are going to have to face up to again here within a very short period of time, probably about coincident with the publication of our hearings and the discussion of our bill on the floor.

So it has been most helpful to have this in the record at this point.

PERMANENT POSITIONS BY CATEGORY

Mr. MICHEL. Let's review your personnel situation, using the original fiscal year 1971 appropriation as a base. Would you go through each of the six categories and give us the number of people added to each? I'm talking about both the second 1971 supplemental and the total 1972 appropriation.

Mr. USERY. I will place a table in the record to reflect this information.

POSITIONS IN LABOR-MANAGEMENT SERVICES ADMINISTRATION APPROPRIATIONS, FISCAL YEARS 1971 AND 1972

Activity	Fiscal year 1971	Fiscal year supplemental	Fiscal year 1972	Reduction, President's economy actions of Aug. 15, 1971	Base, fiscal year 1972
1. Labor-management relations services	21	----	4	----	25
2. Labor-management policy development	25	----	----	----	25
3. Administration of reporting and disclosure laws	638	24	35	−35	662
4. Veterans reemployment rights	97	15	----	----	112
5. Federal labor-management relations	78	128	----	−40	166
6. Executive direction and administrative services	83	6	----	−3	86
Total	942	173	39	−78	1,076
Positions in enacted appropriations subsequently transferred to departmental management (Office of the Solicitor)	15	9	3	----	----

VETERANS' REEMPLOYMENT RIGHTS

Mr. MICHEL. Now let's talk about the veterans' reemployment rights program. On page 216 of the hearing last year you provided a table showing your case intake, backlog, personnel, and so forth, since 1969. Why don't you just update this for the record this year?

What is your backlog now? Have you gained ground this year? Is your intake growing? What do you consider a "manageable" caseload level? How long does it take to process a case currently, compared with last year? What is your overtime situation this year? You are not asking for a personnel increase this year?

Mr. USERY. Let me first put a table in the record and then I would like to discuss this.

(The table follows:)

VETERANS REEMPLOYMENT RIGHTS PROGRAM

	1969	1970	1971	1972
Complaint cases:				
Carryover at beginning of year	1,054	1,234	1,747	2,002
Received	3,953	4,852	6,944	[1] 6,903
Closed	3,773	4,339	6,689	[1] 6,930
Pending	1,234	1,747	2,002	[1] 1,975
Personnel:				
Total budget positions	65	84	112	112
National Office	15	11	12	12
Field Staff:				
Professional	28	43	69	74
Clerical	22	29	31	26

[1] Actual through 8 months—projected for balance of 1972.

Mr. USERY. The backlog of VRR complaints at the end of February was 2,084. That number is 82 higher than the 2,002 backlog with which we started the fiscal year, but this is not the entire picture. First, although our inflow is higher this year than last year, our case closings also have been higher this year than last year. In fact, for the first 6 months of fiscal year 1972 we were making limited but steady progress in reducing the backlog. It had dropped from 2,002 to 1,863 at the end of December 1971. Then in January, and again in February, the incoming complaints jumped to 649 and 784 respectively and in these 2 months we lost all the ground we gained in the previous 6 months and then some.

Our goal of "manageable" caseload is two times the average monthly total of cases received. This would mean that the normal case is in and out in 60 days with priority handling within that 60 days of straight reemployment cases.

Average elapsed time for complaint cases (from receipt to closing) currently is about 3½ months, which is approximately the same as last year.

Overtime on field cases has not been necessary to date. Last year $120,000 was attributed to the overtime needed in the Veterans' Reemployment Rights program. If the unusually high inflow continues for the balance of the year, we will have to consider seriously going to overtime.

We have not asked for a personnel increase this year for this program because we planned to reduce the backlog significantly with present available resources. If the high case intake drops back to planned estimates and our present production continues, again we will be in a position of reducing the backlog and additional personnel will not be necessary.

CONSTRUCTION INDUSTRY COLLECTIVE BARGAINING COMMISSION

Mr. MICHEL. Last year we had some colloquy on the Construction Industry Collective Bargaining Commission. Would you bring us up to date on the activities of the Commission? For the record, have they made any recommendations?

Mr. USERY. The Construction Industry Collective Bargaining Commission (CICBC) has made some important progress.

The most notable is that it furnished the institutional base for the establishment of the Construction Industry Stabilization Committee. The CICBC was the only labor-management-public forum for discussing means to combat construction inflation. CICBC activities, however, transcend our stabilization interests. Last January when President Nixon met with the members of the CICBC he specifically urged us not to let up on the structural problems of this industry.

CICBC has continued to work on the regional bargaining problem that we discussed the last time. Several draft bills have been developed and reviewed and modified by labor and management subcommittees. These are tremendously complex discussions that are ongoing. We have looked into some actual proposals and we hope to have some definite recommendations to share with the Congress but our understanding of the problem is not completed and the need to have a consensus position from CICBC is paramount in our planning.

CICBC has made some excellent progress in other areas. We worked out a policy statement on vocational education which promotes linkages between the formal school and the apprenticeship system run by the industry. These systems have had little history of cooperation and that has meant frustration and waste. Thanks to some real statesmanship, President Sidell of the Carpenters comes to mind, we can now look forward to progress in this area.

The problem of seasonal and intermittent unemployment has also been pursued by CICBC. We have discovered a whole range of restraints. For example, a set of general winter work specifications requiring contractors to schedule more winter work than they now normally do, has been developed that we hope to test in Federal procurement.

The productivity issue is crucial in construction industry labor relations. CICBC has been working with the National Commission on Productivity to identify problems. For example, we are urging preproject conferences to smooth out progress of the jobs. to minimize disputes over jurisdictions, and to attack other problems which inhibit higher productivity in the industry. There is also a need for the crafts to come to terms with the realities of industrialized construction. Some already have worked out multitrade agreements and we want to encourage that development.

Much of this is long term work. Frankly, we are still discovering how this industry operates but CICBC is operating on a mutuality of

interest that I believe complements the public interest well beyond the immediate problems we are facing.

RESEARCH

Mr. MICHEL. You mention three areas of research need for which you are asking an increase of $300,000—public sector labor relations; pension research; and collective bargaining and economic stability. Would you explain a little further about what you hope to accomplish in each?

Mr. USERY. Before speaking of these particular areas in which more research is needed. I would like to make the observation that the Department of Labor's total research activities are not in balance. For the last 10 years the emphasis has been on research in the areas for which the Manpower Administration is responsible, and important research in labor relations has been neglected. University professors are doing bits and pieces of labor relations research, but more and more they tend to shift their interest to the manpower area in the hope of getting Manpower Administration grants to support their research efforts. Accordingly, the research institutes associated within the universities have not undertaken much of the research which I think needs to be done. I am afraid that our critics will be disappointed that we are requesting an increase of only $300,000 for contract research in fiscal year 1973 as some of them have identified unfulfilled research needs which would cost many times that amount to supply.

The need for research in public sector labor relations results from a combination of circumstances. By the end of 1970 about 40 States had enacted legislation providing many varieties of formalized employee relations for public employees, and no model system has emerged. Eight States had no legislation whatsoever, and two prohibited such activity.

A haphazard mixture of statutes, local executive orders, ordinances, and court decisions now govern labor relations involving State and municipal employees. Many States without legislation are considering a variety of proposals. States which have already enacted legislation are considering amendments. The States and municipalities need more information to develop sound legislation. Where collective bargaining involving public sector employees is carried on, the negotiators representing management and labor are clamoring for more and more data to be made available from the Department of Labor for use in their negotiations.

The needs for public policy purposes are obvious to those who are developing State and municipal legislation relating to labor relations. They want to know how the problems are being handled in other jurisdictions. More important than compiling inventories and analyses of the multiplicity of laws, they want to know how the laws are actually working in practice. Pennsylvania enacted a statute in 1970 which makes collective bargaining mandatory in State and municipal labor relations. It also permits public employees a limited right to strike. Seventeen States now have mandatory collective bargaining laws, and three States in addition to Pennsylvania permit limited right to strike. However, 38 States have explicitly prohibited public sector strikes.

We are aware that strikes of government employees occur even though the strikes are illegal. Those concerned with the developing of sound policy in this field want to know if in those States which permit strikes of public employees there are in fact more or fewer strikes than in the States where strikes are illegal.

Some States have many different laws governing different varieties of employees. Thus, there are separate statutes with respect to labor relations involving policemen, schoolteachers, firefighters, and other occupations. The scope of collective bargaining varies enormously under the diverse statutes. The administrative machinery differs, and there is a multiplicity of variations and procedures available for resolving impasses in collective bargaining. There is more than idle curiosity involved in planning research to see how these diverse systems are working in practice. The States, such as Illinois—which are now exploring legislative proposals involving State and municipal labor relations, want to know the advantages and disadvantages of each of the diverse systems.

Research along those lines ultimately may be extremely useful to the Congress of the United States. Sometime in the next few years it is quite possible that the Congress will need to give serious consideration to legislation to replace the present executive order which governs labor-management relations within the executive branch of the Federal Government. The Federal Government can learn a great deal about the wisdom of various legislative proposals from thorough research in the experimentation which is now going on at the State and municipal levels.

Aside from the research necessary for policy development with respect to public sector labor relations, there are the data needs of the negotiators. For many years employers and unions in the private sector have looked to the Department of Labor for statistics and information on wages, fringe benefits, and other provisions of collective bargaining agreements. We have failed thus far to develop equivalent information for use by negotiators in the public sector. We have initiated some steps to provide such information, but even with an increase of $300,000 we will not be able to supply the total need. As it stands now, we are considering complaints by municipal negotiators that they can only get the data which they get the hard way—by sending questionnaires to each other. They are urging the Department of Labor to establish a massive information exchange system.

The need for pension research is somewhat different. In 1965 the President's Committee on Corporate and Other Private Retirement Systems identified a wide range of research needs to provide a sound basis for development of legislative proposals with respect to private pension plans. Some of that research was done by HEW, some by the Bureau of Labor Statistics, and some by the Treasury Department, but some of those research gaps identified in 1965 were never filled. Moreover, it is characteristic of research in such a dynamic area as that relating to private pension plans that research findings rapidly become obsolete. Thus, research conducted in 1967 or 1968 has only limited value in 1972.

The congressional committees considering pension legislation are thirsty for more and more knowledge which can only be obtained by systematic research. When the committees' staffs examined the data

needs they were disappointed that the executive branch of the Government was not capable of supplying their data needs.

Last December in his message to the Congress on pension legislation, the President announced that he had directed the Departments of Labor and the Treasury, jointly, to undertake a 1-year study to determine the extent of benefit losses under pension plans which are terminated. This study is underway, but much of the work will need to be done in the early part of fiscal year 1973. This study of terminated plans, however, is only one facet of the big research need with respect to pension plans.

We are in the process of identifying industrial relations issues in problem areas which will require research emphasis in the next several years, but we think that the emphasis in fiscal year 1973 should be on research relevant to productivity. The Productivity Commission itself is planning research for the next fiscal year, and we have no intention of duplicating or overlapping the activities of the Productivity Commission; but the Productivity Commission expects some research from the Department of Labor as well as other departments. We think it would be especially timely to do research with respect to the operation of incentive systems—especially those etsablished by collective bargaining. If our productivity can be improved by workable incentive systems—workable because they are mutually satisfactory from the management and the union viewpoints—there can be substanial improvement in productivity which would be useful in the national effort to retard the rate of inflation.

LABOR-MANAGEMENT RELATIONS IN FEDERAL SERVICE

Mr. MICHEL. In your statement, you say:

> In addition to disputed grievance matters, we expect the volume of unfair labor practice complaints will increase substantially in fiscal year 1973 as labor organizations, activities, and employees acquire greater knowledge and comprehension of Executive Order 11491, . . .

What do you mean by this? What is your current backlog here?

Mr. USERY. With a developing body of law pertaining to labor-management relations within the Federal Government established through decisions and rulings, labor organizations, activities, and Federal employees are recognizing their protected rights and obligations under Executive Order 11491. Current digests of these decisions and rulings are being published and distributed to the public. With the awareness that certain areas of employment are protected under the Executive order, the aggrieved party will seek effective remedy through the filing of an unfair labor practice complaint.

Current backlog of unfair labor practice cases in the field as of March 1972 was approximately 4¾ times the average intake of cases per month. Our present goal by the end of fiscal year 1972 is to reduce this to a level of three times the average monthly intake.

Mr. FLOOD. Mr. Robinson?

Mr. ROBINSON. Your statement indicates that you expect increases in grievance and unfair labor practice matters involving Federal employees. At what stage does such a matter move beyond the grievance procedure within the employee's own department or agency, and come to you?

Mr. USERY. Under the amended Executive Order, the aggrieved party is given the option to file an unfair labor practice charge rather than proceed with a grievance on a matter pertaining to the unfair labor practice. Once the aggrieved party has exercised his choice of procedure, he is prevented under the Order from using the alternate procedure.

Additionally, the amended Executive Order establishes the Assistant Secretary's authority to determine whether disputed grievance matters are subject to a negotiated grievance-arbitration procedure. Such a determination will be made when a dispute arises between the parties whether the subject matter of the grievance is covered by the grievance-arbitration clause.

Mr. ROBINSON. Would you indicate the trend of recent years in such Federal employee cases, and the caseload level at this time?

Mr. USERY. I am implementing a dynamic new program in the Federal service, that is, that of promoting effective labor-management relations within the Federal Government. With less than 2 years of actual operation in this developing program, it is impossible to find a reliable trend or at what point the program will level off. The future trend of this program will be determined by the degree of acceptance and the utilization of its established procedures by labor organizations, Federal agencies, and Federal employees.

Where it appears that representation case filings have leveled off and the number of such filings will slightly decrease in the third year of operations, such loss in numbers will be more than offset by the increasing complexity of those representation cases being filed now and in the future. In view of their complexity, a large number of these cases now require and will require in the future costly and time-consuming factfinding hearings. To date, the number of unfair labor practice filings and currently running slightly below our estimate of fiscal year 1972 and I have taken under advisement possible changes in the regulations to alleviate procedural difficulties for the filing of such actions.

Additionally, I anticipate an upsurge in unfair labor practice and grievance-arbitration filings in fiscal year 1973, resulting from the additional authority granted me under the amended Executive order.

POSTAL SERVICE CASES

Mr. ROBINSON. Since the establishment of the U.S. Postal Service as a relatively autonomous agency, what has been your experience as to cases reaching you from that service, as related to the number you were receiving from the former Post Office Department?

Mr. USERY. In accordance with the Postal Reorganization Act, no postal representation cases and only 11 unfair labor practice cases (alleging misconduct which occurred prior to July 1, 1971) have been filed under the Executive Order since July 1, 1971. With the anticipated transfer of jurisdiction to the National Labor Relations Board, postal unions in FY 1971 were reluctant to file representations and unfair practice cases under the Executive Order. This resulted in a relatively small number of postal case filings in fiscal year 1971. In view of this, the loss of postal case filings has not had a noticeable effect on the workload in fiscal year 1972.

Mr. ROBINSON. That is all, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION OF THE BUDGET ESTIMATES

LABOR-MANAGEMENT SERVICES ADMINISTRATION

Salaries and Expenses

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate	$22,798,000	$24,596,000
Transfer to Departmental Management, Salaries and Expenses for legal services required under Executive Order 11491	-200,000	---
Non-recurring rental costs transferred to GSA	-30,000	---
Subtotal budget authority	22,568,000	24,596,000
Reserve, President's Economy Actions of 8/15/71	-1,149,000	---
Total available for obligation	21,419,000	24,596,000

Obligations By Activity

	1972 Appropriation Revised		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Labor-management relations services	25	$833,000	31	$957,000	+6	+$124,000
2. Labor-management policy development	25	1,353,000	25	1,666,000	---	+313,000
3. Administration of reporting and disclosure laws	662	12,060,000	712	14,070,000	+50	+2,010,000
4. Veterans' reemployment rights	112	2,195,000	112	2,266,000	---	+71,000
5. Federal labor-management relations	166	3,583,000	186	4,200,000	+20	+617,000
6. Executive direction and administrative services	86	1,395,000	86	1,437,000	---	+42,000
Total obligations by activity	1,076	21,419,000	1,152	24,596,000	+76	+3,177,000

LABOR-MANAGEMENT SERVICES ADMINISTRATION

Salaries and Expenses

Obligations By Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
Total number of permanent positions.....	1,076	1,152	+76
Positions other than permanent.....	18	60	+42
Average number of all employees.....	1,033	1,143	+110
Personnel Compensation:			
Permanent Positions.....	$14,731,000	$15,772,000	+$1,041,000
Positions other than permanent.....	148,000	336,000	+188,000
Other personnel compensation.....	58,000	58,000	---
11 Total personnel compensation.....	14,937,000	16,166,000	+1,229,000
12 Personnel benefits.....	1,373,000	1,545,000	+172,000
21 Travel and transportation of persons..	1,119,000	1,598,000	+479,000
22 Transportation of things.....	80,000	96,000	+16,000
23 Rent, communications, and utilities...	863,000	1,080,000	+217,000
24 Printing and reproduction.....	239,000	258,000	+19,000
25 Other services.....	1,621,000	2,341,000	+720,000
Services of other agencies.....	1,010,000	1,310,000	+300,000
26 Supplies and materials.....	90,000	99,000	+9,000
31 Equipment.....	87,000	103,000	+16,000
Total, obligations by object.....	21,419,000	24,596,000	+3,177,000
Working Capital Fund items included above.....	(819,000)	(1,278,000)	(+459,000)

LABOR-MANAGEMENT SERVICES ADMINISTRATION

Salaries and Expenses

Summary of Changes

	Pos.	Amount
1972 Enacted appropriation	1,166	$22,798,000
Transfer to Departmental Management, Salaries and Expenses, for legal services required under Executive Order 11491	-12	-200,000
Non-recurring rental costs transferred to GSA.	---	-30,000
1972 Appropriation, revised	1,154	22,568,000
Reserve, President's Economy Actions of 8/15/71	-78	-1,149,000
1972, Available for obligation	1,076	21,419,000
1973 Estimate	1,152	24,596,000
Total Change	+76	+3,177,000
Mandatory Items:		
Increases:		
Net additional cost of within-grade promotions effective for part year in 1972	---	+96,000
Net cost of within-grade promotions becoming effective in 1973	---	+129,000
To provide for a net increase in postage/ penalty mail costs	---	+69,000
Net additional cost for Federal Telecommunications System services	---	+42,000
To provide for a net increase in contributions to the Federal Employees' Compensation Fund	---	+26,000
To provide for increased costs of centralized services	---	+414,000
Subtotal, increases	---	+776,000
Decreases:		
Non-recurring extra days of pay for current year staff	---	-120,000
Non-recurring equipment costs for new positions in 1972	---	-14,000
Subtotal, decreases	---	-134,000
Total, Mandatory Items	---	+642,000

	Pos.	Amount
Program Items:		
Increases:		
To improve Department of Labor capability to assist in resolution of critical labor-management problems ($88,000 personal services; non-labor $22,000)(page LMSA-8)	+6	+$110,000
To broaden the labor-management relations research base (non-labor $300,000)(page LMSA-11)	---	+300,000
To improve the level of compliance under the Labor-Management Reporting and Disclosure Act ($905,200 personal services; non-labor $719,800)(page LMSA-14)	+50	+1,625,000
To extend and maintain activities required under Executive Order 11491 ($277,900 personal services; non-labor $222,100)(page LMSA-23)	+20	+500,000
Total, Program Items	+76	+2,535,000
Total Change	+76	+3,177,000

Activity 1. LABOR-MANAGEMENT RELATIONS SERVICES (1972, $833,000, Pos. 25; 1973, $957,000, Pos. 31)

This program provides for staff support to the Secretary in the performance of key responsibilities in the area of labor-management relations. Appropriate staff aid and support in particular dispute and problem situations are provided to the Secretary, Under Secretary, Assistant Secretary and other Government agencies and to panels, Boards, or Commissions established by the President or the Secretary to act on such matters. This program also provides assistance and support to State and local governments and their employees in their efforts to develop sound labor-management relations and to resolve collective bargaining problems. Another responsibility is the review of, and appropriate action on, employee protection arrangements as provided in the Urban Mass Transportation Act of 1964, as amended, the High-Speed Ground Transportation Act of 1965, and the Rail Passenger Service Act of 1970.

In 1971, staff support was provided to the Assistant Secretary for a series of meetings directed toward improving the climate of labor-management relations in the railroad and longshore industries.

With the cooperation of the Railroad Retirement Board, the staff developed data relating to separation rates in the railroad industry by specific job classifications for use in certifying a job protection plan covering workers affected by the creation of Amtrak and in the Department's mediation efforts to resolve a wage and rules dispute involving the Nation's railroads and the United Transportation Union.

The "early warning system", designed to anticipate labor-management disputes in key industries and to identify and monitor for the Secretary developing and active problem bargaining situations, was conducted through regular reports of critical labor-management relationships and significant contract expirations. Special reports on negotiations in such industries as automotive, metal containers, telephone, aluminum, West Coast longshore, and non-ferrous metals were completed.

Assistance was provided to three Presidential emergency Boards established under the Railway Labor Act in disputes involving virtually all of the Nation's railroads. In addition, staff support was given to the special mediator appointed by the Secretary to attempt to resolve the fireman manning dispute and to the special factfinding panel established under the Postal Reorganization Act in the dispute between the U. S. Post Office Department and seven unions. Technical assistance was given to other Government agencies and labor and management in response to specific requests.

Under the Urban Mass Transportation Act of 1964, as amended, the Department of Transportation referred 136 grant or loan applications for appropriate action on terms for employee protection. Review, processing and certification of 100 applications was completed and 24 were withdrawn during the fiscal year 1971. As a result of the certification by the Secretary on April 16, 1971 of employee protections under the Rail Passenger Service Act of 1970, an increasing workload has been accomplished with respect to questions regarding application of the protections to specific cases.

A major achievement was the development and implementation of a program designed to assist State and local governments in the area of labor-management relations, including cooperation in training programs for neutrals in public sector bargaining. The Department provided policy and procedural advice on problems of unit determination, representation elections, grievance procedures, and similar labor-management relations matters. The Department also provided a clearinghouse for such information in a form useful to the parties requesting advice, and established a continuing analysis of labor-management problems in State and local governments.

In 1972, direct technical assistance on specific labor-management relations problems is continuing to be provided to State and local governments and employees to assist them in developing their own labor-management relations procedures.

Projects designed to provide information sources essential to practitioners in the field of non-Federal public sector labor relations are underway and will include summaries of legal and court decisions relating to public labor relations, an outline of the legal framework in public labor relations in all of the fifty States, directories of organizations active in public sector labor relations, and a public sector calendar of events. The Secretary held a special conference on State and local government labor relations in which representatives from forty-five States and three territories exchanged information and ideas for improving labor relations in the non-Federal public sector.

The "early warning system" and status reports on problems in key industries will be maintained. Significant contract expirations during 1972 are those in the steel, aerospace, and East and Gulf Coast longshore industries, in bituminous coal and airlines, and in railroads and maritime.

The Department is continuing under the Urban Mass Transportation Act, the High-Speed Ground Transportation Act, and the Rail Passenger Service Act to assure that contracts conform to required labor protection standards and that interests are preserved for employees affected by such contracts. The transportation employee protection program has shown a steady increase over the past four fiscal years, and this trend is continuing.

In 1973, the level of overall program activity will increase in response to intensified collective bargaining in major industries. Background studies are planned for each major industry involved in contract negotiations. It is anticipated that assistance will again be provided to special Boards in specific cases. The program to assist State and local governments and their employees in the development of sound labor relations will continue and priorities will be adopted to respond most effectively to requests for assistance.

Legislative proposals to permit the use of Federal funds for operating subsidies, subsidized passenger services, and other railroad improvements, with employee protective provisions, are expected to lead to increased workload in carrying out the Department of Labor responsibility to insure employee protection.

Continued in the budget are funds for the temporary employment of labor-management consultants and other related expenses incurred at the direction of the President or the Secretary in efforts to resolve major labor-management problems, and for the direct staff and other expenses of the President's Advisory Committee on Labor-Management Policy.

Changes for 1973

Mandatory changes amount to	+$14,000
Program changes amount to	+$110,000
Positions	+6

Mandatory changes provide for within-grade promotion costs effective for part-year in 1972 and those becoming effective in 1973, increased costs for centralized services, penalty mail, Federal Telecommunications System services and increased contributions to the Federal Employees' Compensation Fund, and decreases in the amount of two non-recurring extra days of pay and non-recurring equipment costs.

Proposal: The program to examine particular labor-management relations problems or to develop additional technical aids will be expanded to better enable responsible parties to prevent or cope with such problems, including those caused by technological innovations, changed employment patterns and other socio-economic factors which have a disruptive effect on labor-management relations.

The Need: Past experience indicates that some labor-management disputes could be avoided with appropriate advanced planning. The plan to study critical problems in specific industries is aimed toward such preventive activity. Although the statutory responsibility for mediation rests with other agencies, economic

disruptions in major industries usually result in involvement of the Department of Labor because of their impact on the Nation's economy. The other agencies concerned with labor-management relations have only a very limited obligation to the Department since they are independent agencies. Moreover, at least three independent agencies are directly involved in labor-management relations problems and a complete review of all available information is necessary to keep the Secretary of Labor informed. Finally, the other agencies do not maintain staff to analyze problems or conduct studies because such staff is not necessary to their primary function. A careful examination of specific problem areas as they become evident and their implications for upcoming negotiations would provide the Department with a broad base from which to assess the problems that can be expected if a dispute crisis develops.

The Program: Plans for fiscal year 1973 include an expansion of staff to conduct a specialized examination of particular labor-management relations problems. An increase of $110,000 for four professional and two clerical employees is proposed to accomplish this expansion.

A number of important labor relations issues affecting a variety of key industries should be examined in preparation for handling potential specific dispute situations of major importance which are expected to arise in fiscal year 1973, and in the subsequent year when many major contracts negotiated in fiscal years 1971 and 1972 will expire. Among the principal industries which will be negotiating new agreements in fiscal 1973 are petroleum refining, rubber, electrical equipment, trucking, West Coast longshore, East Coast shipbuilding and most major airlines. In addition, all railroad contracts will be due to reopen at the end of the year. The program expansion will provide an analysis of the problems that can be anticipated and a series of options to assist in resolving them.

Base:

Positions: 25 Estimated Cost: $833,000

Additional Cost:

Positions: 6 Man-years: 5.4 Estimated Cost: $110,000

Activity 2. LABOR-MANAGEMENT POLICY DEVELOPMENT (1972, $1,353,000, Pos. 25; 1973, $1,666,000, Pos. 25)

The primary goal of this activity is to evolve policies responsive to current and anticipated future developments in labor-management relations. The Office of Labor-Management Policy Development conducts research and contracts for research needed for policy recommendations on legislative or Executive action to promote effective labor-management relations, including problems under the various laws and Executive Orders for which the Assistant Secretary for Labor-Management Relations has administrative responsibility. The Office also renders assistance to the Solicitor of Labor and the Department of Justice in litigation arising under the two disclosure laws.

In 1971, the program of research and related services in the public sector labor relations area was toward a long-term goal of bringing the Department's contributions to the public sector to a level commensurate with comparable services to the private sector.

In addition to supplying continuing staff support to the Assistant Secretary for Labor-Management Relations, the Office of Labor-Management Policy Development in fiscal year 1971 completed and published two major research studies which showed the relationship between minority employment and the apprenticeship and work referral systems in the construction industry. These were "Exclusive Union Work Referral Systems in the Building Trades" and "Admission and Apprenticeship in the Building Trades Unions". Studies were initiated of union election cases under the Labor-Management Reporting and Disclosure Act closed in 1966-70, of the rights and obligations of retired union members, and of the administrative costs of welfare and pension plans for the purposes of aiding in the resolution of policy problems under the Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act.

In 1972, the Office of Labor-Management Policy Development will complete such research projects as the following: studies of the relationship of merit systems to collective bargaining in State and local governments; union election cases closed under the Labor-Management Reporting and Disclosure Act in 1966-70; the administrative expenses of welfare and pension plans; the rights and obligations of retired union members; the termination of multi-employer pension plans; information given to pension plan participants through booklets issued by the plan administrators; and the status of state civil service associations. Plans will be developed for a program of research in support of the responsibilities of the Assistant Secretary under Executive Order 11491, and a study of jointly administered funds existing under the Taft-Hartley Act, which do not report under the Welfare and Pension Plans Disclosure Act and of funds which are jointly administered outside the framework of Taft-Hartley. In addition, studies wil be initiated on voluntary arbitration of contract terms, incentive pay plans and the experience of two States in bargaining with public employees. Cooperation will be given to the Bureau of Labor Statistics and the Internal Revenue Service in the planning and funding of a study of pension plan terminations.

Financing of the Construction Industry Collective Bargaining Commission has been initiated as a responsibility under this activity.

This activity is also administering a program of contract research, primarily with the Bureau of Labor Statistics for such purpose as the following:

1. Federal agreement study. The provisions of 600 to 700 contracts covering Federal employees are being analyzed as to subjects covered, relating contract provisions to the size of the unit, to the blue collar units, the white collar units, and the mixed units.

2. Strike studies. A study to focus on strikes occurring during the term of collective bargaining agreements is being made. In recent years almost one-third of all work stoppages occurred before the agreements expired. The study will analyze the characteristics of such situations during a recent period, identify the reasons for the stoppages, and

attempt to ascertain whether the growing number of strikes is attributable to deficiencies in the grievance and arbitration procedures, or some other factors.

Also, a study is being made of the incidence during recent years of strikes arising during the renegotiation of agreements covering 1,000 workers or more. The objective of this study is to determine the feasibility of developing a new measure of strike activity.

3. State and local public sector studies. This project involves the analysis of collective bargaining agreements in State and county jurisdictions; the study of collective bargaining agreements of police and firemen in State and major local jurisdictions; a study of municipal collective bargaining agreements; and a study of municipal labor relations practices. All of these efforts are intended to expand and enhance our ability to respond to an increasing number of information and technical assistance requests from the State and local labor-management relations arena.

In 1973, major efforts will be directed along the lines laid out in the previous year, with emphasis on improving public sector labor relations, reduction of conflict, supplying technical services and supportive studies to program evaluators, and research relating to the private pension system. The objective in fiscal year 1973 is to obtain better research for use in policy development and for use in other Labor-Management Services Administration activities such as the Office of Labor-Management Relations Services.

Changes for 1973

Mandatory changes amount to..... +$13,000

Program changes amount to..... +$300,000

Positions..... NONE

Mandatory changes provide for within-grade promotion costs effective for part-year in 1972 and those becoming effective in 1973, increased costs for centralized services, penalty mail, Federal Telecommunications System services and increased contributions to the Federal Employees' Compensation Fund, and a decrease in the amount of two non-recurring extra days of pay.

Research in Labor-Management Relations Areas

Proposal: To provide financing of contractual studies and services.

The Need: The Department of Labor's current research activities are inadequate in the following important areas:

1. Public sector labor relations. The increasing level of unionization and collective bargaining activity in the public sector (accompanied by a commensurate increase in disputes and disruptions in vital public services) exerts compelling pressures on the Department to expand its program of research and related services designed to meet the needs of Federal, State and local governmental authorities and the organizations with which they deal.

2. Pension research. Available data on the operation and impacts of the private pension system are deficient in many respects. The Department of Labor has been handicapped in developing legislative proposals and in reacting to the multiplicity of bills by a lack of factual data.

3. Collective bargaining and economic stability. Labor relations during a period of economic restraint are likely to confront the collective bargaining parties and the Government with new challenges and with many difficult policy questions. Of particular importance, for long-range

economic objectives, is the opportunity to advance "productivity bargaining", through such approaches as modification of work rules, increased use of incentives and establishment of joint labor-management productivity committees (as in the recent U. S. Steel agreement). These developments require careful study, so that the Department will be in a position to assess their effectiveness and to encourage the extension of successful practices.

In November, 1971, the Secretary of Labor conducted a three-day Conference on State and Local Government Labor Relations during which representatives of the States and municipalities urged that more wage data, fringe benefit information, and contract analyses be supplied by the Department of Labor to aid the Government and employee representatives in the collective bargaining process. It was also apparent during the Conference that although there is an abundance of information available describing the various patterns of legislation governing State and local labor relations, there has been little rigorous analysis on a uniform comparative basis of the experience under these various patterns. Approximately one-third of the proposed increase would be devoted to the tasks of data gathering and comparative analyses. Another one-third of the proposed increase would be used for pension research. While the Departments of the Treasury, and Health, Education and Welfare and other segments of the Labor Department, such as the Bureau of Labor Statistics and the Manpower Administration, have made studies--sometimes on a crash basis in response to pressures related to current legislative proposals--the Labor-Management Services Administration needs funds for more extensive studies and for studies related more specifically to such problems as the application of pension plans to reemployed veterans, and the effectiveness or ineffectiveness of the Welfare and Pension Plans Disclosure Act in giving employees knowledge of their rights under pension plans.

The remainder would be used for studies of incentive systems and their relationship to the national objective of increasing productivity.

The Program: It is proposed to supplement the existing research activities with a series of studies designed to collect, analyze, and disseminate data to satisfy, in part, the needs identified above.

Base:

Positions: 25 Estimated Cost: $1,353,000

Additional Cost:

Positions: NONE Man-years: NONE Estimated Cost: $300,000

Activity 3. ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

(1972, $12,060,000, Pos. 662;
1973, $14,070,000, Pos. 712)

Includes the Department's functions in the administration of the Labor-Management Reporting and Disclosure Act, the Welfare and Pension Plans Disclosure Act, and Section 18 of Executive Order 11491 (standards of conduct for labor organizations), and the Department's cooperation in the President's program against organized crime.

In 1971, significant time was expended on efforts to ease the burden on the public in complying with the Acts. Regulations were amended to rescind the requirement for the filing of information on employee welfare or pension benefit plan covering fewer than 100 participants. This action caused a decrease of more than 28,000 reports received under the Welfare and Pension Plans Disclosure Act, but the net decrease in total number of reports received was only a few thousand because of the increase due to the first year coverage of Federal employee unions under Executive Order 11491.

The increased number of reports validated included a large number of welfare and pension reports which received only a partial examination. The large number of delinquency notices mailed, more than double the previous year, were possible through the extension of automatic data processing procedures to welfare and pension reports. Desk audits of financial reports filed under both Acts increased more than forty percent over 1970 and, as a result of inquiries from the public, analyses of welfare and pension reports increased over five-fold.

Sixty-one individuals were charged with criminal violations of the Labor-Management Reporting and Disclosure Act, including nineteen as a result of Labor-Management Services Administration's participation in anti-organized crime strike forces in seventeen major cities across the country. Other Labor-Management Services Administration strike force activity led to the indictment of twenty persons and one corporation for violations of other labor-related laws. Also, forty-three civil actions under the Labor-Management Reporting and Disclosure Act were instituted.

In 1972, operations in most areas are continuing at about the same levels as in 1971. Initially it was projected that 229,900 reports would be received this year; however, this will not be met, due primarily to deferring until 1973 approximately 49,000 reports under a regulation requiring the filing by all labor organizations of a new form, Report of Current Status of Labor Organizations' Constitution and Bylaws. The delinquency program is continuing to be emphasized with the total number to be mailed this year slightly higher than in 1971. The number of desk audits and detailed analyses have increased, made possible through increased productivity, and will continue at this rate.

Administrative rulings again are above the previous year because of increased requests arising under Executive Order 11491 and because of the larger number of investigations in the field, which have generated more requests.

Significant effort is continuing on amending regulations and reporting forms under the Welfare and Pension Plans Disclosure Act to provide more meaningful information to plan participants and beneficiaries. Also, a substantial amount of time has been spent in preparing amendments to regulations under the Labor-Management Reporting and Disclosure Act concerning reporting by union sub-units which claim not to be labor organizations. A new form has been devised to simplify and improve the reporting of changes in organizational data and a more simplified method of financial reporting by small labor organizations.

It is expected that more investigations will be accomplished in 1972 than in 1971, with over 5,500 completed as of March 1. Emphasis was started this year and will be continued next year on the types of investigations aimed at the discovery, correction and prevention of financial malpractice. Because of the large carryover from 1971 of basic complaint cases, there has been a significant increase in this type case in 1972. Field audits also have been increased and delinquency investigations under both Acts are about double the previous year, accomplished partially by field personnel working on the anti-organized crime strike forces.

Assistance in manning seventeen anti-organized crime strike forces is continuing at about the same level, but a greater number of investigations are being made of delinquent reports under the Welfare and Pension Plans Disclosure Act.

Technical assistance to and liaison with offices of national and international labor organizations are being emphasized. A new register of labor organizations and one of pension plans will be issued late this year.

In 1973, most program operations in the national office will continue at the same levels and, generally, with the same priorities as in 1972. Reports received were estimated to decrease substantially from 1972, but the deferral from 1972 to 1973 of the one-time filing by labor organizations of a new form for updating organizational data and the one-time filing of additional descriptive information for about 43,000 pension plans will cause a reversal of these estimates. Staff time necessary to handle these one-time reports will be available through increased efficiency. Desk audits of financial reports are planned at a moderate gain of about ten percent which is needed to support an increased field audit program.

Administrative rulings and time spent on amended regulations are expected to be at about the same level as the prior year. It is expected, however, that significant time will be spent on analyzing and commenting on the Employee Benefits Protection Act and several other bills pending in Congress concerning private welfare and pension benefit plans.

Investigations of most types are projected at about the same levels in 1973 as in 1972, with slight increases in deficient reports investigations and field audits, continuing the emphasis started in 1972 on the types of investigations aimed at the correction of financial malpractice.

Changes for 1973

Mandatory changes amount to	+$385,000
Program changes amount to	+$1,625,000
Positions	+50

Mandatory changes provide for within-grade promotion costs effective for part-year in 1972 and those becoming effective in 1973, increased costs for centralized services, penalty mail, Federal Telecommunications System services and increased contributions to the Federal Employees' Compensation Fund, and decreases in the amount of two non-recurring extra days of pay and non-recurring equipment costs.

Proposal: To provide additional investigative manpower necessary to improve the enforcement level under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act.

The Need: In each of the past several years unusually large amounts of manpower and travel funds have been expended on one or more union election complaint investigations, which have a statutory time limit for completion, or on the resultant new election conducted under the Secretary's supervision. These have drained resources from investigations aimed at detecting and correcting financial malpractices in labor unions and employee benefit plans. The number of field audits have declined each year from 410 in 1968 to only 27 in 1971. Over the same period deficient reports investigations and basic complaint cases under the Labor-Management Reporting and Disclosure Act have declined similarly from 410 and 523 in 1968 to 128 and 275 in 1971. Similar declines have occurred in these cases under the Welfare and Pension Plans Disclosure Act. This has resulted in a serious backlog and has jeopardized the integrity of the administration of these Acts. To improve this condition there must be an increase in field audits and investigations of deficient reports and alleged embezzlements and there must be a means of hiring intermittent and temporary employees for the unpredictable, extraordinarily heavy manpower demands of union election investigations and election supervisions which otherwise detract from other planned programs.

The Program: One thousand two hundred forty additional investigations must be programmed in the areas of deficient reports cases, field audits and basic investigations to reduce current backlogs and to keep them at a reasonable level. Basic investigations, representing specific complaints from union members and other sources concerning the improper handling of union funds, will be given priority. This can be accomplished through the increase of fifty additional field positions (forty professional and ten clerical) to perform the additional investigations. Additional funds to hire intermittent and temporary employees to meet the extraordinary manpower requirements of election investigations and supervision of rerun elections in large labor organizations will minimize the withdrawal of regular staff from planned activities.

Base:

Positions: 662 Estimated Cost: $12,060,000

Additional Costs:

Positions: 50 Man-years: 45.0 Estimated Cost: $1,625,000

WORKLOAD ACCOMPLISHMENTS

	1970 Actual	1971 Actual	1972 Estimate	1973 Estimate
Labor-Management Reporting and Disclosure Act investigations:				
Election investigations	117	105	149	140
Delinquent reports	2,755	2,730	5,120	5,000
Deficient reports	175	128	92	887
Field audits	206	27	199	600
Special investigations	24	65	17	25
Basic investigations	339	275	505	565
Welfare and Pension Plans Disclosure Act investigations:				
Delinquent reports	369	---	---	---
Deficient reports	260	124	134	400
Basic investigations	136	106	114	50
Section 18, Executive Order 11491:				
Election investigations	---	2	15	10
Delinquent reports	---	---	294	300
Deficient reports	---	---	---	75
Field audits	---	---	21	20
Basic investigations	---	---	27	25
Organized Crime Program:				
Reports investigation	---	679	2,200	2,200

WORKLOAD STATISTICS

	1970 Actual	1971[1] Actual	1972 Estimate	1973[2] Estimate
Reports received (total)	208,443	195,901	229,900	180,500
Labor-Management Reporting and Disclosure Act	56,425	51,379	116,900	67,000
Welfare and Pension Plans Disclosure Act	152,018	124,010	110,000	110,000
Executive Order 11491	---	20,512	3,000[3]	3,500
Reports validated (total)	60,910	77,846	118,000	118,000
Labor-Management Reporting and Disclosure Act	44,246	36,351	50,000	50,000
Welfare and Pension Plans Disclosure Act	16,664	41,495	65,000	65,000
Executive Order 11491	---	---	3,000	3,000
Desk audits (total)	2,061	2,910	3,075	3,400
Labor-Management Reporting and Disclosure Act	826	1,171	1,750	1,900
Welfare and Pension Plans Disclosure Act	1,235	1,739	1,300	1,475
Executive Order 11491	---	---	25	25
Detailed analyses (total)	2,602	9,208	15,875	14,900
Labor-Management Reporting and Disclosure Act	1,256	1,891	2,050	2,200
Welfare and Pension Plans Disclosure Act	1,346	7,317	13,750	12,500
Executive Order 11491	---	---	75	200
Delinquency notices mailed	14,060	37,515	41,000	45,000
Disclosure activities:				
Reporting entities disclosed	28,716	24,114	25,150	26,000
Pages reproduced	126,383	109,236	134,500	135,000
Number of visitors	1,890	1,927	2,100	2,400
Inquiries handled	3,824	4,531	8,000	8,500
Field audits supervised	206	26	225	600

1/ Included workload related to organized crime program.

2/ Increase in reports received due to one time filing of LM-1A's and D-1 Supplementals.

3/ Reflects shift of postal employee organizations to LMRDA.

WORKLOAD STATISTICS

	1970 Actual	1971 Actual	1972 Estimate	1973 Estimate
Variations and exemptions issued	4	3	3	4
Administrative rulings	507	550	605	605
Regulations and interpretative bulletins	3	4	5	5
Administrative policy studies	1	1	4	5
Forms	12	0	5	3
Interpretative Manual additions	57	62	60	65
FIMR Bill of Rights cases reviewed	-	-	2	3

Activity 4. VETERANS' REEMPLOYMENT RIGHTS (1972, $2,195,000, Pos. 112; 1973, $2,266,000, Pos. 112)

Provides for direct assistance to veterans, reservists, members of the National Guard, and their employers in connection with reemployment rights and obligations; for the protection of employed reservists and National Guardsmen against discrimination in or discharge from their jobs because of membership in reserve components or training duty obligations; and for promoting employer compliance with the reemployment rights provisions of the Military Selective Service Act.

In 1971, 6,689 complaint cases were processed with the aid of the supplemental funding approved late in the year and certain emergency measures, including overtime, the temporary diversion into this program of resources planned for other Labor-Management Services Administration functions, and temporary streamlining of procedures.

In 1972, the intake of complaint cases continued at high levels, averaging 591 per month during the first eight months as compared to 579 per month for 1971. At the same time, with the authorized staff for this program, reinforced by increased experience and training, we have been able to close an average of 577 complaint cases per month during the first eight months as compared to 557 per month for 1971. On the basis of our projections the backlog of complaint cases pending at year end will be substantially lower than at the end of fiscal year 1971.

Participation by servicemen in the joint Department of Defense-Department of Labor referral program during fiscal year 1972 was slightly less than seventy percent. Of those participating, fifty-three percent reported preservice employment. The most recent projection of separations during fiscal year 1972, indicates that as a result of this referral program there will be 547,000 veteran contacts and 290,000 employer contacts during the entire fiscal year.

In 1973, continuation of the present level of staffing, and the estimated decline in the number of complaint cases received, will reduce the backlog of pending complaint cases at least to an acceptable level, while permitting a continuing increase in the amount of time required per case because of increased emphasis on the quality and comprehensiveness of case handling. Technical assistance and other necessary non-case work will continue to be emphasized.

Continuing efforts with the Department of Defense to increase the participation rate by servicemen in the established referral procedure will make the number of veterans to be assisted through that procedure an estimated 550,000 and the number of employer contacts an estimated 292,000.

Changes for 1973

Mandatory changes amount to.....+$71,000

Program changes ..... NONE

Mandatory changes provide for within-grade promotion costs effective for part-year in 1972 and those becoming effective in 1973, increased costs for centralized services, penalty mail, Federal Telecommunications System services and increased contributions to the Federal Employees' Compensation Fund, and a decrease in the amount of two non-recurring extra days of pay.

WORKLOAD STATISTICS

	1971 Actual	1972 Estimate	1973 Estimate
Complaint Cases:			
Carryover at beginning of year	1,747	2,002	1,308
Received	6,944	6,204	6,000
Closed	6,689	6,898	7,100
Pending at end of period	2,002	1,308	208
Pending with LMSA	1,840	1,126	50
Referred for litigation	72	182	158

Activity 5. FEDERAL LABOR-MANAGEMENT RELATIONS (1972, $3,583,000, Pos. 166; 1973, $4,200,000, Pos. 186)

The Office of Federal Labor-Management Relations plans, directs and supervises all activities of the Federal labor-management relations program except the performance of certain decisional and appellate review functions. It formulates policies for the operation of the program, advises the Assistant Secretary on major policy questions, develops and prepares draft decisions and rulings for the Assistant Secretary, develops recommended regulations, interpretations, and administrative rulings for guidance to agencies, employees, and labor organizations, furnishes technical assistance to aid agencies and labor organizations in complying with the Order, and provides functional supervision of the Federal labor-management relations activities of the field staff. The Office maintains liaison with the Federal Labor Relations Council and other related organizations and evaluates the effectiveness of the program.

In 1971, 1,322 cases were closed leaving a carryover into 1972 of 766 cases. Field action on these 1,322 representation and unfair labor practice cases included holding 112 hearings and supervising the conduct of 781 elections in which 190,800 Federal employees were involved. Field activity resulted in 223 cases received at headquarters for review and ruling on Regional Administrator determination or for formal decision of the Assistant Secretary. National office staff work on these 223 cases resulted in 162 rulings and decisions during the year.

In 1972, emphasis is being given to the reduction of backlog cases so as to achieve more timely processing of cases and issuance of decisions, and to improve understanding and acceptance of the program and its procedures.

An estimated 1,122 cases are expected to be opened in the field, which, with the 766 cases carried over form 1971, produces a total field workload of 1,888 representation and unfair labor practice cases. Staff available for the full year are expected to close 1,609 cases in the field, resulting in 296 new national office cases. Rulings and decisions of the Assistant Secretary will be developed and issued in 256 of the 352 cases available during the year.

Emphasis is being placed upon an examination of the "body of law" developing through decisions and rulings issued by the Assistant Secretary to assure that the program is proceeding generally in accordance with the purpose of Executive Order 11491. Current digests of Assistant Secretary decisions and rulings are being published and distributed to the public and a system has been established for quarterly distribution of supplements to these digests. Additionally, after considering suggestions by labor organizations and agencies to overcome procedural difficulties under existing regulations, revised regulations have been issued.

In 1973, with field backlog at a manageable level at the start of the year, it is planned to maintain timely case processing, increase emphasis on training and technical assistance, and with the absence of the pressures of excessive backlogs, to expand the number, depth and scope of investigatory hearings on representation matters so as to increase the assurance of appropriate unit determinations.

In the national office, activities other than case processing, will continue as in fiscal year 1972. Emphasis will be on developing rulings and decisions for an estimated 354 of the 425 decision cases and requests for review expected to be available during the year.

Changes for 1973

Mandatory changes amount to..... +$117,000

Program changes amount to..... +$500,000

Positions..... +20

Mandatory changes provide for within-grade promotion costs effective for part-year in 1972 and those becoming effective in 1973, increased costs for centralized services, penalty mail, Federal Telecommunications System services and a decrease in the amount of two non-recurring extra days of pay.

Proposal: To expand staff capabilities and program effectiveness to meet the increased workload expected in fiscal year 1973 as a result of changes in the Executive Order, more and prolonged representation hearings and the filing of national consultation rights petitions; and to achieve and maintain the timely processing of cases, including hearings, and issuance of rulings and decisions. An additional 20 positions, 17 in the field and 3 in the national office, are requested to implement this proposal.

The Need: The procedures and changes made available under the amended Executive Order and national consultation rights will be extensively utilized, thereby increasing the number of cases and introducing new and further complexities in the workload for fiscal year 1973. In the amended Order the option is given to the charging party to file an unfair labor practice charge rather than proceed with a grievance on a matter pertaining to the unfair labor practice. As aggrieved parties realize they have this choice, it is anticipated that the unfair labor practice route will be utilized to an extent that will increase the number of such cases otherwise to be expected. The amended Order also establishes the Assistant Secretary's authority to determine whether disputed grievance matters are subject to a negotiated grievance-arbitration procedure. Requests for determination of disputed grievance matters will affect both the field and national office workloads, because these disputes will require investigatory hearings and formal decisions by the Assistant Secretary.

Under the criteria established by the Federal Labor Relations Council, it is expected that a number of national consultation rights petitions will be filed. As with disputed grievance matters, national consultation rights petitions often will involve investigatory hearings which in turn require formal decisions by the Assistant Secretary.

A further increase in unfair labor practice cases is expected as labor organizations expand their organizing efforts and competitive rivalry sharpens, as the agencies take a firmer stand in the conduct of labor relations and as individual employees attain a better understanding of their rights. The possibility of raiding by rival unions in fiscal year 1973 as agreements expire and the renegotiation of agreements will further stimulate additional unfair labor practice actions.

New cases of increasing complexity will involve substantial legal questions still undetermined on such matters as the fair representation of specific crafts or departments within a broader unit, appropriateness of functional and occupational bargaining units, and supervisory, guard and professional status of employees. Representation cases to be processed in fiscal year 1973 will require hearings in about seventeen percent of the cases as compared to about ten percent in prior years.

The Program: Except for shifts of emphasis to maintain currency and improve performance on the changing "mix" of cases of varying complexities and hearing requirements, the program is unchanged. The requested additional positions will allow accomplishment of the new and increasing workloads discussed above and shown in the workload table, in a manner that will avoid recurrence of serious backlog and delayed case handling problems.

Base:

Positions: 166 Estimated Cost: $3,583,000

Additional Cost:

Positions: 20 Man-years: 18.0 Estimated Cost: $500,000

WORKLOAD ACCOMPLISHMENTS

	1971 Actual	1972 Estimate	1973 Estimate
Field Functions:			
Representation petitions	1,154	1,272	824
Representation hearings	112	125	144
Unfair labor practice complaints	168	337	324
Grievability-arbitrability applications	--	--	100
National Office Functions:			
Cases for decision by Assistant Secretary (after hearing)	65	128	210*
Requests for review by Assistant Secretary.	97	128	144*

*These figures include grievability-arbitrability decisions and request for reviews.

Activity 6. EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES

(1972, $1,395,000, Pos. 86;
1973, $1,437,000, Pos. 86)

Includes policy planning and evaluation, executive direction and coordination of the functions of the Labor-Management Services Administration; policy coordination of all Department programs and activities which relate directly to the labor-management relations field; policy level representation in interagency and international organization activities relating to labor-management relations in the public and private sectors; and administrative and management services and support for the Office of the Assistant Secretary, Office of the Administrator, program offices of the Labor-Management Services Administration, and special projects and activities related thereto.

In 1971, an unexpectedly high workload developed as this was the first full year of Executive Order 11491 operation. Organization and staffing of greatly expanded functioning under the Order, both at headquarters and in the field, was largely completed. Planning and administration of several training seminars for field compliance officers was accomplished as the initial phase of a long-term, large-scale effort needed to thoroughly train all compliance officers in all of the Labor-Management Services Administration programs regularly requiring field support. The Assistant Secretary was involved in a number of critical dispute situations and negotiations--several involving extensive personal and staff support commitment. Program and policy evaluation and operations review and analysis were initiated, on a limited scale. Delegations of personnel, financial, and administrative authority to the field were reviewed and expanded. Conversion of existing data processing systems to the advanced computer capability of the Department's Data Processing Center continued along with systems improvement where indicated.

Modified utilization of the Department's computerized cost accounting capability was developed to provide in fiscal year 1972 more information of increased accuracy and application to program review, analysis and planning.

In 1972, it is planned to expand program and policy evaluation and operations review and analysis, which were initiated on a limited scale in 1971. Further review will be made of activity under delegations of personnel, financial, and administrative authority to the field to determine nature and extent of expansion or refinement of such authorities as will increase the degree of decentralization and facilitate operations. Redevelopment of a major data processing system in Labor-Management Services Administration's program operations will be initiated with a target date for completion and application set for 1973. The emergent system will employ the advanced computer capability of the Department's Data Processing Center. Efforts will continue to complete conversion of other systems to the increased computer capability. Training efforts initiated during 1971 as part of a long-term program to thoroughly train compliance officers in the Labor-Management Services Administration consolidated field staff will be continued. Efforts are being made to increase further the application of the Department's cost accounting system to Labor-Management Services Administration planning and program operations. An evaluation will be made to determine the effectiveness of Labor-Management Services Administration's administration of the Secretary's responsibilities under provisions of the Urban Mass Transportation Act of 1964, as amended.

In 1973, it is planned to increase emphasis on policy and program evaluation activities. This increased emphasis will be combined with additional refinement in operations analysis and supporting computer-based data systems in an effort to improve program planning and management capabilities. Efforts will continue to improve the utility of output of the Department's cost accounting system in operations analysis, program analysis, and the development of plans. Efforts will be initiated to expand employee development and training, with continued emphasis on field compliance officer training in all Labor-Management Services Administration programs. In order to improve and streamline organizational and procedural structures, and to increase program performance and productivity, organization and procedures reviews, position management and functional evaluations will be emphasized.

Changes for 1973

Mandatory changes amount to..... +$42,000

Program changes..... NONE

Mandatory changes provide for within-grade promotion costs effective for part-year in 1972 and those becoming effective in 1973, increased costs for centralized services, penalty mail, Federal Telecommunications System services and increased contributions to the Federal Employees' Compensation Fund, and a decrease in the amount of two non-recurring extra days of pay.

ACTION ON CONGRESSIONAL RECOMMENDATIONS

Recommendations, House Appropriations Committee

No specific actions recommended.

Recommendations, Senate Appropriations Committee

No specific actions recommended.

THURSDAY, APRIL 13, 1972.

EMPLOYMENT STANDARDS ADMINISTRATION

WITNESSES

RICHARD J. GRUNEWALD, ASSISTANT SECRETARY
ELIZABETH D. KOONTZ, DEPUTY ASSISTANT SECRETARY, WOMEN'S BUREAU
HERBERT A. DOYLE, JR., ACTING DIRECTOR, OFFICE OF WORKMEN'S COMPENSATION PROGRAMS
GEORGE L. HOLLAND, DEPUTY ASSISTANT SECRETARY, OFFICE OF FEDERAL CONTRACT COMPLIANCE
FRANK COSTELLO, DIRECTOR, OFFICE OF FAIR LABOR STANDARDS
WILLIAM R. REISE, DIRECTOR, OFFICE OF MANAGEMENT
GEORGE M. UBER, BUDGET OFFICER
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	36,041	54,605	34,152
Positions other than permanent	460	155	138
Other personnel compensation	411	299	133
Special personal services payments	161	193	193
Total personnel compensation	37,072	55,252	34,615
Personnel benefits: Civilian	3,415	4,710	2,961
Benefits for former personnel	1		
Travel and transportation of persons	2,333	3,104	1,743
Transportation of things	196	213	129
Rent, communications, and utilities	1,334	2,777	1,671
Printing and reproduction	386	967	278
Other services	5,198	8,155	5,758
Supplies and materials	132	215	108
Equipment	351	1,002	286
Grants, subsidies, and contributions		6,400	
Insurance claims and indemnities	158	32	32
Total costs, funded	50,575	82,827	47,581
Change in selected resources	7,837		
Total obligations	58,412	82,827	47,581

PERSONNEL SUMMARY

Total number of permanent positions	3,686	4,333	2,724
Full-time equivalent of other positions	33	48	23
Average paid employment	2,691	3,985	2,500
Average GS grade	9.7	9.6	9.1
Average GS salary	$13,775	$14,080	$13,861

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Improving and protecting wages	25,031	25,724	26,041
2. Elimination of discrimination in employment	5,703	7,289	7,264
3. Workmen's compensation	7,355	7,945	8,867
4. Program development and administration	4,856	5,411	5,409
5. Occupational safety and health	7,630	36,457	
Total program costs, funded [1]	50,575	82,827	47,581
Change in selected resources [2]	7,837		
Total obligations	58,412	82,827	47,581
Financing:			
Receipts and reimbursements from: Federal funds	−227	−53	−53
Unobligated balance lapsing	9	2,800	
Budget authority	58,193	85,574	47,528
Budget authority:			
Appropriation	58,220	86,391	47,528
Transferred to other accounts	−27	−817	
Appropriation (adjusted)	58,193	85,574	47,528
Relation of obligation to outlays:			
Obligation incurred, net	58,185	82,773	47,528
Obligated balance, start of year	2,860	8,556	5,585
Obligated balance, end of year	−8,556	−5,585	−7,604
Adjustments in expired accounts	−111		
Outlays	52,378	85,745	45,509

[1] Includes capital outlay as follows: 1971, $689,000; 1972, $750,000; 1973, $214,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $777,000; 1971, $8,615,000; 1972, $8,615,000; 1973, $8,615,000.

Note: Excludes $182,000 in 1973 for activities transferred to: Departmental management, salaries and expenses. Comparable amount for 1972 ($182,000) is included above.

Mr. FLOOD. Now we continue with the Department of Labor and will hear from the Employment Standards Administration. The presentation will be made by Richard J. Grunewald, Assistant Secretary.

INTRODUCTION OF SUPPORTING WITNESSES

Whom do you want us to meet?

Mr. GRUNEWALD. I would like to introduce George Holland, the Deputy Assistant Secretary and Director of the Office of Federal Contract Compliance. Next is our new Deputy Assistant Secretary and Director of the Women's Bureau, Mrs. Koontz, Mr. Herbert Doyle, Acting Director of the Office of Workmen's Compensation, Mr. William Reise, Director, Office of Management and Frank Costello, Director, Office of Fair Labor Standards.

BIOGRAPHICAL SKETCHES OF WITNESSES

Mr. FLOOD. We will place your biographical sketches in the record. (The biographical sketches follow:)

RICHARD J. GRUNEWALD, ASSISTANT SECRETARY OF LABOR FOR EMPLOYMENT STANDARDS

Richard J. Grunewald was appointed in January 1972 as Assistant Secretary. In this capacity he oversees the functions and responsibilities of the Office of Federal Contract Compliance, the Women's Bureau and the Office of Wage and Compensation Programs.

Prior to his appointment, Mr. Grunewald served as Assistant Secretary of Labor for Policy, Evaluation, and Research.

From 1965 to 1971, Mr. Grunewald was Vice President, Administration, for the Winchester Group of the Olin Corp., located in New Haven, Conn.

In 1956, Mr. Grunewald joined Olin's corporate staff as assistant executive placement manager, became executive placement manager in 1957, manager of manpower placement and development in 1959, director of manpower in 1962, and corporate director of personnel in 1963. He was a member of the Personnel Planning Council of the American Management Association, a member of the board of directors and executive committee of the Greater New Haven Chamber of Commerce and chaired the chamber's task force for urban solutions. He served as a member of the board of trustees of the Connecticut Education Television Corp. and as a member of its business advisory council. He was also president of Business Venture, Inc., a minority enterprise small business investment company.

Born March 4, 1920, Mr. Grunewald attended Cornell University. He served as master sergeant in the Army Air Corps from 1942 to 1945.

Mr. Grunewald is married to the former Helena Brown and has two married daughters.

HERBERT A. DOYLE, JR., ACTING DIRECTOR, OFFICE OF FEDERAL EMPLOYEES' COMPENSATION

Herbert A. Doyle, Jr., has been a Department of Labor career employee for over 22 years and is currently serving as Acting Director of the Office of Federal Employees' Compensation of the Employment Standards Administration.

Mr. Doyle directs the administration of the Federal Employees' Compensation Act, which provides workmen's compensation benefits to over 3 million Federal employees and to a number of other groups.

Before assuming his present responsibilities, Mr. Doyle served as Deputy Director of the former Bureau of Employees' Compensation as well as Assistant Director for Federal Employees' Compensation and Executive Assistant to the Bureau's Director. He began his career in 1949 as a property and supply clerk and has served in the capacity of workmen's compensation claims examiner, management intern, management analysis, office services manager, and program analyst in various organizational units of the Department of Labor.

Mr. Doyle is a native of Rhode Island and a graduate of George Washington University, Washington, D.C. He resides in Falls Church, Va., with his wife, the former Pearl L. LaCroix, and daughters, Kathleen and Mary.

FRANCIS J. COSTELLO, DIRECTOR, OFFICE OF FAIR LABOR STANDARDS

Francis J. Costello was formerly an assistant administrator of the Wage-Hour Division for 11 years. He now heads the Office of Fair Labor Standards, which includes administration and enforcement of the minimum wage, overtime, and child labor provisions of the Fair Labor Standards Act and the garnishment provisions of the Consumer Credit Protection Act.

Mr. Costello joined the Department of Labor 35 years ago. He has held many positions with increasing responsibility in the Department.

Born on May 30, 1913, in New York City, Mr. Costello received his degree of bachelor of science in electrical engineering from the Cooper Union Institute of Technology in New York City.

He is a World War II Navy veteran.

Mr. Costello and his wife live in Falls Church, Va. They have two married daughters, living in Maryland and Colorado.

GEORGE L. HOLLAND, DEPUTY ASSISTANT SECRETARY, OFFICE OF FEDERAL CONTRACT COMPLIANCE, ESA

George L. Holland, a career Federal official, was appointed Deputy Assistant Secretary and Director of the Office of Federal Contract Compliance in February 1972. Mr. Holland's principal responsibility is to provide executive leadership in administering the provisions of Executive Order 11246.

Mr. Holland began his Government career in 1945 after serving 2 years in the U.S. Army. He served in positions of increasing responsibility with the Veterans' Administration until 1955 when he left his position as assistant to the Administrator for Racial Relations to accept an appointment with the Interna-

tional Cooperation Administration as a program adviser in Taiwan. He returned to the Veterans' Administration in 1956 and held several administrative positions before being appointed director of a VA regional office in 1963.

In 1965, Mr. Holland was named director of compliance for the Equal Employment Opportunity Commission. In 1966 he returned to VA, and was appointed director of the VA Compliance Service in 1969, with responsibility for VA contract compliance activities. In 1971 he left the Federal service to work as a business consultant. Mr. Holland was honored twice by the VA with Exceptional Service Awards and in 1971 with a Distinguished Career Award.

Mr. Holland is a member of the National Association for the Advancement of Colored People and the Urban League.

Currently a resident of New Orleans, La., Mr. Holland and his wife, the former Cora Kaufman of New Orleans, plan to relocate to the Washington area.

WILLIAM R. REISE, DIRECTOR, OFFICE OF MANAGEMENT

Mr. Reise is currently the Director of the Office of Management in the Employment Standards Administration. In this capacity he is responsible for the overall program planning, budgetary, and related functions of the Administration. He has been an employee of the Department of Labor since 1956.

Prior to assuming his present position in the Employment Standards Administration, Mr. Reise held a variety of administrative and managegment positions of increasing responsibility with the Wage and Hour Division. He served as a transportation officer in the Army for 2 years between 1952 and 1954.

Born in Milwaukee, Wis., in 1929, he received a B.A. degree from the University of Wisconsin in 1952 and an M.B.A. degree from the same institution in 1956 following completion of his active military service.

He, his wife, and their five children reside at 17935 Pond Road, Ashton, Md.

ELIZABETH DUNCAN KOONTZ, DIRECTOR, WOMEN'S BUREAU

Mrs. Elizabeth Duncan Koontz became director of the Women's Bureau in February 1969. She is the first Negro to head the Bureau. Since January 1969 she also has been U.S. Delegate to the United Nations Commission on the Status of Women and has attended sessions in New York and Geneva.

Mrs. Koontz has devoted most of her life to the field of education. A life member of the National Education Association, she became its president in 1968 and first Negro to head the organization.

Mrs. Koontz was born in Salisbury, N.C., on June 3, 1919. She received a B.A. degree in English and elementary education from Livingstone College (1938), and master's degree in elementary education from Atlanta University (1941); did graduate work at Columbia University and Indiana University; and received additional training in special education at North Carolina College. She has received many awards and honorary degrees.

Mrs. Koontz is married to Harry L. Koontz, now with the Rowan County, N.C., Community Services Council.

Mr. FLOOD. I see you have a prepared statement.

Mr. GRUNEWALD. Yes.

Mr. FLOOD. How do you wish to proceed?

Mr. GRUNEWALD. I would like to read it if you wish.

Mr. FLOOD. Suppose you do.

GENERAL STATEMENT

Mr. GRUNEWALD. Mr. Chairman and members of the committee, the budget request for fiscal year 1973 is for $47,528,000, an increase of $1,393,000 over the 1972 comparable appropriation of $46,135,000. This entire increase is for mandatory costs and for the administration of the black lung compensation program under title IV, part C of the Coal Mine Health and Safety Act of 1969, which under existing legislation is to be transferred to the Labor Department on January 1, 1973. This does not mean the other programs will remain static. We cannot under

any circumstances overlook the need to eliminate discrimination in employment for minorities, women and older workers, the need to develop new jobs through our overtime provisions, and the need to improve and protect the earnings of workers, particularly the low-wage group.

To achieve these goals and priorities without additional funds and without lessening enforcement activity in any program area, ESA plans to consolidate its compliance resources to every extent possible, to develop improved methods for targeting the most serious problem areas, to devise more effective compliance efforts, and to depend increasingly on voluntary action to bring about compliance.

A major first step in this endeavor has already been taken with the reorganization of ESA to make it one total organization in concept and structure. Under the reorganized setup, regional administrators in our 10 regions have been given direct line responsibilities for all field functions. An office of ESA Director of Field Operations has been established. The entity of the individual bureaus will be retained and strengthened.

Now I would like to discuss in general what we are doing and what we plan to do in each of our programs.

Under title IV, part C of the Coal Mine Health and Safety Act of 1969, the Department of Labor assumes the administration on January 1, 1973, of the program to provide compensation benefits to miners afflicted with pneumoconiosis, also known as black lung disease. Currently the black lung program is being administered by the Social Security Administration. We are requesting $800,000 and 100 positions to implement this act.

Under the Federal Workmen's Compensation benefits program the significant gains we made in 1971 and 1972 in reducing the main case backlog and in reducing the timelag in payments will continue.

In insuring equality of economic opportunity, our primary goal is to eliminate arbitrary barriers to employment opportunities. Executive Order 11246 requires equal employment opportunity of government contractors and subcontractors on federally assisted projects. In 1973, we expect the Federal contracting agencies to make approximately 68,000 compliance reviews. We will continue to audit these reviews and train compliance officers. In 1973, we hope to make significant progress toward our goal of "hometown" plans operating in 106 major cities. Extension of the affirmative action plan requirement to apply to sex discrimination in fiscal year 1972 will enable ESA to make considerably more progress in eliminating sex discrimination in employment. The Women's Bureau will play a vital role in this effort by helping to increase employment opportunities for women, helping them to increase marketable skills, easing access to training programs, and helping to solve child care and welfare dependency problems.

The Age Discrimination in Employment Act and the Equal Pay Act are also designed to insure equality of economic opportunity. We anticipate that by 1973 the issuance of a number of favorable court decisions will materially assist us in enforcing these acts. We will continue to emphasize and encourage the use of conciliation and abbreviated investigations wherever feasible as part of our continuing effort to provide the maximum benefits for each budget dollar spent. We estimate that we shall be instrumental in both opening new jobs and pre-

serving existing jobs for 1 million of our older workers. It is also estimated that we will extend the benefits of the Equal Pay Act in 1973 to 30,000 persons.

In 1973 we will direct our attention increasingly to the working poor—roughly defined as those earning less than the BLS minimum standards. It is planned that close to 90 percent of the half million workers we help under the provisions of the Fair Labor Standards Act and the Equal Pay Act will be the working poor. Overall, in 1973 we shall be reviewing close to three million jobs in the economy to determine compliance with the standards we are charged to enforce.

To make sure that our efforts do not unduly reduce employment opportunities for marginally productive, handicapped, and young workers, we will be issuing certificates authorizing the employment of close to 200,000 such workers at wages below the Federal minimum.

The Davis-Bacon and Related Acts and the Service Contract Act are intended to insure that the purchasing power of the government is not used to support wage rates and labor standards below those prevailing in the various localities where the contracts are performed. We also must insure that the wage rate and fringe benefit data we publish are accurate and that they will not contribute to any inflationary wage sprial and to increased costs to the government. In an effort to achieve these ends, we have decentralized to the field the project wage determination function.

We shall continue to emphasize the efficiency of issuing "area" type wage determinations as opposed to individual "project" type wage determinations. We estimate that 55,000 contracts and 1,200,000 employees are covered by wage determinations issued under the Davis-Bacon and Service Contract Acts at any point in time during the year.

One small but extremely far reaching program is the wage garnishment program, which protects all the Nation's workers from discharge for first garnishment and from having too great a proportion of their wage garnished. Compliance efforts with individual courts and with key employers have the potential for maintaining the incomes of thousands of families and keeping them from bankruptcy.

Another program is the child labor program. In response to a national need to provide more jobs for youths, we are evaluating all of our child labor standards very carefully to make sure that they reflect current conditions and are not unduly restrictive. An evaluation of a work experience and career exploration program will be available in 1973.

ESA work directly affects the lives of 85 million workers and their families. There are tremendous implications for their employment opportunities, their wages, their attitudes toward their work, and even the quality of their lives.

Thank you, Mr. Chairman.

COAL MINE HEALTH AND SAFETY ACT

Mr. FLOOD. You are requesting an increase of 100 jobs and $800,000 to begin administering title IV, part C of the Coal Mine Health and Safety Act?

Mr. GRUNEWALD. That is correct.

Mr. FLOOD. Will you place in the record the provisions of that act?

Mr. GRUNEWALD. Yes, we will.

(The information follows:)

PART C—CLAIMS FOR BENEFITS AFTER DECEMBER 31, 1972

SEC. 421. (a) On and after January 1, 1973, any claim for benefits for death or total disability due to pneumoconiosis shall be filed pursuant to the applicable State workmen's compensation law, except that during any period when miners or their surviving widows are not covered by a State workmen's compensation law which provides adequate coverage for pneumoconiosis they shall be entitled to claim benefits under this part.

(b)(1) For purposes of this section, a State workmen's compensation law shall not be deemed to provide adequate coverage for pneumoconiosis during any period unless it is included in the list of State laws found by the Secretary to provide such adequate coverage during such period. The Secretary shall, no later than October 1, 1972, publish in the Federal Register a list of State workmen's compensation laws which provide adequate coverage for pneumoconiosis and shall revise and republish in the Federal Register such list from time to time, as may be appropriate to reflect changes in such State laws due to legislation or judicial or administrative interpretation.

(2) The Secretary shall include a State workmen's compensation law on such list during any period only if he finds that during such period under such law—

(A) benefits must be paid for total disability or death of a miner due to pneumoconiosis;

(B) the amount of such cash benefits is substantially equivalent to or greater than the amount of benefits prescribed by section 412(a) of this title;

(C) the standards for determining death or total disability due to pneumoconiosis are substantially equivalent to those established by section 411, and by the regulations of the Secretary of Health, Education, and Welfare promulgated thereunder;

(D) any claim for benefits on account of total disability or death of a miner due to pneumoconiosis is deemed to be timely filed if such claim is filed within three years of the discovery of total disability due to pneumoconiosis, or the date of such death, as the case may be;

(E) there are in effect provisions with respect to prior and successor operators which are substantially equivalent to the provisions contained in section 422(i) of this part; and

(F) there are applicable such other provisions, regulations or interpretations, which are consistent with the provisions contained in Public Law 803, 69th Congress (44 Stat. 1424, approved March 4, 1927), as amended, which are applicable under section 422(a), but are not inconsistent with any of the criteria set forth in subparagraphs (A) through (E) of this paragraph, as the Secretary, in accordance with regulations promulgated by him,

determines to be necessary or appropriate to assure adequate compensation for total disability or death due to pneumoconiosis. The action of the Secretary in including or failing to include any State workmen's compensation law on such list shall be subject to judicial review exclusively in the United States court of appeals for the circuit in which the State is located or the United States Court of Appeals for the District of Columbia.

SEC. 422. (a) During any period after December 31, 1972, in which a State workmen's compensation law is not included on the list published by the Secretary under section 421(b) of this part, the provisions of Public Law 803, 69th Congress (44 Stat. 1424, approved March 4, 1927), as amended (other than the provisions contained in sections 1, 2, 3, 4, 7, 8, 9, 10, 12, 13, 29, 30, 31, 32, 33, 37, 38, 41, 43, 44, 45, 46, 47, 48, 49, 50, and 51 thereof) shall (except as otherwise provided in this subsection and except as the Secretary shall by regulation otherwise provide), be applicable to each operator of an underground coal mine in such State with respect to death or total disability due to pneumoconiosis arising out of employment in such mine. In administering this part, the Secretary is authorized to prescribe in the Federal Register such additional provisions, not inconsistent with those specifically excluded by this subsection, as he deems necessary to provide for the payment of benefits by such operator to persons entitled thereto as provided in this part and thereafter those provisions shall be applicable to such operator.

(b) During any such period each such operator shall be liable for and shall secure the payment of benefits, as provided in this section and section 423 of this part.

(c) Benefits shall be paid during such period by each such operator under this section to the categories of persons entitled to benefits under section 412(a) of this title in accordance with the regulations of the Secretary and the Secretary of Health, Education, and Welfare applicable under this section: *Provided*, That, except as provided in subsection (i) of this section, no benefit shall be payable by any operator on account of death or total disability due to pneumoconiosis which did not arise, at least in part, out of employment in a mine during the period when it was operated by such operator.

(d) Benefits payable under this section shall be paid on a monthly basis and, except as otherwise provided in this section, such payments shall be equal to the amounts specified in section 412(a) of this title.

(e) No payment of benefits shall be required under this section:

(1) except pursuant to a claim filed therefor in such manner, in such form, and containing such information, as the Secretary shall by regulation prescribe;

(2) for any period prior to January 1, 1973; or

(3) for any period after seven years after the date of enactment of this Act.

(f) Any claim for benefits under this section shall be filed within three years of the discovery of total disability due to pneumoconiosis or, in the case of death due to pneumoconiosis, the date of such death.

(g) The amount of benefits payable under this section shall be reduced, on a monthly or other appropriate basis, by the amount of any compensation received under or pursuant to any Federal or State workmen's compensation law because of death or disability due to pneumoconiosis.

(h) The regulations of the Secretary of Health, Education, and Welfare promulgated under section 411 of this title shall also be applicable to claims under this section. The Secretary of Labor shall by regulation establish standards, which may include appropriate presumptions, for determining whether pneumoconiosis arose out of employment in a particular underground coal mine or mines. The Secretary may also, by regulation, establish standards for apportioning liability for benefits under this subsection among more than one operator, where such apportionment is appropriate.

(i)(1) During any period in which this section is applicable with respect to a coal mine an operator of such mine who, after the date of enactment of this title, acquired such mine or substantially all the assets thereof from a person (hereinafter referred to in this paragraph as a "prior operator") who was an operator of such mine on or after the operative date of this title shall be liable for and shall, in accordance with section 423 of this part, secure the payment of all benefits which would have been payable by the prior operator under this section with respect to miners previously employed in such mine if the acquisition had not occurred and the prior operator had continued to operate such mine.

(2) Nothing in this subsection shall relieve any prior operator of any liability under this section.

SEC. 423. (a) During any period in which a State workmen's compensation law is not included on the list published by the Secretary under section 421(b) each operator of an underground coal mine in such State shall secure the payment of benefits for which he is liable under section 422 by (1) qualifying as a self-insurer in accordance with regulations prescribed by the Secretary, or (2) insuring and keeping insured the payment of such benefits with any stock company or mutual company or association, or with any other person or fund, including any State fund, while such company, association, person or fund is authorized under the laws of any State to insure workmen's compensation.

(b) In order to meet the requirements of clause (2) of subsection (a) of this section, every policy or contract of insurance must contain—

(1) a provision to pay benefits required under section 422, notwithstanding the provisions of the State workmen's compensation law which may provide for lesser payments;

(2) a provision that insolvency or bankruptcy of the operator or discharge therein (or both) shall not relieve the carrier from liability for such payments; and

(3) such other provisions as the Secretary, by regulation, may require.

(c) No policy or contract of insurance issued by a carrier to comply with the requirements of clause (2) of subsection (a) of this subsection shall be canceled prior to the date specified in such policy or contract for its expiration until at least thirty days have elapsed after notice of cancellation has been sent by registered or certified mail to the Secretary and to the operator at his last known place of business.

SEC. 424. If a totally disabled miner or a widow is entitled to benefits under section 422 and (1) an operator liable for such benefits has not obtained a policy or contract of insurance, or qualified as a self-insurer, as required by section 423, or such operator has not paid such benefits within a reasonable time, or (2) there is no operator who was required to secure the payment of such benefits, the Secretary shall pay such miner or such widow the benefits to which he or she is so entitled. In a case referred to in clause (1), the operator shall be liable to the United States in a civil action in an amount equal to the amount paid to such miner or his widow under this title.

SEC. 425. With the consent and cooperation of State agencies charged with administration of State workmen's compensation laws, the Secretary may, for the purpose of carrying out his functions and duties under section 422, utilize the services of State and local agencies and their employees and, notwithstanding any other provision of law, may advance funds to or reimburse such State and local agencies and their employees for services rendered for such purposes.

SEC. 426. (a) The Secretary of Labor and the Secretary of Health, Education, and Welfare are authorized to issue such regulations as each deems appropriate to carry out the provisions of this title. Such regulations shall be issued in conformity with section 553 of title 5 of the United States Code, notwithstanding subsection (a) thereof.

(b) Within 120 days following the convening of each session of Congress the Secretary of Health, Education, and Welfare shall submit to the Congress an annual report upon the subject matter of part B of this title, and, after January 1, 1973, the Secretary of Labor shall also submit such a report upon the subject matter of part C of this title.

(c) Nothing in this title shall relieve any operator of the duty to comply with any State workmen's compensation law, except insofar as such State law is in conflict with the provisions of this title and the Secretary by regulation, so prescribes. The provisions of any State workmen's compensation law which provide greater benefits than the benefits payable under this title shall not thereby be construed or held to be in conflict with the provisions of this title.

Mr. FLOOD. And you might briefly just comment on what they are.

Mr. DOYLE. Mr. Chairman, the act envisions that the major provisions of title IV, part (C) would be administered by the Department of Labor beginning January 1, 1973. The act envisions that the major burden of administering these provisions will be borne by the States under State workmen's compensation laws. The act also specifies that the Department of Labor will require underground coal mine operators to provide for private insurance in States where workmen's compensation laws do not provide adequate benefits. In addition, the law requires that where it is impossible to assign liability to one or more coal mine operators, and where there are no adequate State benefits, the funding of the compensation payments will be the responsibility of the Department of Labor.

CRITERIA FOR DETERMINING ADEQUATE STATE COVERAGE FOR PNEUMOCONIOSIS

Mr. FLOOD. What will the States do and what will you do?

Mr. DOYLE. The Department has established criteria published in the Federal Register on March 17, 1971, with which the States must comply in order to meet the test of a proper federally approved pneumoconiosis compensation law.

Mr. FLOOD. Would you also place that in the record.

(The information follows:)

Part 4. U. S. Department of Labor Criteria for Determining Whether State Workmen's Compensation Laws Provide Adequate Coverage for Pneumoconiosis

FEDERAL REGISTER, VOL. 36, NO. 52—WEDNESDAY, MARCH 17, 1971

RULES AND REGULATIONS

Title 29—LABOR

Chapter XIII—Bureau of Labor Standards, Department of Labor

PART 1520—CRITERIA FOR DETERMINING WHETHER STATE WORKMEN'S COMPENSATION LAWS PROVIDE ADEQUATE COVERAGE FOR PNEUMOCONIOSIS

On October 9, 1970, it was proposed to amend 29 CFR Chapter XIII by adding thereto a new Part 1520 entitled "Criteria for Determining Whether State Workmen's Compensation Laws Provide Adequate Coverage for Pneumoconiosis" (35 F.R. 15933). Written data, views or arguments of interested persons were invited on the new Part 1520.

After consideration of all the comments received, it has been decided to make several changes and additions to clarify the proposed Part 1520 and to provide more precision in implementing Part C of Title IV of the Federal Coal Mine Health and Safety Act of 1969 (83 Stat. 795). A new paragraph designated (k), which defines the term "insurer", is inserted in § 1520.2. In response to suggestions, paragraphs (c) of § 1520.3 is revised in the interest of clarity and to make more specific the time requirements for payments of benefits. A new paragraph designated (k), which requires coal mine operators to secure the payment of benefits by either qualifying as a self-insurer or insuring with an insurer, is incorporated in § 1520.3. Also, a new paragraph (o) is added to § 1520.3 requiring assumption of responsibility for the continuation of benefits in 1973 and beyond for claims filed in 1972 and affording a hearing for those mine operators who choose to dispute whether death or total disability resulted from employment for which they are responsible. In addition, a maintenance of effort requirement set forth in paragraph (p) is added at the end of § 1520.3, which prohibits the reduction of benefits previously paid. Other minor changes are also made.

Effective upon publication of this document in the FEDERAL REGISTER, Part 1520 is hereby adopted as set forth below:

Sec.
1520.1 Purpose and scope.
1520.2 Definitions.
1520.3 Provisions of State workmen's compensation laws necessary to provide adequate coverage for pneumoconiosis.

AUTHORITY: The provisions of this Part 1520 issued under secs. 421, 426, 83 Stat. 795, 798.

§ 1520.1 Purpose and scope.

(a) Section 421(a) of the Federal Coal Mine Health and Safety Act of 1969 (83 Stat. 795) provides that on and after January 1, 1973, any claim for benefits (see Title IV, Part B, of the Act for exceptions) for death or total disability due to pneumoconiosis shall be filed pursuant to applicable State workmen's compensation law, except that during any period when miners or their surviving widows are not covered by a State workmen's compensation law which provides adequate coverage for pneumoconiosis they shall be entitled to claim benefits under Title IV, Part C, of the Act. Section 421(b)(1) of the Act provides that a State workmen's compensation law shall not be deemed to provide adequate coverage for pneumoconiosis during any period unless it is included in the list of State laws found by the Secretary of Labor to provide adequate coverage for pneumoconiosis during such period. Section 421(b)(2) of the Act provides that the Secretary of Labor shall include a State workmen's compensation law in such list during any period only if he finds that during such period there are in effect under such law certain provisions specified in the Act, and other provisions as may be prescribed by the Secretary of Labor.

(b) The purpose of this part is to set forth the criteria which the Secretary of Labor and his delegates will use in determining whether a State workmen's compensation law will be included in the list of State workmen's compensation laws which provide adequate coverage for pneumoconiosis during any period.

§ 1520.2 Definitions.

For the purposes of this part, except where the context clearly indicates otherwise:

(a) "Act" means the Federal Coal Mine Health and Safety Act of 1969 (83 Stat. 742);

(b) "Benefit" means benefits under or pursuant to Title IV, Part C, of the Act for death or total disability of a miner, due to pneumoconiosis;

(c) "Miner" or "coal miner" means any individual who is working or has worked as an employee in an underground coal mine, whether he works under the surface performing functions in extracting the coal or above the surface at the mine preparing the coal so extracted;

(d) "Widow" means the wife living with or dependent for support on the decedent at the time of his death, or living apart for reasonable cause or because of his desertion, who has not remarried;

(e) "Dependent" means—

(1) A wife, if—

(i) She is a member of the same household as the miner; or

(ii) She is receiving regular contributions from the miner for her support; or

(iii) The miner has been ordered by a court to contribute to her support; and,

(2) An unmarried child, while living with the miner or receiving regular contributions from the miner toward his support, and who is—

(i) Under 18 years of age; or, if he is a student as defined by 5 U.S.C. 8101 (and as applied in 20 CFR 1.14(c)) at the time he reaches 18 years of age, for so long as he continues to be such a student or until he marries; or

(ii) Over 18 years of age and incapable of self-support because of physical or mental disability;

(f) "Coal Mine" means an area of land and all structures, facilities, machinery, tools, equipment, shafts, slopes, tunnels, excavations, and other property real or personal, placed upon, under, or above the surface of such land by any person, used in, or to be used in, or resulting from, the work of extracting in such area bituminous coal, lignite, or anthracite from its natural deposits in the earth by any means or method, and the work of preparing the coal so extracted, and includes custom coal preparation facilities.

(g) "Underground coal mine" means a coal mine in which the earth and other materials which lie above the natural deposit of coal (overburden) is not removed in mining. In addition to the natural deposit of coal in the earth, the underground coal mine includes all land, buildings, and equipment appurtenant thereto;

(h) "The Nation's underground coal mines" means all underground coal mines as defined in paragraph (g) of this section, located in a State as defined in paragraph (l) of this section;

(i) "Employee" means every person, including a minor, whether lawfully or unlawfully employed, in the service of an employer under any contract of hire or apprenticeship, express or implied and any helper or assistant of a miner whether paid by the employer or miner, if employed with the knowledge, actual or constructive, of the employer;

(j) "Pneumoconiosis" means a chronic dust disease of the lung arising out of employment in the Nation's underground coal mines, and includes anthracosis, coal workers' pneumoconiosis, silicosis, or anthracosilicosis arising out of such employment;

(k) "Insurer" means any private company, corporation, mutual association, reciprocal or interinsurance exchange, or any other person or fund, including any State fund, authorized under the laws of a State to insure workmen's compensation;

(l) "State" includes a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands;

(m) "State agency" means the agency or officer designated by the workmen's compensation law of a State to administer such law;

(n) "Workmen's compensation law" means a law providing for payment of compensation by employers to employees and their dependents for injury, occupational disease, or death, suffered in connection with employment.

(o) The definitions contained in this section shall not be considered to derogate from the terms of the Coal Mine Health and Safety Act of 1969.

§ 1520.3 Provisions of State workmen's compensation laws necessary to provide adequate coverage for pneumoconiosis.

The Secretary of Labor will find that a State workmen's compensation law provides adequate coverage for pneumoconiosis during any period, and will include the State law in the list of State workmen's compensation laws found to provide such coverage, only if he finds that during such period under such law:

(a) Benefits are paid for total disability or death of a miner, due to pneumoconiosis, in a cash amount equal to, or greater than, the amount of benefits prescribed by section 412(a) of the Act. Thus:

(1) In the case of total disability of a miner, due to pneumoconiosis, the disabled miner must be paid benefits during the period of the disability at a rate equal to or greater than 50 percent of the minimum monthly payment to which a Federal employee in Grade GS-2, who is totally disabled, is entitled at the time of payment under 5 U.S.C. chapter 81;

(2) In the case of death of a miner, due to pneumoconiosis, or of a miner receiving benefits under Title IV, Part C, of the Act, benefits must be paid to his widow, if any, at least at the rate the deceased miner would receive such benefits if he were totally disabled;

(3) If, in a case described in subparagraphs (1) or (2) of this paragraph, the individual entitled to benefit payments has one or more dependents (see § 1520.2 (e)), the benefit payments must be increased at least at the rate of 50 percent of such benefit payments if the individual has only one dependent, 75 percent if the individual has only two dependents, and 100 percent if the individual has three or more dependents;

(b) There are in effect provisions for the appointment, for any person who is mentally incompetent, of a guardian, conservator, or similar representative to receive compensation payable to such person under the law;

(c) Provisions are made for the payment of benefits periodically, promptly, and directly to the person entitled thereto, unless liability to pay benefits is controverted by the employer or insurer, including provisions requiring, except where the State agency for reasonable cause determines otherwise,

(1) That the first installment of compensation is due and payable no later than 15 days after the employer has knowledge of the disability or death;

(2) That, after payment of the first installment, compensation becomes due and payable not less often than semimonthly; and

(3) Providing, except where compensation is payable from a State fund, penalties for failure to pay compensation with or without an award within 15 days after it becomes due;

(d) In any case in which payments of benefits are being made without an award by an employer or insurer, and in any case where the right to benefits is controverted or payments of compensation have been stopped or suspended, the State agency is required to make such investigations, to cause such medical examinations to be made, to hold such hearings, and to take such further actions as will adequately protect the rights of all parties concerned;

(e) (1) Any assignment or release of compensation or benefits due and payable under the law is declared invalid;

(2) Such compensation or benefits are exempt from all claims of creditors and from levy, execution, attachment, garnishment, or any other remedy for recovery or collection of a debt, which exemption may not be waived; and

(3) Except where compensation is payable from a State fund, any person entitled to compensation has a lien against the assets of the insurer or employer for such compensation, and, upon insolvency, bankruptcy, or reorganization in bankruptcy, of the insurer or employer, or both, is entitled to preference and priority in the distribution of the assets of the insurer or employer, or both;

(f) The standards for determining death or total disability due to pneumoconiosis are substantially equivalent to those established by section 411 of the Act, and by regulations of the Secretary of Health, Education, and Welfare promulgated thereunder (see 20 CFR Part 410, Subpart D);

(g) A claim for benefits on account of total disability or death of a miner, due to pneumoconiosis, is deemed to be timely filed if such claim is filed within 3 years of the discovery of the total disability or the date of such death, as the case may be;

(h) In any proceeding for the enforcement of a claim for compensation under the law, it is presumed, in the absence of substantial evidence to the contrary that the claim comes within the provisions of the law;

(i) If compensation liability may be discharged by payment of a lump sum, such discharge is subject to the following conditions:

(1) The lump sum is equal to or greater than, the present value of future compensation payments otherwise payable under the law, computed at no more than 4 percent true discount compounded annually. The probabilities of the death of a disabled worker or of the remarriage of a widow must be determined in accordance with the American Experience Tables of Mortality and the Remarriage Tables of the Dutch Royal Insurance Institution respectively; and

(2) The lump sum settlement is approved by the State agency on the basis of a finding that the settlement is in the interests of the claimant;

(j) Any agreement by an employee to pay any portion of the workmen's com-

pensation insurance premium to be paid by his employer to an insurer, or to contribute to a fund maintained for the purpose of providing compensation or other benefits required by the law, or to waive his right to compensation and other benefits is prohibited and/or declared invalid;

(k) There are in effect provisions requiring each operator of an underground coal mine, where one or more miners are employed, to secure the payment of benefits by qualifying as a self-insurer or by insuring and keeping insured with an insurer as defined in this part;

(l) A coal mine operator who has acquired such mine, or substantially all of the assets thereof, from a person (prior operator) who was an operator of such mine on or after December 30, 1969, is liable for, and must secure the payment of, all benefits which would have been payable by that person with respect to miners previously employed in such mine if the acquisition had not occurred and that person had continued to operate such mine; and that person is not relieved of any liability under the law;

(m) Provisions are made for such methods of administration as are found by the Secretary of Labor, or his designee, to be reasonably calculated to insure full payment of compensation when due, including provisions—

(1) For the administration of the law by a State agency, with powers to make or cause to be made all necessary investigations, inquiries, and examinations, and to conduct hearings, in connection with claims for compensation for death or total disability due to pneumoconiosis;

(2) Requiring the State agency and State courts to approve fees for legal services rendered to a claimant in connection with such a claim;

(3) Requiring the substitution of the insurer for any coal mine operator who is not a self-insurer in order that liability for compensation be discharged, and regulating the cancellation of insurance with respect to total disability or death due to pneumoconiosis;

(4) Requiring the posting by the employer of conspicuous notices showing compliance with the provisions of the law; and

(5) Requiring that coal mine employees with pneumoconiosis be offered vocational rehabilitation in all cases, where it is feasible;

(n) (1) With respect to any claim for benefits for death or total disability due to pneumoconiosis, there must be afforded: (i) An opportunity for a fair hearing to the employer or insurer and the claimant before final administrative decision is made on such claim; and (ii) An opportunity for judicial review of such administrative decision.

(2) If a proper court determines that proceedings in respect of a claim for compensation or a compensation order have been instituted or continued without reasonable grounds, the cost of the proceedings must be assessed against the party who has instituted or continued the proceedings;

(o) There are in effect provisions for the payment, after December 31, 1972, of benefits for total disability or death due to pneumoconiosis, to claimants whose claims were filed during the calendar year 1972 under Title IV, Part B, of the Act, which provisions shall: (1) Accord recognition to the filing and any adjudication under Part B as satisfying the requirements of the State law in respect of the filing of a claim for such benefits and adjudication of the issues, if any, previously adjudicated under Part B; and (2) Provide for adjudication of any issues not so previously adjudicated and, where the issue of liability of any mine operator to pay or secure such benefits is presented for determination, afford the mine operator an opportunity to be heard on the relationship between the pneumoconiosis and employment in a mine operated by him; and

(p) Any reduction, after the date of enactment of the Act, of benefits previously paid to persons, for total disability or death due to pneumoconiosis under the State's laws which are applicable to its general work force with regard to workmen's compensation, unemployment compensation, or disability insurance, is prohibited even though the amount of the reduced benefits equals or exceeds the amount prescribed in paragraph (a) of this section.

Signed at Washington, D.C., this 12th day of March 1971.

J. D. HODGSON,
Secretary of Labor.

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Mr. DOYLE. In effect, if the States do not meet the Federal standards for pneumoconiosis, the Federal Government must step in and administer a pneumoconiosis law of its own which is tied to the Longshoremen's Compensation Act along with certain provisions of the Federal Employees Compensation Act.

Mr. FLOOD. I would like for the record citations for both of those acts and a couple of excerpts related to what you said with reference to each act.

Mr. DOYLE. Yes, sir.

(The information follows:)

Section 422 of the Federal Coal Mine Health and Safety Act provides that during any period after December 31, 1972, in which a State workmen's compensation law is not included on the Secretary's list, certain provisions of the Longshoremen's and Harbor Workers' Compensation Act will apply to each operator of an underground coal mine in such State. The applicable provisions of the Longshoremen's and Harbor Workers' Compensation Act incorporated under section 422 of the Coal Mine Act are title 33, United States Code, 905, 906, 911, 914–928, 934–936, 939–940, and 942. The sections cited for the most part pertain to administrative procedures under the Longshore Act and the powers of the Secretary in carrying out its provisions.

Section 402 of the Coal Mine Act defines a dependent as that term is defined under the Federal Employees' Compensation Act (5 U.S.C. 8110). Additionally, basic benefits for disabled miners and their dependents, established under section 412(a) (1) (3) of the Coal Mine Act, are payable at a rate equal to 50 percent of the minimum monthly payment to which a Federal employee in grade 2 who is totally disabled is entitled to at the time of payment under the Federal Employees' Compensation Act (5 U.S.C. 8112).

PENDING LEGISLATION ON PNEUMOCONIOSIS

Mr. FLOOD. Is it anticipated that the States will take over the whole job within a few years or are you going to be in the picture for the foreseeable future?

Mr. GRUNEWALD. We will be in the picture for 7 years.

Mr. DOYLE. There is a 7-year statute of limitation in the law as presently written. However, revisions to the major provisions of the law are presently being considered in the Congress.

Mr. FLOOD. That may affect that provision.

Mr. DOYLE. Yes, sir. The Senate Committee on Labor and Public Welfare has released a report yesterday which I have not seen yet but I understand even after the report is considered by the whole Senate whatever is passed by the Senate must go to conference because of different provisions the House has passed.

Mr. FLOOD. Action has been taken on legislation with reference to these matters already in the House and you say the Senate committee as of today has acted?

Mr. DOYLE. Yes, sir.

Mr. FLOOD. And I presume the Senate itself will soon act upon the committee bill in the Senate and then the matter will go to conference for settlement of the differences between the two Houses.

Mr. DOYLE. Right.

INCREASED ACTIVITY UNDER WAGE AND HOUR LAW

Mr. FLOOD. What are the reasons for this substantial increase every year in the number of complaints you receive under the wage and hour and related laws? The number increased from 32,610 in 1970 to an estimated 46,000 in 1973.

Mr. COSTELLO. The more contacts we make and the more activity we engage in, the more people come to know that their rights are not being observed and this generates additional complaints; it doesn't mean necessarily the level of compliance is going down.

For example, in the equal pay field, if we get a decision in the courts concerning equal pay in an area where the decision is publicized, we immediately get an influx of complaints from people who are engaged in that kind of employment situation.

Mr. FLOOD. You mean the better you get, the more trouble you get?

Mr. COSTELLO. In a way.

Mr. FLOOD. I guess that is the idea, isn't it?

Mr. GRUNEWALD. It is the idea. Also, I think there has been great success through the wage-hour activity in helping people. So that fosters more complaints.

In addition to that, the wage-hour staff also has improved its own methodology so they are able to handle more. So that even though we get more complaints, we can still sustain the amount of good they are doing relatively.

Mr. FLOOD. What sort of a program of communication or information do you conduct through your shop to bring these things to the attention of the people who will be affected? You say as more and more people get to know about it. Why is it everybody doesn't know about a thing like this?

Mr. COSTELLO. As far as employers are concerned, for a long time we had meetings and seminars, and so forth.

Mr. FLOOD. It would strike me on wages and hours the people who want to know can find ways to get the information. How easy do you make it—do you use news media?

Mr. GRUNEWALD. There is a good deal of news media activity. There has been a great deal of success with a series of excellent radio and television spots.

Mr. FLOOD. Sponsored by whom?

Mr. GRUNEWALD. Sponsored by the Department of Labor using freely given talent on the part of artists, famous actors and actresses who volunteer their services.

Mr. FLOOD. To do what?

Mr. GRUNEWALD. To put this kind of thing on the air.

Mr. FLOOD. That is going on now?

Mr. GRUNEWALD. Yes.

Mr. FLOOD. And you intend to have it continue?

Mr. GRUNEWALD. Yes; we do.

Mr. FLOOD. It has been going on for some time.

Mr. GRUNEWALD. A year or two.

Mr. COSTELLO. We had one series and then updated it.

Mr. FLOOD. What have you heard from the audience and the producers on it? What do the producers hear?

Mr. GRUNEWALD. The reason it has been so successful is that such a professional job was done with them; we get them on prime time hours of all the networks.

Mr. FLOOD. Free time?

Mr. GRUNEWALD. Yes; free time.

Mr. FLOOD. The actors donate their services too?

Mr. GRUNEWALD. Yes, they do.

Mr. FLOOD. I can't find much wrong with this program can I?

Mr. REISE. We get an increase in the number of complaints as these things become more effective.

Mr. FLOOD. The better you get, the more problems you have.

Mr. GRUNEWALD. I think we would like to pursue this a little bit to wrap this point up.

We see great opportunities for utilizing some of the same techniques in matters relative to the Women's Bureau and OFFC, which so far have not had this kind of publicity. The concept offers excellent opportunities to do the same thing with the programs of these two organizations.

ESTIMATED ANNUAL INCOME GAIN FOR EMPLOYEES

Mr. FLOOD. What is the meaning on page 1 of "estimated annual income gain?" That runs about $25 million a year. What does that mean?

Mr. COSTELLO. There are two ways of looking at getting compliance. One traditionally looks at the amount of back wages collected for employees. Equally important is how much their wages are increased. There is also the added benefit ongoing for the future. If they are getting 10 cents an hour less and we go in and get that corrected, they are getting 10 cents an hour more the rest of the year.

Mr. FLOOD. This is the result of your efforts?

Mr. GRUNEWALD. That is correct.

This sheet, Mr. Chairman, is pretty much a performance sheet as to what has been achieved by the people in ESA through their efforts.

Mr. FLOOD. That is a good answer.

GARNISHMENT ACTIVITIES

How much of your manpower is devoted to administering the garnishment provisions of the Consumer Credit Protection Act?

Mr. REISE. Approximately 23 man-years.

Mr. COSTELLO. That is out of our total work force. In the case of garnishment, instead of trying to go out and make investigations in individual employer's establishments and try to find out where there are improper garnishments, we have adopted a different technique of going to the source of the garnishment, the local courts that issue them. If they are improperly issued——

Mr. FLOOD. These are garnishment proceedings under the laws of the several States.

Mr. COSTELLO. The proceedings are, but the Federal law places limitations on the amount that may be garnished. It also has a provision against discharge for one garnishment. So we try to go to the source of these improper garnishments.

Mr. FLOOD. Will you supply for the record the part of that law that applies to garnishment.

Mr. COSTELLO. Yes, sir.

(The information follows:)

Public Law 90-321
90th Congress, S. 5
May 29, 1968

An Act

To safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by restricting the garnishment of wages; and by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Consumer Credit Protection Act.

§ 1. Short title of entire Act

This Act may be cited as the Consumer Credit Protection Act.

(This reprints only that portion of the Consumer Credit Protection Act contained in Title III - Restriction on Garnishment - effective July 1, 1970.)

TITLE III—RESTRICTION ON GARNISHMENT

82 STAT. 162

Sec.
301. Findings and purpose.
302. Definitions.
303. Restriction on garnishment.
304. Restriction on discharge from employment by reason of garnishment.
305. Exemption for State-regulated garnishments.
306. Enforcement by Secretary of Labor.
307. Effect on State laws.

82 STAT. 163

§ 301. Findings and purpose

(a) The Congress finds:

(1) The unrestricted garnishment of compensation due for personal services encourages the making of predatory extensions of credit. Such extensions of credit divert money into excessive credit payments and thereby hinder the production and flow of goods in interstate commerce.

(2) The application of garnishment as a creditors' remedy frequently results in loss of employment by the debtor, and the resulting disruption of employment, production, and consumption constitutes a substantial burden on interstate commerce.

(3) The great disparities among the laws of the several States relating to garnishment have, in effect, destroyed the uniformity of the bankruptcy laws and frustrated the purposes thereof in many areas of the country.

(b) On the basis of the findings stated in subsection (a) of this section, the Congress determines that the provisions of this title are necessary and proper for the purpose of carrying into execution the powers of the Congress to regulate commerce and to establish uniform bankruptcy laws.

§ 302. Definitions

For the purposes of this title:

(a) The term "earnings" means compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, or otherwise, and includes periodic payments pursuant to a pension or retirement program.

(b) The term "disposable earnings" means that part of the earnings of any individual remaining after the deduction from those earnings of any amounts required by law to be withheld.

(c) The term "garnishment" means any legal or equitable procedure through which the earnings of any individual are required to be withheld for payment of any debt.

§ 303. Restriction on garnishment

(a) Except as provided in subsection (b) and in section 305, the maximum part of the aggregate disposable earnings of an individual for any workweek which is subjected to garnishment may not exceed

(1) 25 per centum of his disposable earnings for that week, or

(2) the amount by which his disposable earnings for that week exceed thirty times the Federal minimum hourly wage prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938 in effect at the time the earnings are payable,

80 Stat. 838.
29 USC 206.

whichever is less. In the case of earnings for any pay period other than a week, the Secretary of Labor shall by regulation prescribe a multiple of the Federal minimum hourly wage equivalent in effect to that set forth in paragraph (2).

(b) The restrictions of subsection (a) do not apply in the case of

(1) any order of any court for the support of any person.

(2) any order of any court of bankruptcy under chapter XIII of the Bankruptcy Act.

52 Stat. 930.
11 USC 1001-1086.

(3) any debt due for any State or Federal tax.

(c) No court of the United States or any State may make, execute, or enforce any order or process in violation of this section.

§ 304. Restriction on discharge from employment by reason of garnishment

(a) No employer may discharge any employee by reason of the fact that his earnings have been subjected to garnishment for any one indebtedness.

82 STAT. 164

Penalties.

(b) Whoever willfully violates subsection (a) of this section shall be fined not more than $1,000, or imprisoned not more than one year, or both.

§ 305. Exemption for State-regulated garnishments

The Secretary of Labor may by regulation exempt from the provisions of section 303(a) garnishments issued under the laws of any State if he determines that the laws of that State provide restrictions on garnishment which are substantially similar to those provided in section 303(a).

§ 306. Enforcement by Secretary of Labor

The Secretary of Labor, acting through the Wage and Hour Division of the Department of Labor, shall enforce the provisions of this title.

§ 307. Effect on State laws

This title does not annul, alter, or affect, or exempt any person from complying with, the laws of any State

(1) prohibiting garnishments or providing for more limited garnishments than are allowed under this title, or

(2) prohibiting the discharge of any employee by reason of the fact that his earnings have been subjected to garnishment for more than one indebtedness.

Mr. COSTELLO. The garnishment provision as to amount is that the first $48 of earnings each week are exempt. For an employee who earns between $48 and $64 a week, only the excess over $48 may be garnished. For an employee earning more than $64 a week, no more than 25 percent of the earnings may be garnished. We find it is important that we get in as soon as the order is placed.

Mr. FLOOD. These limitations are imposed by Federal statute?

Mr. COSTELLO. Yes; for the past year and a half. This is relatively new.

Mr. FLOOD. Is it a big program you are engaged in?

Mr. GRUNEWALD. Could we give you a few facts?

Mr. FLOOD. Yes.

Mr. GRUNEWALD. Since the beginning of our administration there have been some 30,000 compliance actions.

Mr. FLOOD. What does that mean?

Mr. GRUNEWALD. That means there are that many actions that either have come to us as a complaint or we have generated through our activities.

Mr. FLOOD. What is the usual nature of these complaints?

Mr. GRUNEWALD. About somebody taking more out of their pay than they should, or being fired.

Mr. FLOOD. Because of the garnishment?

Mr. GRUNEWALD. Yes, sir. Or through our own activities as Mr. Costello mentioned.

Mr. FLOOD. And the worker is protected in such a way he cannot be fired merely because the employer has served a granishment?

Mr. GRUNEWALD. Yes, in the first instance. There was a rather massive effort before the effective date of the law to go to those people who could influence employees who might be affected—bar associations, the courts themselves, State officials, the Governors, their legal people, employer groups, employees, unions—to alert everybody to the fact that this was coming so that they could be prepared to provide assistance. This has been very, very successful.

Mr. FLOOD. The figures you use as to volume, is that a great deal?

Mr. GRUNEWALD. Under the circumstances, in the relatively short period of time the program has been operating, it is probably a large number.

Mr. COSTELLO. As to the total number of garnishments in existence, this we don't know. Certainly when you go to the otherside of the coin on wage assignments not covered by this law, those are private contracts and nobody knows how many there are.

Mr. FLOOD. There would be no single source of that kind of information?

Mr. COSTELLO. Certainly 30,000 actions which benefited people who were affected adversely by garnishment is a considerable activity, and, as indicated, we use the approximate manpower of 23 man-years.

Mr. GRUNEWALD. Also the actions have resulted in several court actions with judgments favorable to us. This can provide us with a better legal basis to pursue this further.

I might add that we testified in depth on this on March 23 before the House Subcommittee on Consumer Affairs, and there is a good bit of testimony there that might be of some use to you and your committee.

Mr. FLOOD. For our record would you refer to that volume and page or pages of the testimony that you mentioned?

Mr. GRUNEWALD. Yes, sir.

(The information follows:)

At the time this transcript was prepared the Subcommittee on Consumers Affairs, House Committee on Banking and Currency had not yet transcribed their proceedings held on March 23, 1972 on title III of the Consumer Credit Protection Act.

STATE'S COMPLIANCE WITH GARNISHMENT REGULATIONS

Mr. FLOOD. What does the State have to do to qualify for an exemption from these provisions?

Mr. COSTELLO. They must have standards at least substantially equivalent to the Federal standards. In other words, the maximum of 25 percent, they must at least adhere to that. If they make it less, 20 percent or 10 percent, that would be fine.

One of the more significant things the States have to change from their old laws is in many of the old laws they would have certain exemptions for the head of the household or some other thing, but it required an affirmative action by the employee. And frequently all of his wages were withheld until the thing was adjudicated. He might go for another month without wages at all until his rights were asserted. Under the Federal law they are not permitted to do this any longer, so the State would have to change that kind of provision so that the employee would every week get at least some money to live on. That is what it really amounts to.

We are working with several of the States that are looking toward amending their own legislation. In fact, tomorrow we will have a man out in California conferring with the council of the State legislature.

Mr. FLOOD. Are you meeting with any firm resistance by any State against this kind of thing?

Mr. COSTELLO. No, I wouldn't say resistance in terms of general principle. In one State we did have to engage in a lawsuit because there was a difference of opinion between the Federal Government and the State government as to the significance of the Federal law in relationship to their law. It is a very complicated provision.

Mr. FLOOD. They took you into a Federal district court?

Mr. COSTELLO. We took them into a Federal district court.

Mr. GRUNEWALD. We haven't seen a rush by the States to come forward with State laws. Are there eight or 10, Mr. Costello?

Mr. COSTELLO. Ten applied and only two have qualified so far. Others are considering it.

Mr. FLOOD. There is nothing to indicate any planned, organized opposition?

Mr. COSTELLO. Not by the States themselves. I think many of the lending institutions and so forth find this rather inconvenient at times.

Mr. FLOOD. That is a good phrase.

REVISED TESTING ORDER FOR HIRING BY FEDERAL CONTRACTORS

When the Secretary was here we spent some time with him discussing plans of various kinds, "hometown" plan and so forth.

Mr. GRUNEWALD. Right.

Mr. FLOOD. He indicated you might want to add to what he said. Suppose you start out by telling us about this revised testing order that was issued last year, and then how the new order is working out, the successes and the problems of this so-called hometown plan and other plans.

Mr. GRUNEWALD. Mr. Holland, will you answer that?

Mr. FLOOD. The Philadelphia plan and Washington plan and hometown plan.

Mr. HOLLAND. Some of these plans, Mr. Chairman, are relatively unknown to me. I am relatively new in the Department of Labor. As you know, I came from the Veterans' Administration. I can't discuss the revised testing order implementation or impact at this point because I don't know.

Mr. GRUNEWALD. I will be glad to put something in the record on that.

Mr. FLOOD. Yes, because that is a new thing and it is important we have a flat answer on that.

(The information follows:)

REVISED TESTING ORDER

New testing regulations were issued by the Secretary of Labor in October 1971. These regulations require that if a written test, or any other selection criteria such as background information, interviews, physical requirements, etc., result in a disparate rejection rate of minorities or women, then the test or other selection criteria must be validated as job related according to professional standards.

Any Federal contractor or subcontractor using tests to select persons for hire, transfer, promotion, training or retention must have evidence available showing that the test is not used to discriminate against minorities or women. The new regulations seek to impose the same basic requirements on persons and contractors as the Guidelines on Employee Selection Procedures, issued by the Equal Employment Opportunity Commission on August 1, 1970. In addition, the new regulations are coordinated with OFCC's Order No. 4, calling for specific affirmative action steps by Government contractors and subcontractors. They provide that validation "does not relieve contractors of their obligation to take affirmative action to afford employment and training opportunities to members of classes protected by Executive Order 11246, as amended." Prior to its proposal, in April 1971, concerning the issuance of testing regulations, the records of OFCC indicated an increase in total test usage and a marked increase in testing practices which have discriminatory efforts.

Since the new regulations have been in effect a relatively short period of time, we cannot at this time, be definite as to how they are working. We will be in a better position to evaluate their effectiveness at the end of this fiscal year.

HOMETOWN PLANS

Mr. HOLLAND. We can talk about the various plans. You are aware of the difference between the hometown plan and other plans.

Mr. FLOOD. You had better take the hometown plan and take the Philadelphia plan and the Washington plan.

Mr. HOLLAND. The hometown plan is a voluntary effort on the part of people in a given community, contractors, union officials, and minority community groups to get together to form a plan whereby they can enhance the employment opportunities for minorities in the construction industry. It is voluntary. All three parties of interest are signatories to this particular proposal.

Mr. FLOOD. In the construction industry?

Mr. HOLLAND. It is in the construction industry, sir. It covers both Federal construction and non-Federal construction.

Mr. FLOOD. Prime contractors and subcontractors?

Mr. HOLLAND. Yes, sir.

Mr. FLOOD. Even though a subcontractor does not have a contract directly with the Federal Government he may be a subcontractor of a prime contractor who does have?

Mr. HOLLAND. And he is affected accordingly. That is the hometown plan in essence.

PHILADELPHIA PLAN

The Philadelphia plan and Washington plan are, by another name, imposed plans.

Mr. FLOOD. Imposed by what power?

Mr. HOLLAND. Department of Labor of the U.S. Government. It has to do with evaluation of all of the information that is pertinent to reaching a determination.

Mr. FLOOD. What is the purpose and intent of the Philadelphia and Washington plans?

Mr. HOLLAND. It is to attempt to insure that minorities get a fair share of the jobs on Federal construction or that they get an equal opportunity to participate in the benefits of construction.

Mr. FLOOD. How long has the Philadelphia plan been in effect?

Mr. GRUNEWALD. Approximately 2½ years.

Mr. FLOOD. What do you think about it? Is it working? Does it amount to anything?

Mr. GRUNEWALD. This was the first imposed plan and as a result it was subject to a lot of criticism and a lot of close scrutiny and all sorts of predictions were made that it was failing, and if it wasn't, it would.

Now, the facts of the case are quite different. We just got our second year report on this. It is a success. It is a success in this degree. The minimum overall goal for minority employment, and this is based on man-hours, was 9.8 percent of all of the man-hours worked on these projects in the Philadelphia plan. That was the minimum goal, 9.8 percent. In fact, the results were 13.4 percent of the total man-hours worked were minority hours.

Mr. FLOOD. When you say the Phildelphia plan, it applied originally to a specific area identified with the city of Philadelphia?

Mr. GRUNEWALD. That is correct.

WASHINGTON PLAN

Mr. FLOOD. What are the elements of the Washington plan that would distinguish it from the Philadelphia plan? Why would they be different?

Mr. HOLLAND. The Philadelphia plan was something beyond the civil or legal jurisdiction of the city of Philadelphia. It ran into Bucks County, et cetera.

Mr. FLOOD. Metropolitan Philadelphia?

Mr. HOLLAND. Yes, sir. Whereas the Washington plan is the city of Washington, D.C., and it does not go over into the adjoining districts.

Mr. FLOOD. Otherwise the purpose and the intent of the plans are the same?

Mr. HOLLAND. Yes, sir.

Mr. FLOOD. What experiences can you report from the Washington plan or have you had time?

Mr. HOLLAND. There hasn't been a long enough period. This was imposed last summer and there hasn't been enough construction fall within the purview of that particular plan yet.

Mr. FLOOD. You have big ears, what do you hear? What do your spies say?

Mr. GRUNEWALD. I just don't want to comment. I don't know.

Mr. HOLLAND. We hear from a study group, Mr. Grunewald—the Northrop group out of Wharton School—it is not working as well as it might with some different kind of controls imposed by us, reporting structures, et cetera, but it is improving the employment situation.

Mr. FLOOD. Will you watch that carefully? Keep in mind the percentage of black population vis-a-vis the white population within the city itself. When you go to Philadelphia you have a different situation. That would make the Washington plan of special significance when you get the figures.

Mr. GRUNEWALD. One of the real difficulties of these plans is that construction doesn't stay static in one place. The jobs move from, let's say, downtown Washington, D.C. to Alexandria or somewhere outside a given area. So this is a bit of a problem.

When we define an area for a plan we try to look at where the construction projects are likely to come. So in one case you may have a city, in another case you may have a five-county area. It is conceivable you might have a whole State defined as a plan area.

Mr. FLOOD. Do you have such plans that embrace an entire State?

Mr. GRUNEWALD. Delaware is an example of such a plan.

Mr. HOLLAND. We are evolving one hopefully now that hasn't yet been given to the Assistant Secretary for approval. It has to do with New Jersey and an area plan covering the northern tier of Jersey counties.

Mr. FLOOD. Not the entire State?

Mr. HOLLAND. No, the northern tier.

Mr. FLOOD. The State of Delaware would lend itself to such a plan.

Mr. GRUNEWALD. That is one of them.

In planning for the future, I think it is safe to say we will be looking to areas other than just the cities. In other words, we will try to put a plan together to fit a given area situation, not merely geographical boundaries.

Mr. FLOOD. As you attack the so-called ghetto problem you invite this immediately.

BACKLOGS IN FEDERAL EMPLOYEES COMPENSATION

Do you have any serious backlogs—I know there are backlogs—or any other problems with the administration of the Federal employees compensation program? We have begun to get a lot of fallout very recently after a long period of relative quiet. First of all have you got any serious backlogs?

Mr. DOYLE. Yes, sir; I understand the question. First we have reduced our case backlog and unattached mail backlog as of March 31, 1972, to less than half what it was back in March of 1970. In this 2-year period our case backlog has diminished from approximately 35,000 cases to about 16,000. Our unattached mail backlogs, which are really raw mail that hasn't been placed into a case file, have also been

reduced substantially. Back in March of 1970 we had a staggering unattached mail load of approximately 20,000 pieces.

Mr. FLOOD. Is that a lot?

Mr. DOYLE. To us it is an awful lot. As of March 31 we had about 3,000 pieces of mail and this represents approximately 1 day's mail delivery.

Mr. FLOOD. Is that good?

Mr. DOYLE. That I think is good. We would like to see the case file backlog drop. We would like to see it drop to something more close to 10,000 or possibly 8,000 cases.

Mr. FLOOD. Tell us about two or three problems, besides the backlog, in the administration of the program. Do any. headaches especially stand out?

Mr. DOYLE. I am not aware of any other operating headaches in the administration of the Federal Employees' Compensation Act.

Mr. FLOOD. Your bugaboo is the backlog?

Mr. DOYLE. Yes, sir, and the timeliness of payments. The timeliness of payments is, of course, related to the backlog.

ECONOMETRIC STUDIES

Mr. FLOOD. I am very curious about what goes on down at the Department of Labor. Three members of this subcommittee are on the Department of Agriculture Subcommittee, I am on Defense and we have others on other subcommittees. We are acquainted with bureaucratic gobbledygook ad infinitum. But wait until you hear this one. What are the "econometric studies" that you mention on page 16?

Mr. REISE. Econometrics is basically a technique of analyzing the economy through various data, utilizing computers and other techniques to do it on a systematic basis, to try to put into a program or a model a lot of different variables which may change what happens. If you change this, what happens? If you change the wage level, if you change the number of employment, or if you make a lot of different assumptions, what will happen to the particular system or piece of the economy?

Mr. GRUNEWALD. I can speak to the purpose. The purpose is to put us in a better position to recommend the kind of changes we think would do the most good for the most people under any of the laws we administer. That is fundamentally what the goal is.

Mr. FLOOD. You are an excellent translator.

WOMEN'S BUREAU ACTIVITIES

The Women's Bureau must be doing a pretty fine job since there is nothing in the justification we can find fault with. How are things going?

Mrs. KOONTZ. We are doing very well.

The Employment Standards Administration is making a major priority the problem of elimination of sex discrimination and the enforcement of many of the laws that pertain to women as well as men. At least I think we are going to get at the heart of problems as women encounter them. A part of that jurisdiction, of course, is in HEW so we look to them for child care provisions as well as training within the Department of Labor.

Mr. FLOOD. How do the women throughout the country react to what you say? You go into a small town and make a presentation, when you get through do you think there is an interest or awareness or what?

Mrs. KOONTZ. I think we have done a part of what you are asking about, wage garnishment and wage hours laws. We help them to understand what the laws are that protect their rights so their frustrations are not taken out in less production but that they use the law and the complaint system we have.

Mr. FLOOD. All of the legal phrases and terms they have been hearing about and all of the rights and so on apply to them just as much as to the men.

Mrs. KOONTZ. Yes. And we try to translate that.

Mr. FLOOD. Do they believe that?

Mrs. KOONTZ. Yes. And they are working in major women's organizations to see that the rights are protected.

Mr. FLOOD. Do you think the average woman believes this?

Mrs. KOONTZ. I think she knows there is going to be a great deal more difficulty perhaps. But there is also growing awareness that there are perhaps resources in technical assistance that she has not known about before.

Mr. GRUNEWALD. I could make a comment, if I may; Mrs. Koontz is a rather modest person. I think we should comment a little bit about some of the things she has achieved.

COORDINATION OF DEPARTMENTS ACTIVITIES AFFECTING WOMEN

First off, through her efforts we have a new Secretary's order that makes it mandatory that each assistant secretary and office head in the Department of Labor establish a person at a policymaking level to work with the Women's Bureau, the objective being——

Mr. FLOOD. That is an important statement.

Mr. GRUNEWALD (continuing). To make sure that policies and programs are going to reflect the implications of them on women. That is relatively new.

That is going to help us a lot.

Mr. FLOOD. So some bureau chief can't say I forgot about the women?

Mr. GRUNEWALD. Exactly.

Mrs. KOONTZ. I think there is a special codicil to the Secretary of Labor's order that gives me the responsibility.

Mr. FLOOD. Suppose you place in the record the substance of this order.

Mrs. KOONTZ. We can do that.

(The information follows:)

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

SECRETARY'S ORDER NO. 4-72 January 27, 1972

Subject: Coordination of Department of Labor Activities Affecting Women.

1. Purpose. To insure effective coordination in the Department of Labor concerning matters which relate to women.

2. Background. The Women's Bureau is the single unit at the Federal level of government exclusively concerned with serving and promoting the interests of women. The Bureau has statutory responsibility, under its enabling legislation (Public Law 66-259), for the formulation of standards and policies which shall promote the welfare of wage-earning women, improve their working conditions, increase their efficiency, and advance their opportunities for profitable employment.

Through the years, the Women's Bureau has broadened significantly the scope of its concerns until today the Bureau is addressing itself to the multiple roles of women in our society, all of which have a relationship with their participation in the nation's work force. Within the Department of Labor, the Women's Bureau has sought to provide the leadership and the coordination of the Department's activities which have been associated with the interests of women.

3. Policy. Activities which relate to the varied participation of women in the economic and social development of the nation should be coordinated with the activities of the Women's Bureau.

4. Assignment of Responsibility

a. Director of the Women's Bureau is designated as Special Counselor to the Secretary of Labor for women's programs. She will serve as an advisor to the Secretary with respect to interests of women and will represent the Secretary on women's programs with Federal and State agencies and other appropriate governmental and private organizations.

b. Heads of Administrations and Offices are directed to:

(1) Review current practices in the coordination of Department of Labor programs which affect women's welfare and their participation in the economic and social development of the nation and make the necessary and appropriate adjustments. Arrangements for the promotion of effective coordination shall be inclusive of, but not limited to, the following:

(a) Providing up-to-date information to the Women's Bureau concerning developments relating to proposals, plans, projects, studies, evaluations, policies, and programs which particularly concern women's interests (e.g., programs which may be discriminatory to women, or programs primarily for women such as day care centers).

(b) Involving the Women's Bureau in the policy-making processes concerning matters which pertain to women's interests.

(c) Utilizing the expertise of the Women's Bureau on matters which relate to women's interests including staff consultation, task forces, meeting and conference invitations, seminars, training sessions, etc.

(d) Assuring that the Women's Bureau is included in the clearance procedures for materials when they may have impact on Women's Bureau activities. Such material should include but not be limited to the following:

1. regulations, standards, and other material prepared for publication in the Federal Register,

2. statistical surveys,

3. proposed legislation,

4. articles, speeches, and Congressional testimony, and

5. DOL publications and periodicals.

(2) Designate a position at the policy making level which will have responsibility for providing a focal point for activities and programs of interest to women and inform the Director of the Women's Bureau of that designation. The designees will serve as A&O liaison with the Bureau.

5. Effective Date. This Order is effective immediately.

J. D. Hodgson
Secretary of Labor

Mrs. KOONTZ. I think on that line, Mr. Chairman, if you are interested in some of the details of what we have been doing, it would reflect the cooperation that we are having within ESA in the matter of trying to inform both employers and women of what the orders mean and what affirmative action means to them and what kind of action they can take.

Mr. FLOOD. This is not a law passed by Congress that the bureaucrats are paying lipservice to. You are not pushed down to the end of the hall with one chair?

Mrs. KOONTZ. No; we have several chairs and a staff that is going to work at this. We are going to be insisting, too, that we have all of the resources of these other agencies that do have responsibility for the law. Our business is to provide as much supportive services to them as possible in promotion efforts in getting the news out where women are.

Mr. GRUNEWALD. I think one of the major pluses we are going to get from the field is by now having the Women's Bureau representatives be a part of the total ESA administration in the field, working through our regional administrators. They are going to be in a position that the Women's Bureau staff in the field will have all of the resources of ESA to work with them.

Mr. FLOOD. Let me ask you, do you employ any men in the Women's Bureau?

Mrs. KOONTZ. As many as possible.

Mr. FLOOD. No discrimination?

Mrs. KOONTZ. As many as will come to work for us.

Mr. FLOOD. Mr. Michel?

REGIONAL REPRESENTATION

Mr. MICHEL. Is the Women's Division visible now in all 10 regional offices?

Mrs. KOONTZ. Yes; as far as we have been able to.

Mr. MICHEL. We had a little discussion of that last year.

Mrs. KOONTZ. That is all in the works and that is a reality.

Mr. GRUNEWALD. Positions have been established in all 10 regions. At the moment, we have three vacancies. One vacancy has resulted because we promoted one of Mrs. Koontz' regional directors to head up our regional office in Denver.

SUMMARY OF FEDERAL LABOR LAWS

Mr. MICHEL. I wonder if I might begin my very few questions by asking you to provide for the record at this point a summary of the pertinent Federal labor laws, similar to what you provided on page 299 of the hearing record of last year.

Mr. GRUNEWALD. Certainly.

(The information follows:)

WORKERS COVERED BY FEDERAL LABOR LAWS

Fair Labor Standards Act

The Fair Labor Standards Act sets minimum wage, overtime, equal pay, and child labor standards for employees subject to its provisions. The following categories of workers are generally covered by the act.

1. Employees engaged in interstate or foreign commerce including employees in the communication and transportation industries; employees construction or maintaining highways, railroads, and airfields; employees in distribution industries such as wholesaling; employees who regularly use interstate means of communication or who regularly travel across State lines; and employees of banks, insurance companies, and advertising agencies.

2. Employees engaged in the production of goods for interstate or foreign commerce including employees in manufacturing, mining industries, and large farms.

3. Other employees in enterprises with employees engaged in interstate or foreign commerce or in the production of goods for such commerce including laundries, drycleaners, construction businesses, and any non-Federal hospitals, nursing homes, or schools, public or private, profit or nonprofit, also any other enterprises which have annual sales of $250,000 or more.

Walsh-Healey Public Contracts Act

The Walsh-Healey Public Contracts Act establishes prevailing minimum wage, hours of work, and other labor standards requirements on Government supply contracts in excess of $10,000. Generally excluded are contracts for the provision of carrier services, the supply of certain perishable goods and certain other farm products.

Davis-Bacon and Related Acts

The Davis-Bacon and Related Acts establish prevailing wage and fringe benefit standards on Federal construction contracts for amounts in excess of $2,000 and on most other federally financed construction contracts.

McNamara-O'Hara Service Contract Act

The McNamara-O'Hara Service Contract Act establishes prevailing wage, fringe benefits and other basic labor standards on Government service contracts in excess of $2,500. All employees on service con-

tracts of any amount must be paid at least the FLSA minimum wage. Excluded are Walsh-Healey contracts and construction contracts, certain contracts to carry freight or personnel, communication and utility contracts, among others.

Contract Work Hours and Safety Standards Act

The Contract Work Hours and Safety Standards Act establishes daily and weekly overtime standards on most Federal contracts or federally financed contracts.

Age Discrimination in Employment Act

The Age Discrimination in Employment Act protects individuals 40-65 years old from age discrimination by:

- Employers of 25 or more persons in an industry affecting interstate commerce. The term employer does not include the United States or State or political subdivision thereof.

- Employment agencies serving such employers.

- Labor organizations with 25 or more members in an industry affecting interstate commerce.

Federal Garnishment Law

Title III of the Consumer Credit Protection Act - the Federal Wage Garnishment Law limits the amount of employee's disposible earnings which may be made subject to garnishment, and it protects him from discharge because of garnishment for any one indebtedness. The law exempts garnishments under the law of any State if the Secretary of Labor determines that such law provides substantially similar restrictions.

GEOGRAPHIC DISTRIBUTION OF HOMETOWN PLANS

Mr. MICHEL. Do I understand there are 27 hometown plans in actual operation?

Mr. GRUNEWALD. There are 45 plus five imposed plans and one court-imposed plan.

Mr. MICHEL. Would those 45 be identified by cities?

Mr. GRUNEWALD. Largely so, yes.

Mr. MICHEL. Why don't you spread those out on the record at this point?

Mr. GRUNEWALD. We will.

(The information follows:)

CONSTRUCTION COMPLIANCE PROGRAM
REPORT
April 10, 1972

City	Status of Plans: Type of Approval*	Date of Approval	Training Program
REGION I			
Boston	F(Bid Conditions)	10/19/71	X(2nd year)
New Bedford	T(Bid Conditions)	3/26/71	
New Haven	F(Bid Conditions	8/9/71	
Rhode Island (Providence)	F(Bid Conditions)	8/5/71	
REGION II			
Buffalo	F(Bid Conditions)	7/21/71	
Rochester	F(Bid Conditions)	9/3/70	X
New York City	F(Bid Conditions)	8/11/71	
Syracuse	F(Bid Conditions)	1/17/72	
REGION III			
Philadelphia	Imposed	6/27/69	X
Washington	Imposed	6/1/70	
Pittsburgh	F(Bid Conditions)	6/17/71	X(2nd year)
Delaware (Wilmington)	F(Bid Conditions)	11/12/71	
REGION IV			
Atlanta	Imposed	6/22/71	
Miami	F(Bid Conditions)	1/17/72	
Nashville	F(Bid Conditions)	1/17/72	
Charlotte	F	3/3/72	
REGION V			
Indianapolis	F(Bid Conditions)	9/11/70	X
Rockford	T	9/22/71	
South Bend (St. Joseph Co)	F(Bid Conditions)	8/12/71	
Evansville, Ind.	F(Bid Conditions)	8/5/71	
Cincinnati	F(Bid Conditions)	6/17/71	X
Cleveland	F(Bid Conditions)	7/8/71	X
Detroit	F(Bid Conditions)	7/23/71	X
Dayton	F(Bid Conditions)	11/12/71	
Akron	F(Bid Conditions)	1/4/72	
Minneapolis (Electricians)	F	12/7/71	

City	Type of Approval*	Date of Approval	Training Program
REGION VI			
New Orleans	F(Bid Conditions)	6/17/71	X
El Paso	F(Bid Conditions)	8/16/71	X
Arizona (Phoenix-Tuscon)	T(Bid Conditions)	12/26/70	
Little Rock	F(Bid Conditions)	6/16/71	X
REGION VII			
St. Louis	Imposed	7/6/71	
Kansas City	F(Bid Conditions)	12/30/70	X
Omaha	F	3/3/72	
REGION VIII			
Denver	F(Bid Conditions)	6/17/71	X
REGION IX			
Fresno	F(Bid Conditions)	3/22/72	
Sacramento	F(Bid Conditions)	8/12/71	
Alameda	F(Bid Conditions)	1/17/72	
Contra Costa	T(Bid Conditions)	4/5/71	
Los Angeles	T(Bid Conditions)	9/22/70	
Las Vegas	F(Bid Conditions)	9/15/71	
North Bay (Multi-Plan)	T(Bid Conditions)	8/12/71	
San Francisco	Imposed	6/4/71	
San Mateo	T(Bid Conditions)	8/12/71	
Santa Clara	F(Bid Conditions)	8/5/71	
Monterey County	T(Bid Conditions)	8/12/71	
Santa Cruz County	T(Bid Conditions)	8/12/71	
REGION X			
Pasco	F(Bid Conditions)	7/16/71	X
Seattle	Court Imposed	6/4/71	
Seattle	F(Bid Conditions)	6/17/71	X
Spokane	F(Bid Conditions)	8/16/71	
Portland	F	3/8/72	
Alaska	F	3/31/72	

SUMMARY OF PLANS

Voluntary	45	Number of Plans Funded w/Training Programs
Department Imposed	5	
Court Imposed	1	15
Total	51	Number of Bid Conditions 40

*Type of Approvals:
T - Tentative
F - Final

PEORIA, ILL., HOMETOWN PLAN

Mr. MICHEL. Incidentally, there have been efforts in my hometown of Peoria to develop a Hometown plan. I sat down with both the construction trades and with independent persons in the community and some of the industry representatives to see what we could do to get a little better shake out of it. I recall just reading in my hometown paper that they will apparently try to come to a new agreement. It would seem to me that you folks probably ought to be apprised of that and, if it is possible to get more pertinent material or facts together, put them in a little exposition here in the record about what the situation is with respect to the Peoria plan.

Mr. GRUNEWALD. We will be glad to do that.

(The information follows:)

STATUS OF HOMETOWN PLAN IN PEORIA, ILL.

Attempts to obtain a hometown plan in Peoria have been underway since May 1969. Negotiations were terminated in the fall of 1971 when the industry representatives alleged that the minority community's demands were unreasonable.

The industry presented an affirmative action plan to the OFCC Chicago regional office in January 1972. The plan was rejected because it contained many serious deficiencies.

At this time, there is little hope that a voluntary agreement will be reached in Peoria anytime in the near future.

Mr. MICHEL. The chairman was drawing the distinction between the voluntary plans and the imposed ones. We hope a voluntary one can be worked out for Peoria.

Mr. GRUNEWALD. We still like to believe that voluntary plans are the best on the basis that if you get people to willingly commit themselves to something, you are more apt to get sucess than if you tell them they have to do it.

ILLEGALLY UNDERPAID EMPLOYEES

Mr. MICHEL. What is your current estimate of the number of illegally underpaid employees?

Mr. COSTELLO. In a year we find about 450,000 illegally underpaid employees. That is just under the wage and hour provision. There are some additional ones.

Mr. MICHEL. How does this compare with last year?

Mr. COSTELLO. Last year was 442,540.

Mr. MICHEL. Has that been static over a period of years?

Mr. COSTELLO. 1970 was about the same. I would say if we went back another 2 or 3 years, it would have been less. In other words, it has increased.

Mr. GRUNEWALD. It seems to run between 400,000 and 500,000, alternating a little bit in between.

Mr. MICHEL. Is there any relationship between that and the degree of surveillance you conduct? I am reminded of a question I have asked on occasion about the number of illegal stills that we find, and over a period of years it always ends up being about the same number a month.

Mr. GRUNEWALD. It doesn't vary with the amount of staff input because over the last several years the staffing has been at a constant level as well.

BLACK LUNG PROGRAM

Mr. MICHEL. When you take over the administration of the black lung program, you have a request in here for 100 positions. That will be just for the last half of fiscal year 1973, right?

Mr. GRUNEWALD. That is correct.

Mr. MICHEL. Is that going to be your full requirement?

Mr. GRUNEWALD. If the program stays the way it was initially intended, that is the way we see it. I might say, however, that previously we were given 25 other positions. So we had a start of 25 people in the prior budget. This group has been working on a make-ready program to get our procedures squarred away and get our legal matters worked out with the Solicitor and things of that nature. In fact, our request is for a total of 125 people, and a total of $1,200,000.

Mr. MICHEL. Do you think you can administer this thing better than they can over in Social Security?

Mr. GRUNEWALD. The game is different. We are not going to be administering the program as the Social Security Administration is. We are going to become a regulatory group, not an operating group. It is intended that the operators and their insurance companies will be the administrators; that is, the first level of administration. Then the States get involved, and we rank third. It is our job to generally oversee the program. Hence we don't need the large staff and large budget that has existed in Social Security.

Mr. MICHEL. I hope it stays that way.

The justifications on page ESA–50 mention new regulations in monitoring and coverage of coal mine operators. What will this involve?

Mr. DOYLE. When the administration of this portion of the law passes to us on January 1, 1973, we must evaluate the State laws under criteria already established by the Department of Labor, and subsequently, we must evaluate the work of the coal mine operators and insurance companies and those coal mine operators that may be approved as self-insured under the act.

Mr. MICHEL. I think that covers it for me, Mr. Chairman.

Mr. FLOOD. Mr. Conte?

WORKING POOR

Mr. CONTE. How many people in the Nation today would you classify as working poor?

Mr. GRUNEWALD. We do not have data on the total number of people classified as working poor.

The "working poor" refers to families that are earning less than a minimal amount required to maintain health and social well-being, the nurture of children, and participation in community activities, as determined in a "lower budget level" developed by the Bureau of Labor Statistics.

BLS has developed such a budget for only one family type, considered the most representative; i.e., the needs for a family of 4 persons (husband, nonworking wife, and two children under 18 living

in an urban area). According to census current population reports, in 1969–70 there were approximately 900,000 families in this category nationwide.

EVALUATION OF CHILD LABOR STANDARDS

Mr. CONTE. When do you expect to complete the evaluation of all your child labor standards?

Mr. GRUNEWALD. The probable date for the completion of the overall evaluation of child labor standards will be fiscal year 1974.

IMPROVEMENT OF WAGE DETERMINATIONS

Mr. CONTE. Please describe your efforts to streamline the issuance of wage determinations and improve their accuracy?

Mr. GRUNEWALD. The single most important action taken to streamline the issuance of wage determinations is the publication of area type wage determinations in the Federal Register. This management technique has been well-received by the users and it will be expanded. Four hundred area determinations were published in the Register in little over a month's time beginning on August 6, 1971. They cover the major metropolitan areas and the larger defense installations around the country. There are an undetermined number of individual construction contracts covered by each area determination issued. This has the effect of reducing the total number of determinations issued while at the same time providing better public notices of what wage rates and fringe benefits the Secretary has found to be prevailing in a particular area.

The most important action taken to improve the accuracy of wage determinations and thereby eliminate any inflationary impact they may have on the economy was to place the wage rate data gathering function closer to the source of such data. This was accomplished by decentralizing the data gathering function to the field. This action also provides a better service to those affected by the wage determinations. At least one wage rate specialist has been assigned to each regional office to carry out this function. Compliance officers are utilized to conduct both "spot" and "full" wage surveys at the request of the wage rate specialist.

STUDIES OF NEED TO CHANGE EMPLOYMENT STANDARDS

Mr. CONTE. What analytical studies are you planning for fiscal year 1973, to strengthen your ability to forecast the need for and possible changes in employment standards?

Mr. GRUNEWALD. In accordance with section 4(d) of the Fair Labor Standards Act, the Secretary of Labor must report each year to Congress his views on the current status of the minimum wage and the prospects he sees for its future as an instrument of social policy. This, of course, includes proposals for changes in employment standards.

In addition to this study, which is on an annual basis, the ESA will, in 1973, complete studies on wages and hours of work in selected low wage nonagricultural industries; on private household workers; the Age Discrimination in Employment Act of 1967, requested by Congress; and a special study of supplemental benefits. These studies will,

among other things, evaluate the needs for change in employment standards.

The job satisfaction studies, which are still in the planning stage, can also be expected to forecast needs for possible changes in employment standards.

The report on the work experience and career exploration program, an action research program in cooperation with 11 State departments of education, will provide basic data on which determinations can be made of the need for further changes in standards for the employment of 14- and 15-year-old children.

Mr. CONTE. Thank you.

Mr. FLOOD. Mr. Robinson?

Mr. FLOOD. Mr. Robinson.

AFFIRMATIVE ACTION PROGRAMS

Mr. ROBINSON. My attention has been directed to the new regulations covering affirmative action programs, as published in the Federal Register under date of December 4, 1971. While I have some substantial reservations as to the necessity or practicality of repeated demands on some employers to "do more," when it would seem that they had made a maximum effort, in their labor markets, to attract more minority group applicants, my question at this time is along narrower lines.

Would you comment on the contention which has been made to me that the regulations to which I have referred would have the effect, when fully implemented, of nullifying seniority status, with respect to promotion opportunities, in an organization in which, historically, seniority had been one of the criteria for advancement?

In other words, will not employees with substantial seniority find themselves in a "frozen service" situation, passed over for promotions for which they were qualified and with respect to which their seniority entitled them to preferential consideration?

Mr. HOLLAND. The new regulations (Revised Order No. 4) do not impose significant new requirements upon employers. Basically they codify existing requirements which have been established through court proceedings and administrative actions. Court decisions going back to 1967 (Quarles v. Phillip Morris, 279 F. Supp. 505, U.S. r. Local 189 (Crown Zellerback) have required that existing seniority systems which perpetuated previous practices of discrimination must yield to provide affected class minorities with relief from past discrimination. Revised Order No. 4 (as the original Order No. 4) merely states the well-established judicial principle under Title VII of the 1964 Civil Rights Act.

Mr. ROBINSON. That is all, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

Mr. GRUNEWALD. Thank you, sir.

JUSTIFICATION OF THE BUDGET ESTIMATES

EMPLOYMENT STANDARDS ADMINISTRATION

Salaries and Expenses

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate	$86,391,000	$47,528,000
Transfer to: Office of the Solicitor (to provide for legal services)	-182,000	---
Occupational Safety and Health Administration (to provide for establishment as a separate administration)	-36,457,000	---
Occupational Safety and Health Review Commission (to provide for additional hearings examiners)	-660,000	---
Non-recurring rental costs transferred to GSA	-157,000	---
Subtotal budget authority	48,935,000	47,528,000
Reserve, President's Economy Actions of 8/15/71	-2,800,000	---
Total available for obligation	46,135,000	47,528,000

Obligations By Activity

	1972 Appropriation Revised		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Improving and protecting wages	1,446	$25,699,000	1,446	$26,041,000	---	+$342,000
2. Elimination of discrimination in employment	352	7,194,000	352	7,264,000	---	+70,000
3. Workmen's Compensation	589	7,945,000	689	8,867,000	+100	+922,000
4. Program development and Administration	237	5,297,000	237	5,356,000	---	+59,000
Total obligations by activity	2,624	46,135,000	2,724	47,528,000	+100	+1,393,000

EMPLOYMENT STANDARDS ADMINISTRATION

Salaries and Expenses

Obligations By Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
Total number of permanent positions.....	2,624	2,724	+100
Positions other than permanent.....	23	23	---
Average number of all employees.....	2,455	2,500	+45
Personnel Compensation:			
Permanent Positions.....	$33,400,000	$34,152,000	+$752,000
Positions other than permanent.....	137,000	137,000	---
Other personnel compensation.....	63,000	133,000	+70,000
Special personnel service payments..	193,000	193,000	---
11 Total personnel compensation.....	33,793,000	34,615,000	+822,000
12 Personnel benefits.....	2,837,000	2,960,000	+123,000
21 Travel and transportation of persons	1,714,000	1,743,000	+29,000
22 Transportation of things.....	108,000	129,000	+21,000
23 Rent, communications, and utilities.	1,377,000	1,671,000	+294,000
24 Printing and reproduction.....	276,000	279,000	+3,000
25 Other services.....	3,444,000	3,495,000	+51,000
Services of other agencies.....	2,204,000	2,210,000	+6,000
26 Supplies and materials.....	106,000	108,000	+2,000
31 Equipment.....	244,000	286,000	+42,000
42 Insurance claims and indemnities....	32,000	32,000	---
Total, obligations by object.....	46,135,000	47,528,000	1,393,000
Working Capital Fund items included above.....	(2,993,000)	(3,043,000)	(+50,000)

EMPLOYMENT STANDARDS ADMINISTRATION

Salaries and Expenses

Summary of Changes

	Pos.	Amount
1972 Enacted appropriation	4,498	$86,391,000
Transfer to: Office of the Solicitor (to provide for legal services)	-13	-182,000
Occupational Safety and Health Administration (to provide for establishment as a separate administration)	-1,696	-36,457,000
Occupational Safety and Health Review Commission (to provide for additional hearings examiners)	---	-660,000
Non-recurring rental costs transferred to GSA	---	-157,000
1972 Appropriation, revised	2,789	48,935,000
Reserve, President's Economy Actions of 8/15/71	-165	-2,800,000
1972, Available for obligation	2,624	46,135,000
1973 Estimate	2,724	47,528,000
Total Change	+100	+1,393,000
Mandatory Items:		
Increases:		
Net additional cost of within-grade promotions effective for part year in 1972	---	+342,000
Net cost of within-grade promotions becoming effective in 1973	---	+457,000
Net additional cost for Federal Telecommunications Systems services	---	+120,000
To provide for a net increase in contributions to the Federal Employees' Compensation Fund	---	+37,000
To provide for a net increase in penalty mail payments to the U.S. Postal Service	---	+129,000
Subtotal, increases	---	+1,085,000
Decreases:		
Non-recurring two extra days of pay for current year staff	---	-314,000

	Pos.	Amount
Annualization of the 1972 reductions under the President's Economy Actions of 8/15/71	---	-178,000
Subtotal, decreases	---	-492,000
Total, Mandatory Items	---	+593,000
Program Item:		
Increase:		
To provide for administration of Title IV, Part C of the Federal Coal Mine Health and Safety Act of 1969 ($601,000 personal services, $199,000 non-labor) (Page ESA-14)	+100	+$800,000
Total Change	+100	+1,393,000

Activity 1. IMPROVING AND PROTECTING WAGES (1972, $25,699,000, Pos. 1,446
1973, $26,041,000, Pos. 1,446)

Narrative Description of Program

Administers the minimum wage, overtime, and child-labor standards of the Fair Labor Standards Act, the Service Contract Act, the Davis-Bacon and Related Acts, the Contract Work Hours and Safety Standards Act, the Walsh-Healey Public Contracts Act, and Title III of the Consumer Credit Protection Act.

In 1971, in order to reach additional numbers of low income persons, investigation targeting procedures were improved. During fiscal year 1971, over 85 percent of the workers directly assisted were those earning less than the Bureau of Labor Statistics' lower income standard.

Voluntary compliance efforts continued through the use of technical assistance to firms participating in the self-audit programs such as Compliance Utilizing Education. Efforts to gain voluntary compliance in State and local schools and hospitals also continued, with nearly 119,000 employees known to have been paid about $14 million in back wages as a result of these efforts. Wage garnishment efforts were primarily directed toward the legal profession to gain compliance in the issuance and execution of garnishment orders. Also, employers and employees were provided information on the discharge provisions of wage garnishment.

The temporary five-week suspension of the Davis-Bacon Act during the latter part of the fiscal year resulted in an opportunity to reevaluate the method of administering the entire Government contracts wage determination program. As a result of these evaluations, steps were undertaken to improve the accuracy of and simplify the procedures for making and issuing wage determinations. More accurate residential construction wage rates were made possible on the basis of wage data supplied by the Department of Housing and Urban Development. A reorganized field staff coupled with additional funds enabled the wage determination program to increase its capability to conduct more on-site wage surveys, the only reliable means of obtaining wage data in some rural areas and the best means of accurately determining the wages and fringe benefits prevailing in a locality.

In the area of special minimum wage standards, certificates issued authorized the employment of 155,000 workers at wages below the applicable minimum under the Fair Labor Standards Act. This is a seven-percent increase in authorized employment over 1970, almost all of which is accounted for by the employment of handicapped workers in sheltered workshops and in commercial industries. Student-learner certification procedures were implemented. Minimum wage hearings were held in 21 of the industries in Puerto Rico and for all industries in American Samoa. Based on hearings which were held during the year, the minimum wage for about one-third of the occupational classifications reviewed was brought up to the mainland minimum rate.

In 1972, the number of investigations to determine compliance with the Fair Labor Standards Act is expected to decrease. More workers will receive wage protection, however, because time expended on technical assistance and conciliation techniques is becoming increasingly effective. It has already proved to be very effective in about 25 percent of the cases handled and is permitting the direction of more resources into higher priority areas. The thrust of the ESA wage program will be serving the "working poor" whose annual income is less than the BLS lower level income standard and where possible to create additional employment opportunities through obtaining compliance with overtime pay standards. ESA expects to benefit directly .5 million workers in fiscal year 1972. The complaint receipts are estimated to increase 11 percent, reaching 42,000. There were 8,300 backlog cases at the beginning of the year.

ESA will rely increasingly on "area" wage determinations in administering the Davis-Bacon and Related Acts. Further efforts will be made to streamline the issuance of wage determinations and improve their accuracy under both the Davis-Bacon and Service Contract Acts.

Two of the ten States which applied have qualified for exemption from the wage garnishment provisions of the Consumer Credit Protection Act. Additional States are expected to qualify in 1972 as a result of the technical assistance provided by ESA.

The amount of employment authorized by special wage certificates is expected to rise to about 165,000, with handicapped workers accounting for most of the increase. Minimum wage hearings will be held for 14 industries in Puerto Rico and for all industries in the Virgin Islands, thus completing the biennial review begun in 1971.

Information and educational activities under the child labor program are being directed to the occupations and industries where the most violations are occurring. Special posters and leaflets in both English and Spanish explaining the law as it pertains to migrant children in agriculture are being widely distributed. A continuing evaluation of child labor standards is being made to keep enforcement efforts responsive to the current needs for such standards.

In 1973, it is planned to enhance the effectiveness of the equal employment opportunity programs of the Employment Standards Administration in increasing employment opportunities for minorities and women without reducing the level of compliance in the wage area. Increased emphasis will be placed on targeting compliance efforts to problem areas and to utilizing conciliation and technical assistance rather than relying exclusively on investigations to achieve compliance. Wage and hour and equal employment compliance activities will be coordinated to a much greater degree than has been attempted in the past to reduce travel expenses and extra costs for office space and administrative overhead. An improved management information system will provide closer control and better evaluation of compliance efforts.

To further improve program effectiveness, it is planned to begin evaluation of the impact that enforcement activity has on employment and hours worked in firms found in violation of the Fair Labor Standards Act, to ensure that our efforts are directed to developing new jobs and helping low paid workers. Compliance officer responsibility will be broadened to include additional activities geared to achieving voluntary compliance. Other efforts will reduce paper work and internal reporting requirements.

In the area of government contract wage standards, increased efforts will be required to further reduce the inflationary impact of wage determinations. On-site wage surveys will be conducted by ESA's field organization in order to insure the accuracy of determinations issued under either the Davis-Bacon Act or the Service Contract Act. Improving the processing and issuance of wage determinations will be continued by decentralizing these activities to the regional offices.

Under the special minimum wage program, it is expected that about 170,000 employment opportunities will be authorized at special minimum rates, or about 10 percent more than in 1971. Continuing attention will be given to seeking out more efficient means of ensuring that employment opportunities are not curtailed for handicapped and young workers, in particular, so that they can enter and/or remain in the labor force despite their marginal productivity without affecting job opportunities for regular workers. A new biennial wage order review of industries in Puerto Rico and American Samoa will begin in 1973.

Changes for 1973

Mandatory changes amount to..... +$342,000

Program changes amount to..... None

Mandatory changes consist of the following: $462,000 for net cost of within-grade promotions, $69,000 for increased cost of Federal Telecommunications System Services, $78,000 for increased cost of penalty mail payments to the U.S. Postal Service, $11,000 for net increase in contributions to the Federal Employees' Compensation Fund, $180,000 decrease for non-recurring two extra days of pay for current year staff, and $98,000 decrease for annualization of 1972 reductions under the President's Economy Actions of August 15, 1971.

PROGRAM ACTIVITIES, FISCAL YEARS 1970 AND 1971 AND ESTIMATED RESULTS FOR FISCAL YEARS 1972 AND 1973

	Actual 1970	Actual 1971	Estimated 1972	Estimated 1973
Public inquiries answered	900,000	980,000	1,100,000	1,200,000
Complaints received	32,610	37,781	42,000	46,000
Compliance actions - No. of establishments	64,109	63,389	65,000	65,000
Overtime hours in violation (man-years of full-time employment opportunities equivalent to)	40,000,000	39,700,000	38,000,000	38,000,000
	19,200	19,000	18,000	18,000
Employees underpaid	447,542	442,540	480,000	480,000
(Minimum wage)	(207,381)	(220,826)	(275,000)	(275,000)
Employees whom employers agree to pay	254,651	260,656	285,000	285,000
Estimated annual income gained (based on current workweek minimum wage underpayments)	23,000,000	24,000,000	25,000,000	25,000,000
Amount agreed to pay	32,774,464	32,541,245	34,000,000	34,000,000
Wage Garnishment Compliance Contacts	1/	22,163	13,000	12,000
Minors illegally employed	13,236	20,587	16,000	16,000
Special Minimum Wage Certificates Issued	30,267	32,105	34,000	35,000
Employment Authorized	145,000	155,000	165,000	170,000

1/ Data not available before July 1, 1970 when the Consumer Credit Protection Act became effective.

Activity 2. ELIMINATION OF DISCRIMINATION IN EMPLOYMENT (1972, $7,194,000, Pos. 352
1973, $7,264,000, Pos. 352)

Narrative Description of Program

Administers the Equal Pay and Age Discrimination in Employment Acts, Executive Order 11246, which provides for equal opportunity in the performance of Federal contracts, and the Women's Bureau program designed to upgrade the position of women and provide for their fuller utilization in the workforce.

In 1971, the compliance review system under Executive Order 11246 was materially strengthened with the issuance of specific national guidelines to assist in the compliance reviews of contractors and subcontractors. In the construction industry, almost 100 cities were assisted in developing hometown compliance plans. By the end of the fiscal year there were 27 voluntary hometown plans in effect; and four other plans were imposed by the Department and one by a Federal court. A revised testing order was issued, which requires tests and other selection methods to be validated whenever there is disparate rejection of minorities or women.

Programs to upgrade the status of women were revamped and extended to provide more direct assistance to priority target groups - black women, Indian women, Spanish surnamed women, white women in poverty, and youth. Two additional Women's Bureau Regional Offices were opened in Philadelphia and Denver. A program of consultations with union and industry representatives to acquaint them with the economic status of women and with Federal and State anti-discrimination legislation was inaugurated, leading to consultations in five cities.

The Women's Bureau assisted union and government representatives, women's organizations, and others to make more child care programs available and to improve their services. A bulletin, "Day Care Services: Industry's Involvement" was published and given wide distribution.

Under the Age Discrimination in Employment Act and the Equal Pay Act, special efforts were made to utilize conciliation and training techniques to bring about compliance. In order to spread information about the specific provisions, briefing conferences were held in 35 major cities throughout the nation. There was also a special campaign against advertising which indicated discrimination by age or sex. During the fiscal year, compliance officers made 30,000 contacts with employers, unions, newspapers, and others to achieve compliance with the Age Discrimination in Employment Act. It is estimated that these efforts resulted in the modification of potentially discriminatory policies or practices affecting one million jobs. In the Equal Pay area the workload greatly increased because of the increased number of complaints and the development of important legal issues that could be resolved only through court actions.

In 1972, the Federal contract compliance program continues to assist cities in developing hometown construction compliance plans with a view toward establishing plans, in each of 106 targeted cities. Approximately 45 plans have been established throughout the first half of the fiscal year. In other contract areas, steps have been taken to provide effective leadership to the various Federal compliance agencies. Monthly meetings are now being held in each agency to provide program direction and technical assistance. A series of conferences has been scheduled with top agency officials to further explain the use of the Target Selection System in evaluating achievement and hiring practices and how it relates to specific industries and contractors. A significant step was taken in eliminating discrimination on the basis of sex under Federal contracts with issuance of a revised Order No. 4 which will apply affirmative action plans to women workers for the first time during fiscal year 1972. Order No. 4 requires non-construction government contractors and subcontractors with 50 or more employees and a contract of $50,000 or more to develop written affirmative action programs, including goals and timetables, for the utilization of minority workers.

Efforts to upgrade women in the workforce are reflected in programs aimed at educating employers and employees as to the value of women workers. A Women's

Bureau Regional Director will be available in each Federal region to furnish technical assistance and liaison with interested groups. These offices are involved not only in promoting the utilization of women, but also in removing institutional barriers to their employment, particularly for disadvantaged women.

Information and enforcement activities against age discrimination are anticipated to continue at about the same level as in fiscal year 1971. Following a successful special campaign against illegal advertising, which was begun in fiscal year 1971, further break-throughs in providing equal job opportunities to older workers awaits the outcome of several court cases. We will continue to utilize information and educational programs to acquaint employers of their responsibilities under the law and to answer the complaints of those workers who feel that they are being deprived of job opportunities in violation of the law.

In 1973, ESA is committed to give priority to its equal employment opportunity program without weakening its minimum wage, child labor, and garnishment protections. To carry out this commitment, ESA plans to consolidate its compliance resources to the fullest extent possible, to develop improved methods for better targeting of compliance contacts, and to further streamline investigation procedures. There will be increased utilization of voluntary compliance methods and further cooperation with the States and other Federal agencies.

In preparation for this redirection of program, which is to be accomplished basically through improved management of present resources, ESA has already moved towards strengthening its component programs. For example, OFCC and the Women's Bureau field personnel will report directly to the ESA regional administrators to provide better management and control. To provide added personnel strength and flexibility, Wage Hour staff will be trained to carry out OFCC priority programs and will render assistance to such programs as needed. Both OFCC and Women's Bureau personnel will provide more service at State and local levels in opening up new jobs for minorities and women and in upgrading their status.

OFCC will monitor and evaluate more closely the efforts of compliance agencies and will intervene directly as needed to provide stricter enforcement. Approximately 68,000 compliance reviews will be made by the agencies. Efforts will be targeted to contractors offering the highest potential in job opportunities.

The hometown plan program will be carefully evaluated, and implementation and evaluation controls will be built into new plans. We hope to have a hundred such plans in operation by the end of 1973.

In an effort to expand to the fullest the effect of the Federal contract compliance program, OFCC will develop better communications and liaison with civil rights leaders and organizations, employers, organized labor, other Federal agencies, and minority community groups.

Changes for 1973

Mandatory changes amount to..... +$70,000

Program changes amount to..... None

Mandatory changes consist of the following: $115,000 for net cost of within-grade promotions, $15,000 for increased cost of Federal Telecommunications System Services, $17,000 for increased cost of penalty mail payments to the U.S. Postal Service, $48,000 decrease for non-recurring two extra days of pay for current year staff, and $29,000 decrease for annualization of fiscal year 1972 reductions under the President's Economy Actions of August 15, 1971.

Activity 3. WORKMEN'S COMPENSATION (1972, $7,945,000, Pos. 589
1973, $8,867,000, Pos. 689)

Narrative Description of Program

This activity administers the payment of compensation and related benefits, including medical care and vocational rehabilitation, to individuals covered by the Federal Employees' Compensation Act (FECA). Adjudicatory and rehabilitation services are also provided under the Longshoremen's and Harbor Workers' Compensation Act (LSHW) and the several extensions to this law. Under current law, ESA also assumes responsibility on January 1, 1973, for administering pneumoconiosis (Black Lung) benefits under Title IV, Part C of the Coal Mine Health and Safety Act of 1969. Black lung benefits are currently being administered by the Social Security Administration.

In 1971, new FECA cases received dropped substantially from levels experienced in previous fiscal years. This was primarily due to changes in reporting procedures which eliminate all no-time-lost injuries where no charge is made against the Compensation Fund (e.g., when a U.S. Public Health Service facility provides the medical care). Reports of injuries in this category are now returned to the Federal agency for placement in the employee's official personnel folder.

The number of new claims requiring payment of compensation increased substantially, however, as did the number of long-term cases on the periodic rolls:

Fiscal Year	New FECA Cases Received	New FECA Claims Reviewed	FECA Coverage Compensated on Periodic Rolls
1970	120,625	17,795	23,462
1971	111,852	20,987	25,149

The increase in new claims, even though injuries have dropped, is primarily due to increased elections of compensation benefits instead of sick or annual leave. Changes in the leave law permit employees to obtain certain credits for unused sick leave at the time of retirement. Because of this, and because of the higher benefit levels resulting from the 1966 amendments to the FECA, employees are more likely to elect compensation benefits. Also, as the Federal Government reduces its employment levels, those displaced employees with employment related partial disabilities find it difficult to secure employment and thus file for disability benefits.

Three other factors created substantial workload demands. Compensation benefit adjustments were made effective March 1, 1971 to over 15,000 periodic roll cases due to increases in the Consumer Price Index. In addition approximately 2,500 postal employee cases required retroactive adjustments since the Postal Reform Bill (P.L. 91-375) granted pay increases retroactive to April 18, 1970. The Federal Pay Act of 1970 also required adjustments in compensation benefits in approximately 2,000 cases.

Although the incoming workload increased, substantial progress was made in reducing the FECA claims backlog and the payment time-lag. By June, the backlog level had been reduced to 18,766 cases, its lowest point since September of 1966. The backlog reductions resulted from increases in staffing and streamlined claims processing.

New injuries reported under the LSHW Compensation Act and its various extensions totaled 109,590, substantially higher than had been anticipated for the year. Other efforts went into the development of a program to assume responsibilities required under the Coal Mine Safety Act.

In 1972, the number of new FECA claims received is expected to increase even though the number of injuries reported is expected to decrease slightly. The reduction in Federal employment is contributing to the increase in claims inasmuch as many workers facing separation file claims on the basis of previously incurred injuries. The number of cases being compensated on the periodic rolls is also expected to increase and a Consumer Price Index adjustment will be necessary in May. Adjustments are currently made to reflect the Federal pay increase granted in January of fiscal year 1972.

Significant backlog reductions continue to be made. In December of 1971, the inventory was 15,796 cases in process; and every effort is being made to further reduce the case backlog. The large backlog of unattached mail has disappeared and incoming mail is now being handled on a daily basis. Steps are also being taken to reduce the time-lag in payments.

Current statistics show that the average processing time-lag is decreasing. ESA is currently able to pay claims in 66 percent of all noncontroverted traumatic injury cases within two weeks of receipt; close to 80 percent in three weeks, and nearly 90 percent in four weeks.

New injuries reported under the LSHW Act are expected to remain at about the same level as that experienced in fiscal year 1971, approximately 109,000. Work is being completed on the methods and procedures necessary to implement the compensation provisions of Title IV, Part C of the Coal Mine Safety Act of 1969.

In 1973, workloads should increase slightly following the trends experienced in the past several years. The increasing number of new claims will be handled without detriment to the program through the efficiencies gained through fiscal year 1972, and efforts will continue to further reduce the FECA payment time-lag. Steps will also be initiated to centralize the processing of FECA periodic roll cases.

Changes for 1973

Mandatory changes amount to	+$122,000
Program changes amount to	+800,000
Positions	+100

Mandatory changes consist of the following: $142,000 for net cost of within-grade promotions, $24,000 for increased cost of Federal Telecommunications System Services, $22,000 for increased cost of penalty mail payments to the U.S. Postal Service, $26,000 for net increase in contributions to the Federal Employees' Compensation Fund, $56,000 decrease for non-recurring two extra days of pay for current year staff, and $36,000 decrease for annualization of fiscal year 1972 reductions under the President's Economy Actions of August 15, 1971.

ADMINISTER BLACK LUNG COMPENSATION PROGRAM

Proposal: To administer the compensation benefits provided to miners under Title IV, Part C of the Coal Mine Safety Act of 1969 for disabilities incurred from pneumoconiosis (Black Lung).

The Need: On January 1, 1973, the Employment Standards Administration will begin the administration of Title IV, Part C of the Coal Mine Safety Act. This title provides Black Lung benefits to underground miners who file claims on or after January 1, 1973. The Act envisions that the major burden of administering these provisions would be borne by the States under State workmen's compensation laws. However, the Act also provides that the Department of Labor will require underground coal mine operators to provide for private insurance in States where workmen's compensation laws do not provide adequate benefits.

In those States where benefits do not meet Federal requirements, coal mine operators will be required to provide private benefits through insurance carriers

or self-insurance. This will require the Department to establish regulations and to monitor coverage of the operators. The law also provides that the Department will determine the extent of the individual operator's/insurer's liability under each claim filed. For a variety of reasons, a majority of States will not be able to meet the Federal requirements. The Department will thus have substantial program responsibility during fiscal year 1973. A number of claims awarded during calendar year 1972 under authorities administered by the Social Security Administration will be transferred to the Department for action under Title IV, Part C. These cases will require de novo adjudication and the determination of operator liability.

In those States where benefits do not meet Federal standards and in instances where it is not possible to determine operator/insurer responsibility, the law provides for a Federal disability payment. In those cases, determinations will be made by Labor Department staff.

The Program: To provide for the administration of the insurance regulations, the determination of liability, the processing of claims, and determination, if necessary, of Federal benefits, ESA requests $800,000 and 100 positions for fiscal year 1973. The request will provide 45 man-years of effort. Approximately ten man-years would be utilized in the first half of the fiscal year to prepare to receive an estimated 33,000 cases in payment status requiring de novo adjudication which will be transferred from the Social Security Administration. Between January 1, 1973, when ESA assumes the program, and June 30, 1973, 10,000 to 15,000 new claims will be filed. Based on experience in administering a somewhat similar program under the Longshoremen's and Harbor Workers' Compensation Act, 35 man-years will be needed in the second half of the fiscal year to process the new claims and those transferred from Social Security. The positions are for claims examiners and support personnel to process and adjudicate claims, determine liabilities, work with State compensation personnel, and administer insurance regulations.

Base:

Positions: 25 Estimated Cost: $408,000

Additional Cost:

Positions: 100 Estimated Cost: $800,000

Activity 4. PROGRAM DEVELOPMENT AND ADMINISTRATION (1972, $5,297,000, Pos. 237
1973, $5,356,000, Pos. 237)

Narrative Description of Program

Provides for overall executive direction and administrative support for the Employment Standards Administration (ESA). This support includes unified direction, policy planning, program development and evaluation, management information systems, personnel management, research, budgeting and accounting for all the employment standards programs.

In 1971, the Administration was reorganized. All administrative functions and certain planning activities were consolidated under an Office of Management. Other program evaluation, legislative liaison and research activities were consolidated in an Office of Program Evaluation. A new "Office of Field Operations" was created to coordinate regional operations. By the end of the fiscal year, Regional Administrators for all ESA programs had been appointed in eight of the ten standard Federal regions. These Regional Administrators are responsible for primary program planning, execution and review under ESA's decentralized administration. These changes are designed to provide a more cohesive and responsible management and decision making process. Other efforts to improve management systems continued in the workmen's compensation, wage determination, and Federal contract compliance programs.

In the research area, studies were completed on the feasibility of extending Fair Labor Standards Act coverage to State and local employees; on cash wages and value of tips of tipped employees in eating and drinking places, hotels, and motels; and on activities in connection with the Age Discrimination in Employment Act.

In 1972, the reorganization that began in fiscal year 1971 will be completed. The two final ESA regional offices are being opened in Denver and Seattle. Emphasis will continue on decentralization and developing a unified field structure. Training sessions and field-national office conferences are being undertaken to ensure a smooth transition of responsibilities to field managers. Various program areas are being reviewed in connection with a decentralization effort to bring government activities closer to the people being served.

A revised cost accounting system reflecting the changing management emphasis has been put into practice. Improvements have also been made in the budget execution system, such as decentralization to the field of responsibility for managing fund allocations.

Policy direction and management efforts are being mobilized to develop methods of targeting ESA services to employees most in need and to identify and maintain acceptable levels of compliance. Resulting changes in planning and measuring procedures are to be completed during fiscal year 1972.

In 1973, ESA will emphasize management improvements started in 1971 and 1972, such as identifying industries and geographical areas most in need of ESA services. It is planned to conduct research studies to pinpoint areas and industries where low wage workers will most likely be found and where affirmative action programs to achieve equal employment opportunity should be concentrated in order to reach this goal.

Impact studies on the effect of the Fair Labor Standards Act and evaluations of the various ESA programs will continue. Particular attention has been paid, and will continue to be paid, to the effect of amendments or proposals for amending the Fair Labor Standards Act. Other studies will provide data that can be used in econometric studies to measure the impact of changes of coverage and minimum wage rates on employment and unemployment. Data will also be collected on youth employment, and a pilot survey will provide information on the level of wages and hours worked by young people in two low-wage retail industries.

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Decentralization of program and management responsibilities begun in 1971 and 1972, will be accelerated. It is planned to involve the States as partners in this process to every extent possible.

Changes for 1973

Mandatory changes amount to..... +$59,000

Program changes amount to..... None

Mandatory changes consist of the following: $80,000 for net cost of within-grade promotions, $12,000 for increased cost of Federal Telecommunications System Services, $12,000 for increased cost of penalty mail payments to the U.S. Postal Service, $30,000 decrease for non-recurring two extra days of pay for current year staff, and $15,000 decrease for annualization of 1972 reductions under the President's Economy Actions of August 15, 1971.

ACTION ON CONGRESSIONAL RECOMMENDATIONS

Recommendations, House Appropriations Committee

It was recommended (in Report no. 92-374) that the ". . . Department shift sufficient funds from other activities within this appropriation account to permit the Women's Bureau to staff all ten. . ." regions.

Actions Taken:

Two positions and $40,000 were provided to staff the tenth regional office in New York City.

Recommendations, Senate Appropriation Committee

It was recommended (in Report no. 92-316) that the House Committee's recommendation for staffing all ten regions with Women's Bureau representation be carried out.

Actions Taken:

The Senate Committee's recommendation has been followed as noted under the House Committee action.

THURSDAY, APRIL 13, 1972.

FEDERAL WORKMEN'S COMPENSATION BENEFITS

WITNESSES

HERBERT A. DOYLE, JR., ACTING DIRECTOR, OFFICE OF FEDERAL EMPLOYEES' COMPENSATION
ALBERT KLINE, ACTING DEPUTY DIRECTOR
GEORGE M. UBER, BUDGET OFFICER
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Federal civilian employees benefits	150,603	151,153	189,000
2. Armed Forces reservists benefits	9,447	9,096	8,500
3. War Claims Act benefits	382	394	400
4. Other benefits	2,782	4,500	3,200
Total program costs, funded—obligations (object class 42.0)	163,215	165,143	201,100
Financing:			
Receipts and reimbursements from: Federal funds	−67,717	−86,620	−119,108
Appropriation available from subsequent year	−11,477		
Appropriation available in prior year	25,779	11,477	
Budget authority (appropriation)	109,800	90,000	81,992
Relation of obligations to outlays:			
Obligations incurred, net	95,498	78,523	81,992
Obligated balance, start of year		2	
Obligated balance, end of year	−2		
Outlays	95,496	78,525	81,992

Mr. FLOOD. Now we have the Federal workmen's compensation benefits. The presentation will be made by Herbert A. Doyle, Jr., Acting Director, Office of Federal Employees' Compensation.

BIOGRAPHICAL SKETCH OF MR. DOYLE

(The biographical sketch follows:)

HERBERT A. DOYLE, JR., ACTING DIRECTOR, OFFICE OF FEDERAL EMPLOYEES' COMPENSATION

Herbert A. Doyle, Jr., has been a Department of Labor career employee for over 22 years and is currently serving as acting director of the Office of Federal Employees' Compensation of the Employment Standards Administration.

Mr. Doyle directs the administration of the Federal Employees' Compensation Act, which provides workmen's compensation benefits to over 3 million Federal employees and to a number of other groups.

Before assuming his present responsibilities, Mr. Doyle served as deputy director of the former Bureau of Employees' Compensation as well as assistant director for Federal Employees' Compensation and executive assistant to the Bureau's Director. He began his career in 1949 as a property and supply clerk and has served in the capacity of workmen's compensation claims examiner, management intern, management analyst, office services manager, and program analyst in various organizational units of the Department of Labor.

Mr. Doyle is a native of Rhode Island and a graduate of George Washington University, Washington, D.C. He resides in Falls Church, Va., with his wife, the former Pearl L. LaCroix, and daughters Kathleen and Mary.

Mr. FLOOD. Do you have anybody with you you want us to meet?

INTRODUCTION OF SUPPORTING WITNESSES

Mr. DOYLE. Yes, Mr. Chairman, I have Albert Kline, Acting Deputy Director, and George Uber, Employment Standards Administration budget officer.

Mr. FLOOD. I see you have a statement. How do you wish to proceed?

Mr. DOYLE. I would like to read the statement.

Mr. FLOOD. Suppose you do.

GENERAL STATEMENT

Mr. DOYLE. Mr. Chairman and members of the committee, the budget request for fiscal year 1973 is for $81,992,000, which is a decrease of $18,531,000 from the 1972 revised appropriation of $100,523,000 including the 1972 proposed supplemental. The significant drop in the appropriation request does not represent a corresponding drop in anticipated injuries or total payments to be made. Rather, it is due to the fact that the reimbursements to this fund from Federal agencies will increase by $32,488,000 to $119,108,000. The overall availability requested for 1973 is $201,100,000, an increase of $13,957,000 over the 1972 revised availability of $187,143,000.

The operations of the Office of Federal Employees' Compensation are concerned with the administration of the several workmen's compensation laws coming within Federal jurisdiction. The employees' compensation fund covers the cost of disability and death benefits authorized under the Federal Employees' Compensation Act. It is also available for the payment of disability and death benefits to persons covered by sections 4(c) and 5(f) of the War Claims Act of 1948 and to various other groups covered by extensions of the Federal Employees' Compensation Act. Included in those extensions are members of the Civil Air Patrol and the Reserve Officers Training Corps.

Mr. FLOOD. Tell us how each of those organizations you have just named come under the coverage of the act.

Mr. DOYLE. These groups, the Civil Air Patrol and the Reserve Officer's Training Corps were added to the Compensation Act by amendments to the law passed by the Congress several years ago. Similarly such groups as the Peace Corps, Jobs Corps, Neighborhood Youth Corps, Volunteers in Service to America, and Youth Conservation Corps come under several different amendments to the law over the last 4 or 5 years.

Also, non-Federal law enforcement officers injured or killed under circumstances involving a crime against the United States, come under the FECA as a result of a law passed in 1968.

In each instance I have mentioned there is specific legislation behind the addition of the group to the general coverage that we maintain.

These estimates provide for no increase in the injury occurrence rate, but even if both the number and the severity of injuries remain static and the number of claimants on the periodic payment rolls stabilizes, which is not likely, the expenditures from the fund will nevertheless increase. This continued increase will be caused by (1) the provision for periodic increases based on changes in the Consumer Price Index for current cases; (2) increased Federal salaries on which the cost of

new cases is computed; and (3) recently enacted legislation requiring equality of treatment for married women Federal employees. These factors will increase the cost of compensation by $9,025,000 in fiscal year 1973. In addition, the continual rise in the cost of medical care will add another $2,500,000 to compensation fund needs.

We are projecting an overall increase of 2,000 new claims being filed over that anticipated for fiscal year 1972. This is based on trends evident over the last several years—and is due primarily to increases in the maximum compensation payable brought about by the 1966 Amendments to the FECA, plus changes in the leave law, which permit employees to obtain certain credits for unused sick leave at the time of retirement. More and more employees are electing to claim compensation in place of using annual or sick leave. The anticipated increases over fiscal year 1972 will bring the total number of new claims filed to approximately 25,000. We are also projecting an overall increase of 1,000 cases being compensated on the periodic rolls over fiscal year 1972. This will bring the total number of cases being compensated to 28,000 by the end of fiscal year 1973. These new cases are expected to increase the cost of compensation by $2,432,000.

We anticipate no change for fiscal year 1973 in the outlay levels for the other three activities of the compensation fund. Some adjustments in the levels of these activities were included in the supplemental proposed for fiscal year 1972.

In closing, I would like to point out that we have made significant progress in the last year in reducing the backlog of claims and the timelag in payment of compensation. While this has contributed to the increase in total dollar requirements for the compensation fund, the accelerated rate of payment has been important in reducing the financial hardships of the injured or ill employee.

Thank you, Mr. Chairman.

NO CHANGE BY O.M.B.

Mr. FLOOD. The OMB for a change didn't cut back your estimate this year. So the $81,992,000 is what you really estimate you need; is that right?

Mr. DOYLE. Yes, sir.

Mr. FLOOD. That should make you feel better. Nothing has happened since you made the estimate last fall I suppose to indicate to you it should be revised?

Mr. DOYLE. At this point in time, no, sir.

EFFECT OF CONVERSION OF PHS HOSPITALS

Mr. FLOOD. What effect will it have on the cost of the program if the Public Health Service hospitals and clinics are turned over to the communities where they are located?

Mr. DOYLE. There are as I recall eight Public Health Service hospitals and 30 outpatient clinics. If they were closed, based on figures that they have furnished us concerning the number of outpatient visits and the number of hospitalization days, we estimate a $5.2 million increase in compensation funds for the first year of operation.

POSTAL EMPLOYEES

Mr. FLOOD. Is there any difference in the benefits of postal employees now that they are employees of the corporation rather than of the U.S. Government?

Mr. DOYLE. No, sir, no change whatsoever. When the postal reform bill was passed, I think in August of 1970, there was provision for continuing coverage under the Federal Employees' Compensation Act to all officers and employees of the postal service.

Mr. FLOOD. Mr. Michel.

EMPLOYEES ELECTING COMPENSATION IN LIEU OF ANNUAL OR SICK LEAVE

Mr. MICHEL. You speak of the amendments to the FECA plus changes in the leave law which permits employees to obtain certain credits for unused sick leave at the time of retirement. You say that more and more employees are electing to claim compensation in place of using annual or sick leave?

Mr. DOYLE. That is true.

Mr. MICHEL. What effect does this have in the employment level of a bureau, department or agency? Any at all? If he is on leave, he is still carried as an employee although he is not really doing any work.

Mr. DOYLE. Right.

Mr. MICHEL. Is there any hanky-panky that goes on here that isn't altogether visible?

Mr. DOYLE. Let me say one thing first. Whether a man is on sick or annual leave or in receipt of compensation he is generally considered by the employing agency to be an employee of that agency for the first year. In some agencies for a longer period of time.

Under guidelines of the Civil Service Commission for long-term cases; that is, long-term disability cases, the agency has the option of dropping a person after this year. Many agencies check with us at periodic intervals, 6 months or every year, to determine whether this particular employee is or is not going to be able to go back to work.

We have an arrangement with the U.S. Postal Service by which a form comes to us and we attempt to verify for their use and give them an indicator as to whether the employee will or will not be able to return to work within the next 6 months.

So if there is any hanky-panky, it is certainly not in our shop.

Mr. MICHEL. I believe that is all.

Mr. FLOOD. Mr. Conte?

FEDERAL CIVILIAN EMPLOYEES BENEFITS

Mr. CONTE. How severe is your current case backlog?

Mr. DOYLE. I believe that substantial progress has been made in the past 2 years in reducing the main case backlog. In March 1972, the backlog was approximately 16,000 cases as compared to 35,000 cases in March 1970. We would like to see this backlog cut further—down to 8,000 to 10,000 cases—and we of course are working in that direction.

Mr. CONTE. What improvements have you achieved in time-lag for the processing of payments?

Mr. DOYLE. The average time-lag between the date pay stopped and the receipt of FECA claim forms is now 48.2 days (based on December figures). The average number of processing days inside the Office of Federal Employees' Compensation District Offices is 329 days—all cases, including occupational disease. These figures drop to 40.0 and 13.4 days, respectively, for traumatic injuries. In effect, the Office of Federal Employees' Compensation is currently able to pay claims in 66 percent of all noncontroverted traumatic injury cases within 2 weeks of receipt; close to 80 percent in 3 weeks; and nearly 90 percent in 4 weeks.

Mr. CONTE. What further improvements do you hope to make in this area next year?

Mr. DOYLE. We believe that further improvements will be made in reducing both the external reporting and internal processing time-lags. The Office of Federal Employees' Compensation, through its Division of Technical Assistance, is working with the Federal agencies through seminars that emphasize prompt, accurate, and complete reporting of injuries; and is also making every effort with all available staff to reduce its internal processing time.

ARMED FORCES RESERVISTS BENEFIT

Mr. CONTE. What is your estimate as to the number of people who will be eligible for these benefits during fiscal 1973?

Mr. DOYLE. The March 1972 figure is 2,817, down slightly from 2,828 in January. We estimate an average of 2,800 will continue to be eligible for benefits in fiscal year 1973.

WAR CLAIMS ACT BENEFITS

Mr. CONTE. How many persons are currently eligible for benefits under the War Claims Act?

Mr. DOYLE. Approximately 200 beneficiaries are eligible as of March 1972.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION OF THE BUDGET ESTIMATES

EMPLOYMENT STANDARDS ADMINISTRATION

Federal Workmen's Compensation Benefits

Amounts Available For Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate	$ 90,000,000	$81,992,000
Appropriation available in prior year	-11,477,000	---
Estimated program supplemental	22,000,000	---
Reimbursements from other agencies (P.L. 86-767)	86,620,000	119,108,000
Total available for obligation	187,143,000	201,100,000

Obligations by Activity

	1972 Appropriation Revised	1973 Estimate	1973 Change
1. Federal civilian employees benefits	$175,043,000	$189,000,000	+$13,957,000
2. Armed forces reservists benefits	8,500,000	8,500,000	---
3. War claims act benefits	400,000	400,000	---
4. Other benefits	3,200,000	3,200,000	---
Total, obligations by activity	187,143,000	201,100,000	+13,957,000

Obligations by Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
42 Insurance claims and indemnities	$187,143,000	$201,100,000	+$13,957,000
Deduct:			
Reimbursements from other agencies	-86,620,000	-119,108,000	-32,488,000
Total direct obligations	100,523,000	81,992,000	-18,531,000

EMPLOYMENT STANDARDS ADMINISTRATION

Federal Workmen's Compensation Benefits

Summary of Changes

	Direct Appropriation	Authorization by Transfer	Estimated Available
1972 Enacted Appropriation.....	$90,000,000	$86,620,000	$176,620,000
Advance to prior year.....	-11,477,000	---	-11,477,000
Estimated program supplemental....	22,000,000	---	22,000,000
1972 Appropriation, Revised.....	100,523,000	86,620,000	187,143,000
1973 Estimate.....	81,992,000	119,108,000	201,100,000
Total Change.....	-18,531,000	+32,488,000	+13,957,000
Mandatory Items:			
Federal civilian employees benefits: Increase in benefits for this activity are attributed to: (a) increase in disability and death compensation.....	-17,031,000	+28,488,000	+11,457,000
(b) increase in medical expenses.....	-1,500,000	+4,000,000	+2,500,000
Total Change.....	-18,531,000	+32,488,000	+13,957,000

Activity 1. FEDERAL CIVILIAN EMPLOYEES BENEFITS (1972, $175,043,000
1973, $189,000,000)

Narrative Description of Program

The Federal Employees' Compensation Act (FECA) authorizes payment of benefits to civilian employees of the United States disabled as a result of illness or injury sustained while in the performance of duty, and to dependents of employees who die as a result of such injuries. The principal cost of this program is for permanent disability and death compensation. Expenditures for temporary disability and for medical care are directly influenced by changes in the number of new cases and new claims received in the current and preceding year. Other factors influencing the costs of compensation benefits and medical expenses include the number of covered employees; the wage levels on which compensation is based; the severity and frequency of injuries; the actual cost of medical care; cost-of-living factors based on the Consumer Price Index; and the number of employees choosing compensation as opposed to using their sick or annual leave.

5 U.S.C. 8147(b) provides that other Government agencies reimburse the Compensation Fund for costs incurred due to injuries or deaths occurring after December 1, 1960. The Department must provide each agency prior to August 15 each year, a statement of such costs. Each agency is then required to include in its annual budget a request for an appropriation in an amount equal to such costs. Within 30 days of appropriation, these sums are required to be deposited to the credit of the Compensation Fund.

Changes for 1973

Mandatory changes amount to	+$13,957,000
Direct appropriation	-$18,531,000
Reimbursements	+$32,488,000

The total increase requested for this activity is $13,957,000, which includes an increase in reimbursements under the chargeback program of $32,488,000 and a decrease of $18,531,000 in the direct appropriation. Estimated net increases amount to $7,457,000 for disability compensation, $2,500,000 for medical costs, and $4,000,000 for death benefits.

Under 5 U.S.C. 8146(a), payments to certain beneficiaries are required to be adjusted for cost-of-living increases. If there is a rise in the Consumer Price Index of at least three percent for three consecutive months over the index for the latest base month, an adjustment will be effective on the first day of the third month after the three months consecutive period. In December 1971, the countdown for a CPI adjustment was started. An approximate 4 percent adjustment for almost 17,000 beneficiaries will be effective May 1, 1972 and will increase the costs for the fiscal year 1973 by $4,700,000.

The Federal pay increase approved in January 1972 necessitates adjustments to approximately 2,500 periodic roll cases affected by the maximum and minimum pay rates. The adjustments due to this pay increase and the higher costs for new cases as a result of the increase will add $4,200,000 to the cost of compensation in fiscal year 1973.

Public Law 92-187 requires equality of treatment for married women Federal employees. The law requires payment of augmented compensation to injured married women without children or other dependents, and basic compensation benefits to non-dependent surviving husbands of such women killed in the performance of duty. This will be an additional cost of $125,000 in fiscal year 1973.

An estimated 28,000 cases will be compensated on the periodic rolls by the end of fiscal year 1973, an increase of 1,000 over the current fiscal year. The new cases alter the mix of cases on the rolls and increase the cost of compensation. Because the 1966 FECA amendments significantly liberalized benefits, the costs of new cases are much higher than that of older cases dropping from the rolls. These factors are expected to increase the cost of compensation by $2,432,000 in fiscal year 1973.

The costs to the Compensation Fund of medical care have risen over 20% since 1967. Projections assume that the cost of medical care will continue to increase and will necessitate an additional $2,500,000 in fiscal year 1973. This does not include any increased costs should U.S. Public Health Service facilities be terminated and converted to community operated facilities as currently proposed.

Reimbursements to the Compensation Fund by other agencies will total $119,108,000, an increase of $32,488,000 over fiscal year 1972. Nine agencies, the U.S. Postal Service Corporation, the Departments of Navy, Army, Air Force, Agriculture, Interior, Transportation, the Veterans Administration, and the Tennessee Valley Authority, comprise over 85.0 percent of these reimbursements.

Activity 2. ARMED FORCES RESERVISTS BENEFITS (1972, $8,500,000
1973, $8,500,000)

Narrative Description of Program

For a number of years, the benefits of the Federal Employees' Compensation Act were extended for the injury or death of members of the Reserve components of the Armed Forces when on active duty or when engaged in authorized training in time of peace. These benefits were repealed for casualties occurring after December 31, 1956, by the Servicemen's and Veteran's Survivor Benefits Act of 1956.

Payment levels are anticipated to remain the same in fiscal year 1973 as in fiscal year 1972.

Changes for 1973

None

Activity 3. WAR CLAIMS ACT BENEFITS (1972, $400,000
1973, $400,000)

Narrative Description of Program

Benefits for claims arising under section 4(c) and 5(f) of the War Claims Act of 1948 cover employees of Government contractors and civilian American citizens who were captured by the Japanese Government during World War II. No new injuries are expected to be reported, but as the present beneficiaries become older, more medical expenses are incurred, offsetting the decrease in the number of beneficiaries.

Changes for 1973

None

Activity 4. OTHER BENEFITS (1972, $3,200,000
1973, $3,200,000)

Narrative Description of Program

The activity covers Relief Work Employees, Employees of Government Contractors injured or killed under the provisions of the War Hazards Compensation Act, and other relatively small groups of employees, including members of the Civil Air Patrol, Reserve Officer Training Corps, Job Corps, VISTA, Neighborhood Youth Corps, and non-federal law enforcement officers.

The fiscal year 1972 supplemental adjusted the current year availability in this activity since benefits under the War Hazards Compensation Act were less than anticipated because of declining Southeast Asia commitments. Payment levels are anticipated to remain at approximately the same level in fiscal year 1973 as in fiscal year 1972.

Changes for 1973

None

ACTION ON CONGRESSIONAL RECOMMENDATIONS

Recommendations, House Appropriations Committee

No specific actions recommended.

Recommendations, Senate Appropriations Committee

The Committee recognized (in Report No. 92-316) the difficulty in preparing accurate budget forecasts and expected that every effort would be made to improve the estimates.

Actions Taken

The Employment Standards Administration is currently doing background work in preparation for an actuarial study to establish models, or formulas, for making more accurate cost projections.

THURSDAY, APRIL 13, 1972.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

WITNESSES

GEORGE C. GUENTHER, ASSISTANT SECRETARY
CHAIN ROBBINS, DEPUTY ASSISTANT SECRETARY
BARRY J. WHITE, DIRECTOR, OFFICE OF MANAGEMENT SERVICES
ROBERT E. COPELAND, ACTING CHIEF, OFFICE OF POLICY AND EVALUATION STAFF
DAVID C. ZEIGLER BUDGET OFFICER
FRANK G. ZARB, ASSISTANT SECRETARY FOR ADMINISTRATION
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions			25,239
Positions other than permanent			257
Other personnel compensation			501
Total personnel compensation			25,997
Personnel benefits: Civilian			2,333
Travel and transportation of persons			3,026
Transportation of things			230
Rent, communications, and utilities			2,133
Printing and reproduction			759
Other services			4,043
Supplies and materials			188
Equipment			791
Grants, subsidies, and contributions			28,000
Total obligations			67,500

PERSONNEL SUMMARY

Total number of permanent positions	1,844
Full-time equivalent of other positions	25
Average paid employment	1,660
Average GS grade	10.0
Average GS salary	$14,265

Program and Financing (in thousands of dollars)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Safety and health standards			2,800
2. Enforcement			23,285
3. Training, education, and information			3,294
4. State programs			29,975
5. Safety and health statistics			4,600
6. Executive direction and administration			3,546
Total program costs funded—obligations [1]			67,500
Financing:			
Budget authority (appropriation)			67,500
Relation of obligations to outlays:			
Obligations incurred, net			67,500
Obligated balance, end of year			−3,079
Outlays			64,421

[1] Includes capital outlays as follows: 1973, $225,000.

Note.—1973 estimate is for activities previously financed from Employment Standards Administration; 1971, $15,189,000; 1972, $36,457,000.

Mr. FLOOD. Now we have the Occupational Safety and Health Administration. The presentation will be made by George C. Guenther, the Assistant Secretary.

BIOGRAPHICAL SKETCHES OF WITNESSES

(The biographical sketches follow:)

BIOGRAPHICAL SKETCH OF GEORGE C. GUENTHER, ASSISTANT SECRETARY OF LABOR FOR OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, U.S. DEPARTMENT OF LABOR

George C. Guenther was sworn in as the Labor Department's first Assistant Secretary for Occupational Safety and Health on April 28, 1971. Mr. Guenther heads the Department's Occupational Safety and Health Administration.

Previously, Mr. Guenther served from 1969 as the Director of the Department's Bureau of Labor Standards. He also served as Chairman of the Federal Safety Council, responsib'e for occupational safety programs in all Federal agencies applying to approximately 3 million Federal employees. He is a member of the American Society of Safety Engineers.

Prior to joining the U.S. Department of Labor, Mr. Guenther served as deputy secretary of the Pennsylvania Department of Labor and Industry.

From 1955 to 1967, Mr. Guenther was president of the John H. Guenther Hosiery Co. of Reading, Pa. He holds an A.B. degree from Amherst College.

He and his wife, the former Kathleen Coyle, have three sons.

BIOGRAPHICAL SKETCH OF DAVID C. ZEIGLER, BUDGET OFFICER, DIVISION OF FINANCIAL MANAGEMENT

David C. Zeigler was appointed budget officer in June 1971.

Mr. Zeigler is a career employee who has served in the Department of Labor since 1963. He began his career as a clerk typist in the Bureau of Employees Compensation and has served as a budget ana'yst in BEC, the Office of the Solicitor and the Office of Budget Policy and Review before joining OSHA.

Mr. Zeigler has served in the U.S. Army Reserve program since February 1966.

Born in York, Pa., on January 30, 1946, he received his undergraduate education in business administration at George Washington University. He has also done graduate work in business and public administration at George Washington.

He and his wife, the former Priscilla Compton, of Martinsville, Va., live in Falls Church, Va.

BIOGRAPHICAL SKETCH OF BARRY J. WHITE, DIRECTOR, OFFICE OF MANAGEMENT SERVICES, OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, U.S. DEPARTMENT OF LABOR

Barry J. White is a career employee who has served in the Department of Labor since July 1963. Mr. White is currently Director of the Office of Management Services in the Department's Occupational Safety and Health Administration.

Mr. White, a former high school teacher in California, joined the Department of Labor as a management intern in 1963. He has since held a number of increasingly responsible positions, primarily in the areas of management analysis, fiscal management, and personnel management.

Mr. White served with the U.S. Army during the Korean war. He holds a B.A. degree from UCLA and an M.A. from George Washington University.

BIOGRAPHICAL SKETCH OF CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET

Mr. Conrad M. Jones has served as Director, Office of Budget, Office of the Assistant Secretary for Administration, since August 1968. From July 1965 to August 1968, he served as Deputy Director.

Prior to his service in the Department of Labor, he served as a supervisory budget analyst at the Federal Aviation Agency from 1960 to 1965. Mr. Jones served as a fiscal management officer from 1957 to 1960 with the Housing and Home Finance Agency. He entered Government service in 1939 with the National

Capital Housing Authority holding increasingly responsible positions in the field of financial management, including Comptroller from 1953 until 1957.

Born on December 30, 1916, in Little Rock, he attended public schools in Joplin and Kansas City, Mo., and received a B.C.S. in 1942 and a M.C.S. in 1943 from Benjamin Franklin University in Washington, D.C.

Mr. Jones interrupted his civilian employment to serve for 2 years in the U.S. Army in World War II, participating in three European campaigns.

He and his wife, the former Catherine L. Dent reside in Rockville, Md., and have three children: Conrad M., Jr., Mrs. Michael L. Hemmis, and Mrs. Stephen Shaw.

BIOGRAPHICAL SKETCH OF M. CHAIN ROBBINS, DEPUTY ASSISTANT SECRETARY/ADMINISTRATOR, U.S. DEPARTMENT OF LABOR

M. Chain Robbins is the Deputy Assistant Secretary/Administrator for Occupational Safety and Health. Mr. Robbins, who is chief aide to George C. Guenther, Assistant Secretary of Labor for Occupational Safety and Health, previously was Regional Administrator for OSHA's Region 10 (Washington, Oregon, Idaho, and Alaska), based in Seattle.

Robbins is a Certified Safety Professional, a member of the American Industrial Hygiene Association, the American Society of Safety Engineers and the System Safety Society. He is also a member of Kiwanis International.

Prior to joining the Department of Labor, Mr. Robbins was manager of safety and industrial hygiene for the 747 Division of the Boeing Co. He also has been a staff member of the Industrial Hygiene Group of the Los Alamos (N.M.) Scientific Laboratory.

Born in Fredonia, Kans., Mr. Robbins holds a B.S. degree in chemistry from the University of New Mexico and a Master of Public Health degree in industrial hygiene from the University of Pittsburgh.

Mr. Robbins and his wife, Barbara, have a daughter, Pamela, 19, and a son, Ron, 10.

Mr. FLOOD. I see you have a prepared statement. How do you wish to proceed.

Mr GUENTHER. I would appreciate the opportunity, Mr. Chairman, to read my statement. It is not very long and I think it provides a good framework for further discussion. We have in fact a slight revision on that statement with more current information than we have had up until now.

GENERAL STATEMENT

Mr. Chairman, and members of the committee, the budget request for fiscal year 1973 is $67,500,000, which is an increase of $31,043,000 over the 1972 comparable appropriation of $36,457,000. Most of the requested increase, for fiscal year 1973, is proposed for the continued development and initial operation of State programs.

I would like to discuss first how the Labor Department has carried out the provisions of the Occupational Safety and Health Act thus far, and second, what we propose to do next fiscal year with the additional resources we request.

ACTIVITIES DURING FIRST YEAR

The Occupational Safety and Health Administration (OSHA) was created on April 28, 1971—the date the act became effective. During thethe 2 months remaining in fiscal year 1971 and thus far in fiscal year 1972, which should be viewed as a startup period, the major thrust of our efforts has been, on the one hand, promotional—informing and motivating employers and employees with regard to the act's provisions, and on the other hand, developmental—building the capability to operate an effective program.

During the first half of fiscal year 1972 we have responded to 150,000 written communications, nearly a quarter million incoming telephone calls, and 40,000 visits to our field offices. OSHA officials have appeared before some 5,000 separate business, union, government, and other interested groups to explain to these audiences their responsibilities under the act.

Mr. FLOOD. Is that a lot?

Mr. GUENTHER. Yes, sir; that is a lot of action.

Our administrative framework is virtually complete. By way of developing a far-reaching program, OSHA has concentrated its efforts on recruiting, training, and putting to work a compliance staff in a decentralized field structure consisting of 10 regional and 51 area and district offices in major cities across the Nation; on issuing occupational safety and health standards; on making inspections to assure compliance with these standards; on encouraging voluntary compliance; on identifying and concentrating on five target industries selected primarily because of their history of high injury frequency rates and on five target health hazards substances which are among the most toxic substances identified by HEW; on improving Federal agency programs; on working with State governments to aid and encourage them to develop plans for their own occupational safety and health programs which will be at least as effective as the Federal program; and, working through the Bureau of Labor Statistics, on developing a new mandatory national injury and illness reporting system.

By June 30, 1972, we anticipate having 1,100 employees in OSHA—728 of them in the field staff. An effective program of training and education will have trained 27,000 individuals—Federal employees, State agency employees, and representatives of employers and employees. The nationwide recordkeeping and reporting system designed to provide comprehensive data on occupational injuries and illness will be in place and producing its first reports.

In addition, as of the present time, all States, the District of Columbia, and all eligible territories have designated an agency or agencies to be responsible for occupational safety and health matters; 47 States, the District of Columbia, and all territories except the Trust Territory of the Pacific have entered into temporary agreements to permit them to continue enforcing existing State occupational safety and health programs during the startup period; and all 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands have received planning grant funds for the purpose of developing their occupational safety and health plans. Furthermore, all States except Ohio have submitted a letter formally stating their intention to submit an occupational safety and health plan, as was required by the 18(h) temporary agreement regulations.

One of the major purposes of the act is to encourage the States to assume full responsibility for development and enforcement of occupational safety and health standards.

PLANS FOR FISCAL YEAR 1973

The critical transition from State planning to State operations will occur in fiscal year 1973. Fiscal year 1973 is also the final year of statutory authorization for 90-percent planning grants. OSHA tech-

nical assistance in the development of plans and in the administration of operating programs will continue to be provided. Intensive evaluation of State operational programs will be initiated. The national office and field staff will provide the necessary technical assistance to the States in the development of their programs, and will review their progress.

We are requesting 175 additional positions for only two activities in fiscal year 1973. One hundred and fifty additional positions are requested for the field compliance program, with the majority targeted as compliance officers.

With these additional resources we will focus strongly on health hazards elimination in fiscal year 1973. We have found that the majority of all complaints have been health oriented, rather than safety oriented. In addition, we will continue to respond immediately to workplace deaths and catastrophes; we will investigate all bona fide complaints; we will conduct inspections under the target industry program and the target health hazard program; and we will continue inspections of a random sample of a cross section of all sizes and all kinds of companies all across the Nation.

Twenty-five of the positions requested for fiscal year 1973 will provide for a more effective and comprehensive nationwide training and education program for the purpose of advising and assisting employees, employers, and their representatives in eliminating or reducing occupational safety and health hazards. OSHA proposes to train over 30,000 individuals in fiscal year 1973, including 17,200 employer representatives and 8,000 employee representatives.

Thank you, Mr. Chairman.

TARGET INDUSTRY PROGRAM

Mr. FLOOD. You say you conducted inspections under the target industry program?

Mr. GUENTHER. Yes, sir.

Mr. FLOOD. What is the target industry program?

Mr. GUENTHER. The target industry program was instituted shortly after the act became effective last year in response to a directive from the Secretary to attack the worst problem first.

We selected from the statistics available to us, the Bureau of Labor Statistics and the National Safety Council, those five industries which over a period of time have traditionally had the highest injury frequency rate. The industry frequency rate is the number of disabling injuries per million man-hours worked. Overall the national average in the latest year for which data are available, calendar year 1970, is 15.2 disabling injuries per million man-hours worked. Each of the five target industries has a rate well in excess of that figure, with the lowest being 33.3 and the highest, for longshoring, going up to 69.1 disabling injuries per million man-hours worked.

BREAKDOWN OF REQUEST BETWEEN FEDERAL AND STATE OPERATIONS

Mr. FLOOD. You have a request for a total of $67,500,000. If the subcommittee should decide to earmark the part that is for Federal operations, would that be $39,500,000? If not, what would the amount be?

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Mr. GUENTHER. The budget request for State programs is $29,975,000.

Mr. ZEIGLER. Of which $28 million is for State grants.

Mr. GUENTHER. So the difference between $28 and $67.5 million would be, as you stated, $39.5 million.

TRAVEL COSTS

Mr. FLOOD. I know you have to do a lot of traveling to enforce this act, but why should your travel costs go up over 100 percent when the average number of employees goes up less than 20 percent? You have that on page 4 of your justifications. Here you are up over 100 percent on travel. The 1972 average number of employees is 1,518. Now you have a 1973 estimate of 1,790. That is an increase of less than 20 percent. That does not seem to make sense.

Mr. ZEIGLER. Yes. That is because in 1972 we had requested and received from Congress over 700 new positions which were only budgeted for a portion of the year. Thus the travel costs as well as personnel costs and all other costs were only budgeted for a portion of the year. What we have done here is ask for a full year cost, not only in travel but in all other areas for those 700 new positions in 1972 as well as the 175 new positions in 1973.

Mr. FLOOD. Take a look at that line again. This is a language problem I suppose. The thing that makes this stand out is that one word "average." How do you reconcile that with your answer to my question? What is the average number of employees?

Mr. ZEIGLER. Average number of all employees refers to the total man-years that we have budgeted.

Mr. FLOOD. Then we go back to where we started, you are up less than 20 percent.

Mr. ZEIGLER. Up less than 20 percent in total man-years; yes, sir.

Mr. FLOOD. And you are up over 100 percent on item 21, travel and transportation of persons.

Mr. WHITE. That also has to do with the utilization of the staff. As we brought them in during fiscal 1972, immediately when we took on employees, most of them spent their time initially training, learning to do our safety inspections. In fiscal 1973 these people, having already been trained, will be spending their time in the field full-time on inspection.

Mr. FLOOD. That probably is it. They weren't traveling during the training period.

Mr. WHITE. That is correct.

INVESTIGATION POLICY

Mr. FLOOD. Is your policy to investigate every complaint you receive?

Mr. GUENTHER. No, sir; it is not.

Mr. FLOOD. Why not?

Mr. GUENTHER. Because of the language of the Williams-Steiger Act which requires the Secretary of Labor to evaluate complaints received from employees to determine whether or not they have merit to then conduct an investigation.

Mr. FLOOD. Who determines whether they have or have not merit?

Mr. GUENTHER. The area director in the particular area involved is responsible for making that judgment.

Mr. FLOOD. That is quite a burden, isn't it?

Mr. GUENTHER. I wouldn't say so, Mr. Chairman, given the fact that to date our complaint load has been at what I would call a reasonable level. We have received just slightly under 2,000 complaints in the first 8 months of fiscal 1972.

Mr. FLOOD. I wasn't referring so much to the number but referring to the burden of exercising the discretion and determination as between complaint No. 1, complaint No. 11, and complaint No. 15. He must say which of these is the one to take a look at.

Mr. GUENTHER. With regard to that I would comment first of all that we have recruited and hired safety and health professionals who have been in this business for more or less lengthy periods of time.

Mr. FLOOD. Sort of a minor diety.

Mr. GUENTHER. He has a heavy responsibility because we have delegated substantial authority and responsibility to our area directors. But he has a good deal to go on. The act requires that complaints be submitted specifying with reasonable particularity the nature of the hazardous condition in the work place, and we have devised a form for the use of those who wish to register a complaint with us which spells out the questions which need to be answered with regard to the hazards. Based on that form, the judgment can be made readily.

Mr. FLOOD. How much of your time is spent investigating complaints and how much on investigations that you initiate yourselves? What do you do about this, do you sit back and wait for somebody to squawk?

Mr. GUENTHER. No, sir; we certainly do not.

Mr. FLOOD. What is the percentage of the time you do and the time you don't?

Mr. GUENTHER. In order to answer that question I think I should spell out for you the four priorities which we have established, the four guidelines for use by our area directors in scheduling the activities of their compliance officers.

We have four basic priorities. The first is the immediate investigation of catastrophes and accidents involving fatalities. The second priority is the investigation of valid employee complaints, the matter to which you have addressed yourself.

The third priority is inspections in the target industry program as to the five high hazard industries and also in the target health hazards program in which we have selected five toxic substances for special attention.

Mr. FLOOD. What is the percentage on each, investigations because of complaints and those you initiate?

Mr. GUENTHER. For the first 6 months of the program, catastrophe and fatality inspections have occupied 7.4 percent of our field time.

Mr. FLOOD. My question is what percentage of the whole thing is based upon investigations of complaints and what percentage of the total do you initiate?

Mr. GUENTHER. Nine percent of our investigations are based upon complaints, and the remaining 91 percent are investigations which we initiate.

TARGET INDUSTRY PROGRAM

Mr. FLOOD. In targeting in on industries with the high injury frequency you were talking about, do you skip entirely those with the low rates?

Mr. GUENTHER. No, sir. In the target industry area we investigate all establishments, large or small, that fall within that category.

Mr. FLOOD. To what extent do you concentrate on the large employers?

Mr. GUENTHER. We don't concentrate on the large employer, we don't concentrate on the small employer, we don't concentrate on the medium-sized employer; we investigate all employers falling within an industry category.

PERCENTAGE OF INSPECTIONS REVEALING VIOLATIONS

Mr. FLOOD. Now you have the investigations going. What percentage of your inspections reveal violations? What is the result insofar as violations are concerned? And what percentage do you consider "serious," whatever that means, and what penalties are you authorized to impose in the case of serious violations?

Mr. GUENTHER. Our figures reveal that approximately 22 percent of establishments inspected are in compliance with our standards, or if you wish to put it the other way, 78 percent of the establishments inspected have some violations.

SERIOUS VIOLATIONS

Mr. FLOOD. Of those, what percentage do you consider serious?

Mr. GUENTHER. I believe our figures reflect about 2 percent of violations are serious.

Mr. FLOOD. What do you mean by serious in the sense you are using it?

Mr. GUENTHER. A serious violation is one which in all likelihood will result in death or serious physical harm to employees, and which could or should have been recognizable by the employer.

PENALTIES

Mr. FLOOD. What penalties are you authorized to impose in those cases?

Mr. GUENTHER. For serious penalties we are required by the act to propose a penalty of up to $1,000 per violation.

Mr. FLOOD. Here is a serious violation. There is a penalty to be imposed as you stated. Who imposes it, how is it imposed, and when is it imposed?

Mr. GUENTHER. At the end of an inspection the compliance officer meets with the employer and reviews with him what violations he believes may exist in the workplace and discusses with the employer in general terms. He does not accuse the employer, he does not make absolute statements with respect to anything; it is a general discussion of what the situation would appear to be in that workplace. And the employer has ample opportunity to react and respond and explain and make whatever estimates he wishes to make during what we call the closing conference.

Mr. FLOOD. That is not going to change the position of your inspector. If the definition of serious is as you gave it, it is serious or isn't. All of the conversations in the world aren't going to change that condition. What happens?

Mr. GUENTHER. The point is that we do not authorize any compliance officer to make a final judgment with regard to whether a violation is serious.

Mr. FLOOD. Who does make a final judgment, and when?

Mr. GUENTHER. Subsequent to the closing conference the compliance officer prepares his report.

Mr. FLOOD. What is the time element?

Mr. GUENTHER. Immediately, within a day or two. The compliance officer prepares his report——

Mr. FLOOD. At the regional office?

Mr. GUENTHER. At the area office. He returns to the area office and reviews his findings with his area director, his supervisor. Between the two of them they make a judgment as to whether or not a serious violation or nonserious violation exists, and if there is any question, and indeed in this program there are many questions, the area directors are instructed to consult with the regional solicitor, the regional administrator or with the national office if necessary.

Mr. FLOOD. What happens?

Mr. GUENTHER. Assuming that final judgments are made by the area director, which is done promptly, the area director and compliance officer, then citations are issued to the employer for the alleged serious violation or violations and for nonserious violation or violations. Citations are prepared and in the case of the alleged serious violation, a penalty is computed and proposed, and the citations and the proposed penalty are mailed by certified mail to the employer.

Mr. FLOOD. Proposed or imposed?

Mr. GUENTHER. The Department of Labor proposes penalties.

Mr. FLOOD. Propose to whom?

Mr. GUENTHER. We propose that there shall be a penalty.

Mr. FLOOD. You impose a penalty upon the violator?

Mr. GUENTHER. We propose a penalty. It only becomes an imposed penalty after it becomes a final order of the Occupational Safety and Health Review Commission. Our role is very clear that we propose.

If within 15 days after receiving a citation and proposed penalty from us, the employer decides he wishes to contest it, he so notifies us and the matter is remanded to the Review Commission. If within that 15 days he does not contest, then the citation and penalties become a final order of the Commission subject to review in no court, and then the penalty becomes an imposed assessed penalty.

VIOLATIONS NOT OF A SERIOUS NATURE

Mr. FLOOD. What about the 98 percent of the violations that are not serious? What is the procedure there?

Mr. GUENTHER. The review procedure is the same. We discuss those matters with the employer, we prepare our paper, we review the entire matter with the area director. We prepare citations and penalties. In the case of a nonserious violation, a penalty is optional under the terms of the act. In some cases we propose a penalty and in others we do not.

Mr. FLOOD. He has finished his inspection and sits down and has the conference with the employer. Why can't he say, "Here's the situation" and takes him out and shows him. "I will give you 30 days to correct this. This is not a serious thing but it is there. You clear it up in 30 days and it will be all right." Why not?

Mr. GUENTHER. In many cases we do. However, we are required by the act to cite if in fact there is a violation of our standards. Then we will cite the employer and state in the citation an abatement period which may well be 30 days. In the case of a nonserious violation we may well not propose a penalty, in which case if he abates the violation within 30 days, the case is closed.

Mr. FLOOD. When you get back to the office would you write me a letter describing that?

Mr. GUENTHER. Yes, sir.

APPEAL TO THE REVIEW COMMISSION

Mr. FLOOD. Can anyone who has been cited for an alleged violation appeal to the Review Commission?

Mr. GUENTHER. He may contest the citation or penalty or abatement period to the Review Commission, and employees if they consider the abatement period to be unreasonable may also contest the citation. The citation as I am sure you know must be posted in the workplace at or near the place the violation occurred.

LEVEL OF ENFORCEMENT ACTIVITY

Mr. FLOOD. For enforcement activities you are asking for an increase of 125 jobs for a total of 1,098.

Mr. GUENTHER. Yes, sir.

Mr. FLOOD. Here is the big question we have had brought to our attention repeatedly in the last several months, especially by the great labor organizations at national conventions, at State conventions and at local union meetings. All Members of Congress have been apprised that you should have an absolute minimum of 2,000 inspectors to do even a decent job.

The purpose and intent of Congress in this Occupational Safety and Health Act is to do what it says. And there it is. Congress passed the law, the President signed it and this is the law. If this is a bona fide intent by Congress, and if this isn't just a gesture of some kind, there must be an absolute minimum of 2,000 inspectors to do a decent job. This is their claim. What about that? You have heard that?

Mr. GUENTHER. Yes, sir.

Mr. FLOOD. And you have heard the figure?

Mr. GUENTHER. Yes, sir.

Mr. FLOOD. What about it? You have been waiting for me to ask you that since you sat down. There you are. The record is yours, go ahead. It better be good.

Mr. GUENTHER. There is no question but that we take seriously the mandate of Congress in the act. However, the act contains numerous mandates, not simply the achievement of safe working conditions by a rigorous Federal enforcement process.

Indeed a very significant portion of the act addresses itself to maximum encouragement of the States to assume responsibility for setting their own standards and for carrying out their own enforcement and other programs.

We have taken seriously this mandate of Congress with regard to the States. We have in the past year generated a substantial amount of interest in assumption of this responsibility by the States and with the

very clear understanding that for State plans to be acceptable to us they must be at least as effective as the Federal program.

We have a very substantial participation on the part of virtually every State and territory under the coverage of the act. During the next year, and particularly in fiscal 1973, the States—we call this the year of decision for the States—will decide whether or not they will amend their statutes, improve their programs, change their techniques to meet the "at least as effective" charge.

For us to proceed to attempt to recruit and hire and train a very large force of Federal compliance officers, given the potential involvement of virtually all of the States, would in our judgment be fiscally irresponsible. We therefore have developed a program to a point, so far as the Federal compliance capability is concerned, to make it clear that there is a Federal capability, that it is in existence, it does work and it is capable of expansion as necessary when and if the States make their judgment.

As a matter of fact, I can produce for you as many testimonials on the side that say that we are indeed too aggressive in our activities today as can be produced on the side which says that we are badly deficient in numbers of compliance officers and unable to carry on an efficient program.

So we believe that we have been responsible in staffing to the levels we are at today and secondly, we are prepared, depending upon the reaction of the States to this program, to greatly enlarge the Federal presence if such should be necessary.

The answer to which direction we will go will be coming in the next year and a half or so.

TRAINING OF INSPECTORS

Mr. FLOOD. When he was here, the Secretary made a special point of the Department wanting the inspectors to have good training before they went out to make the inspections. That makes sense. How do you train these people?

Mr. GUENTHER. Until January of this year we conducted training here in Washington either in the Labor Department facilities or at the training facilities of the Postal Service Institute in Bethesda.

Basic training for a compliance officer depends somewhat on the experience he brings with him, but is a minimum of 4 weeks in basic training in OSHA techniques. That 4 weeks' training up until January of this year was carried on in Washington. In January we opened a training institute in suburban Chicago near O'Hare Field which is now in operation and to which we send our compliance officers for 4 weeks' basic training when they come on board.

NECESSARY QUALIFICATIONS FOR INSPECTORS

Mr. FLOOD. Do you have conditions precedent to being appointed to the job?

Mr. GUENTHER. We have very specific conditions for qualification requirements.

Mr. FLOOD. Suppose for the record you list the most important of those?

Mr. GUENTHER. Yes, sir.

(The information follows:)

QUALIFICATIONS

SAFETY OFFICER—GS–9/15

Applicants must have progressively responsible experience in one or more phases of a safety and/or health program such as inspection, promotion, or administration which has provided (1) technical knowledge and understanding of safety principles, methods, standards and techniques; and (2) knowledge and understanding of engineering, chemical, psychological, physiological, and other scientific and technological factors affecting safety.

GS–9: 2 years of the above specialized experience, at least 1 year of which was at or equivalent to the GS–7 level.

GS–11/15: 3 years of the above specialized experience, at least 1 year of which was at or equivalent to the next lower grade in the Federal service (second lower grade for GS–11 vacancies).

For field positions greater emphasis will generally be placed on compliance type experience, whereas national office positions will stress experience and/or ability in developing standards and procedures and/or in the administration of comprehensive safety and health programs. In addition to the specialized requirement, candidates must also have 3 years of general experience which required the ability to deal with groups and individuals and responsibility for assuring observance by others of safety rules and measures.

SAFETY ENGINEERS—GS–9/15

Applicants must have a bachelor's degree in engineering or 4 years of education and/or experience which has provided an equivalent body of professional knowledge, and in addition must have professional experience of the kind and amount indicated below:

Amount of Experience

GS–9: 2 years' professional experience, at least 1 year of which was at or equivalent to the GS–7 level. Completion of all requirements for a master's or equivalent degree in safety engineering is fully qualifying.

GS–11/15: 3 years' professional experience at least 1 year of which was at or equivalent to the next lower grade in the Federal services (second lower grade for GS–11 vacancies)

Type of Experience

The specialized experience must have been either:

(*a*) Actual safety engineering experience which provided a working knowledge of safety principles, practices, techniques, and applications, or

(*b*) Nonsafety engineering work in closely related disciplines such as industrial, civil, electrical, aerospace, chemical, sanitary, fire prevention, or mechanical *provided such work involved:*

(1) Day-to-day, on site experience in applying professional engineering concepts and techniques to actual work process in industries such as manufacturing, production, construction, maritime, public utilities; or

(2) Professional experience requiring the research, review and analysis of technical materials and the development of technical standards, guidelines and specifications therefrom.

Generally, field positions will require safety compliance and/or b-1 type experience, and national office positions will require b-2 type experience.

INDUSTRIAL HYGIENIST—GS–9/15

Applicants must have professional experience which has demonstrated (1) a detailed knowledge of industrial hygiene principles, practices, and techniques; (2) the abili'y to recognize, evaluate, and/or measure actual or potential worker health problems; and (3) the capability to develop control methods and make recommendations for correction of health and safety hazards.

GS–9: Two years of professional experience or completion of all requirements for a master's or equivalent degree in engineering, physical or natural science. The academic study must have included at least 15 semester hours of chemistry and included courses in qualitative and quantitative analysis.

GS–11/15: Three years of professional experience at least 1 year of which must have been at or equivalent to the next lower grade in the Federal service—second lower grade for GS–9 and GS–11 vacancies.

WOMEN INSPECTORS

Mr. FLOOD. How many women inspectors do you have?

Mr. GUENTHER. Not nearly as many as we would like to have.

Mr. FLOOD. What does that mean?

Mr. GUENTHER. That means that women available with qualifications for this kind of a program are very limited. As of the present time, between industrial hygienists and safety engineers we have 15 women.

Mr. FLOOD. Are you trying to develop anything along this line, encouraging it?

Mr. GUENCHER. We are encouraging, inviting. We are attempting to attract women from all disciplines including industrial hygiene and a variety of other areas.

Mr. FLOOD. I would think it would be a tremendous asset if you could do that.

SETTING STANDARDS

What role does HEW play and what role do you play in setting of standards? We are always intrigued by setting standards.

Mr. GUENTHER. The act divides the responsibility for standard setting into essentially two phases: One, research, and the other, the processes of review, comments, and so forth prior to promulgation as a rule.

HEW's National Institute of Occupational Safety and Health has the responsibility for conducting basic research into the facts, the exposure levels, and so forth, involved in whatever issue happens to be under study, and for recommending to OSHA a standard which requires——

Mr. FLOOD. These requirements are established in the act?

Mr. GUENTHER. Yes; very clearly.

Mr. FLOOD. This is not something you thought of?

Mr. GUENTHER. No. The OSHA program is based on a careful study of the act.

LABORATORIES AT CINCINNATI AND SALT LAKE CITY

Mr. FLOOD. If your request is granted, you will have 35 people and $750,000 for the labs at Cincinnati and Salt Lake City. What do you do at these labs?

Mr. GUENTHER. The two labs are facilities of the National Institute of Occupational Safety and Health. We have made the judgment that for us at this early stage of the program, with the many intangible aspects yet to be learned about how it will operate over the long haul, it would not be proper for us to attempt to establish our own labs at this point in time. Therefore, we have an agreement with the National Institute for joint use of their lab facilities.

The labs are used for two basic reasons: One is the storage, maintenance, and calibration of our field testing equipment, primarily industrial hygiene equipment and, second, for the analysis of samples which are generated by our industrial hygienists in the course of performing their inspection.

With the growth of our program and the activation of our force as it is today——

Mr. FLOOD. Is this a contract deal?

Mr. GUENTHER. There is a provision for a small exchange of money for supplies that are utilized in the course of testing, and so forth, but it is not a major contract. It is a reimbursable program and really doesn't amount to very much at all this year. In any event, we know from studying the load on these two labs that NIOSH itself does not have sufficient personnel to perform the speedy analysis of our samples in their labs. Therefore, the personnel we are requesting are additional personnel to perform OSHA tests in the NIOSH labs.

ROLES OF VARIOUS GROUPS IN OCCUPATIONAL SAFETY PROGRAM

Mr. FLOOD. You have the National Advisory Committee on Occupational Safety and Health and you have the National Institute on Occupational Safety and Health and you have 15 special advisory committees to be appointed by the Secretary of Labor. For the record will you put in the function of each one of these entities, and if there are any other such groups we haven't found, connected with the program, put those in too.

Mr. GUENTHER. Yes.

(The information follows:)

National Institute of Occupational Safety and Health.—The National Institute of Occupational Safety and Health (NIOSH) formerly the Bureau of Occupational Safety and Health, was established within the Department of HEW to conduct research and make industry-wide studies on the toxic effects of exposure to particular combinations of chemicals and physical agents—including chronic or low-level exposure involving potential loss of functional capacity; to develop criteria and make recommendations for new standards—particularly in the health hazards area; to develop appropriate instruments for monitoring environmental hazards in the workplace—including reliable tests and medical surveillance programs; to determine national manpower requirements in the occupational safety and health professions; and to conduct programs of education to provide the personnel needed, including training in the proper use of technical equipment, either directly or by grants or contracts. In addition to its headquarters staff in Rockville, Md., the National Institute maintains an extensive research and development facility in Cincinnati, Ohio, and testing facilities in Morgantown, W. Va. and Salt Lake City, Utah.

Occupational Safety and Health Review Commission.—The Occupational Safety and Health Review Commission was set up to create an independent body outside the Labor Department to which employers could appeal citations and proposed penalties. Employees may also appeal the period of time fixed in the citation for abatement of alleged violations. If no notice of intention to contest a citation or propose penalty is filed within 15 working days, the citation and assessment, as proposed, are automatically deemed final orders of the Commission. The Commission is composed of three members appointed by the President for a regular term of 6 years. The Commission is completely independent of the Department and operates under a separate appropriation.

National Advisory Committee on Occupational Safety and Health.—The National Advisory Committee on Occupational Safety and Health (NACOSH) consists of 12 members appointed by the Secretary, four of whom are designated by the Secretary of HEW. Members are selected on the basis of their experience and competence in the field of occupational safety and health, and are representative of the interests of management, labor, and the occupational safety and health professions. The function of the committee is to advise, consult with, and make recommendations to the Secretaries of Labor and HEW on all matters relating to the administration of the act. Compensation and the services of an Executive Secretary are provided from the OSHA appropriation.

Federal Advisory Council on Occupational Safety and Health.—The Federal Advisory Council on Occupational Safety and Health was created by Executive Order 11612 to advise and assist the Secretary in implementing Federal agency

safety programs. The act requires each Federal agency to establish and maintain for its employees an effective and comprehensive occupational safety and health program which is consistent with the standards promulgated by the Secretary for employment in the private sector. The Council consists of 15 members appointed by the Secretary, including representatives of Federal departments and agencies, and at least three representatives of employee labor organizations. Promotional activities of the Council are carried out through the various Federal agencies, the Civil Service Commission, and local Federal Safety Council affiliates throughout the country.

National Commission on State Workmen's Compensation Laws.—The National Commission on State Workmen's Compensation Laws was created under the act as an independent study commission to determine whether State laws provide an adequate, prompt and equitable system of compensation for occupational injuries, illnesses, and fatalities. The Commission is composed of 15 members appointed by the President, representing State workmen's compensation boards, insurance carriers, management, labor, the medical profession, educators, and others having special expertise in the field of industrial medicine and workmen's compensation. Under the act, the Commission is required to complete its final report to the President and to the Congress by July 31, 1972, and ceases to exist on the 90th day after submission of this report. Although the Commission is completely separate and independent from the Department of Labor, for administrative convenience it has remained within the OSHA appropriation request for the specified duration of its existence.

Special Advisory Committees.—The act authorizes the Secretary to appoint special or ad hoc advisory committees to assist him in his standard-setting functions. Each committee must consist of not more than 15 members, at least one to be designated by the Secretary of HEW. Committee membership must include an equal number of persons qualified by experience and affiliation to present the viewpoints of the employers involved and the workers involved, as well as one or more representatives of Federal and State safety and health agencies, the occupational safety and health professions, and nationally recognized standards-producing orgnizations. All meetings are open to the public.

During 1972, special advisory committees have been appointed to recommend proposed standards for exposure to asbestos dust, tunnel construction, roll-over protective structures on construction vehicles, and electrical transmission and distribution lines. A standing construction safety advisory committee reviews the need for new or revised general construction standards, including the need for special standards applicable to light residential construction. A new advisory committee on agriculture is in the process of appointment to recommend standards for agricultural equipment and farm operations, including pesticides.

In 1973, additional advisory committees will be appointed to recommend standards for cotton dust, hydrous ammonia, die-casting and machine guarding, furnaces and ovens, silicia, lead, carbon monoxide, and explosives.

PARTICIPATION BY STATES

Mr. FLOOD. In connection with the State programs you talked about, the justifications say that 20 to 25 of the States are expected to have these occupational safety and health programs by the end of 1973.

What is involved in a State program? How close will they come to eventually taking over the whole inspection program?

Mr. GUENTHER. We believe, Mr. Chairman, if the stated intent of the act could be totally fulfilled, all States would assume responsibility for all standards and for all enforcement, training, and other activities. However, that would be if the statutory mandate were carried out to the ultimate.

Mr. FLOOD. Eventually they will take over the whole thing.

Mr. GUENTHER. Yes, sir.

Mr. FLOOD. Do you have a timetable?

Mr. GUENTHER. We like to believe we are realistic and we don't think that is going to happen. We know there are some States which will not participate in this program. But we do believe that a substantial num-

ber of the States and territories will participate and will over a period of time reach the level of effectiveness whereby they can assume the whole program responsibility.

Mr. FLOOD. You used the phrase period of time. What does that mean, within reason

Mr. GUENTHER. The act requires that once a State has submitted a plan which we approve, that no less than 3 years subsequent to the approval date shall elapse before the Secretary formally relinquishes his authority in that State. Therefore, no State will assume full authority until a minimum of 3 years has passed.

Mr. FLOOD. And within reason, if and when that date is reached, about how long after that will this be effectuated?

Mr. GUENTHER. I would hope that within the first year after 3-year period we would be able to relinquish our authority. However, I would point out that at no time does the Secretary totally relinquish jurisdiction in the program, that in perpetuity he is responsible for monitoring and may with cause at any time withdraw the approval of the plan, following the opportunity for a hearing.

Mr. FLOOD. Big brother is still there.

Mr. GUENTHER. Yes, he is.

Mr. FLOOD. I notice on page 19 that every State has received a Federal grant fund except Ohio. What is the situation in Ohio?

Mr. GUENTHER. Mr. Chairman, one of the reasons we revised the prepared statement I read to you earlier is that within the last couple of weeks there has been a number of additional grants to States including Ohio. So that Ohio is now a grant State and is now participating in the program.

COLLECTION OF STATISTICS

Mr. FLOOD. You want $4,600,000 and 196 positions, of all things, just for statistics. Why do you need so much money just for statistics? What kind of statistics? How will they be gathered and what will they be used for?

Mr. GUENTHER. Mr. Chairman, one of the important sections of the act addresses itself to the need for better statistics on injuries, illnesses, and fatalities in the American workplace and directs us to establish a new system for the collection of such statistics.

We did not take that charge lightly. Indeed, long before the act was passed the Department was engaged in planning a viable system to utilize when the act was passed and became effective.

As early as July of last year we mailed to some 4.5 million employers across the country a recordkeeping document spelling out in detail the employer's new responsibility for keeping track of injuries, illnesses, and fatalities in his particular workplace. We have already begun collecting the statistics for the last 6 months of calendar year 1972. BLS is beginning now to collect the first cut. So we have commenced the collection under the new system. It takes substantial numbers of people to operate this kind of a program. We can give you a specific breakdown of the 196.

Mr. FLOOD. Yes.

(The information follows:)

Of the 196 positions, 151 are for the Bureau of Labor Statistics and 45 are for the internal data operations of the OSHA program. BLS is responsible for performing the department's statistical responsibilities under the act by collecting, analyzing, and disseminating occupational injury and illness data which will accurately describe the scope and nature of the occupational safety and health problem in the United States. Within OSHA, positions are being utilized to develop the workload and operating data needed for analysis and evaluation of OSHA's compliance program, for evaluating the operations of State compliance programs, and to establish improved management information and data retrieval systems covering the training and edducation, and standards-setting activities. One project for which these positions will be utilized is to develop a cataloging system for all existing and future Federal, State, and foreign occupational safety and health standards.

Mr. FLOOD. You know this testimony you are giving today is going to be very carefully examined if I can understate it.

Mr. GUENTHER. And I would hope it will stand the scrutiny, Mr. Chairman.

Mr. FLOOD. I don't mean just by the committee. I think you know what I mean.

Mr. GUENTHER. We are aware we have an interested audience. The collection of national injury, illness, and fatality statistics is a major assignment under the act and requires a staff of people competent in that expertise to carry it out.

Above and beyond that, the kind of statistics for which you have been asking me this afternoon with regard to the activity levels in our program requires a rather sophisticated mechanism to generate such numbers, not only for your use in evaluating the program but for ours in making decisions with respect to the utilization of manpower and so forth.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

CLARIFICATION OF EMPLOYMENT FIGURES

I see on page 2 of your testimony that by June 30, 1972, you anticipate having 1,100 employees in OSHA, 728 of them in a field staff, and then in the justifications, it shows 1,696 in the 1972 appropriations revised. There is a wide disparity. How do you account for that?

Mr. GUENTHER. I think there, Mr. Michel, we get into the bewildering area of man-years and so forth.

Mr. JONES. The 1,100 positions that we have now is what we have been allowed under the President's restrictions on employment ceiling, what we have been allowed to fill in actual number of jobs. OMB did not permit us to fill all the way up to the authorized position level of 1,696 because the program was just getting going and they didn't think we needed any more warm bodies. Eleven hundred is warm bodies, the 1,696 is authorized positions. They are providing relief to us next year as catchup for that. Where we are requesting only 175 new positions next year, they will permit us to increase our employment by over 400.

So it is a question of actual number onboard.

Mr. MICHEL. Then the estimate for 1973 is 1,844, an increase of 148 over 1972?

Mr. JONES. Yes, sir. We are actually requesting 175 new positions for OSHA functions but this is offset by a decrease of 27 positions in phasing out the Workmen's Compensation Commission.

Mr. MICHEL. So then the average number of all employees that appears here in the justifications would be a faulty figure, would it not? 1,518 under 1972 appropriations revised, page 4.

Mr. ZEIGLER. That is the number we can finance. Against the 1,696 authorized budget positions, we are saying we can finance 1,518. Against that 1,518 we are saying that under present restrictions we are only allowed to fill 1,100.

Mr. MICHEL. That is more realistic than the 1,100 here.

Mr. GUENTHER. Yes, sir.

HEALTH-ORIENTED COMPLAINTS

Mr. MICHEL. You say that your complaints are much more health-oriented than safety-oriented up to this point.

Mr. GUENTHER. Yes.

Mr. MICHEL. What kind of proportion?

Mr. GUENTHER. Somewhere in the neighborhood of 60-percent health to 40-percent safety.

Mr. MICHEL. What are the principal areas of health complaints?

Mr. GUENTHER. They have to do with fumes, mists, noise, radiation, a variety of other exposures of that sort as opposed to machine guarding, equipment conditions and that sort of thing. I think it makes a certain amount of sense that employees would be more concerned about the more mysterious aspects of their work environment than something like a machine guard they can see, or a railing.

Mr. MICHEL. When we had the Review Commission here, I think all of the cases before them except one were employer cases.

Mr. GUENTHER. Yes.

Mr. MICHEL. Would complaints filed by individuals be much more inclined to be directed toward the health factor than the safety factor?

Mr. GUENTHER. Of some 2,000 complaints which we have received to date, approximately 70 percent of those are filed by individuals, around 30 percent are filed by unions or other groups of employees.

With regard to a comparison of the complaints filed alleging a hazardous condition in the workplace and the contest load of the Commission, that is a comparison that I am not sure would be related.

INFORMATIONAL PROGRAM

Mr. MICHEL. I am particularly interested in your informational program with regard to the requirement of the law and regulations under the Occupational Safety and Health Act. One of the most consistent complaints I get from the field on this is that many smaller employers don't know, and can't seem to find out in many cases, just what is required of them.

First, I would like to know how your informational program is set up; how does it operate; how many people are involved; and what your budget for information distribution is? How do you get the word out into the field? Does it go through the States?

Second, I am wondering in what particular areas are regulations still unclear? What are you doing to improve this overall informational effort?

(The information follows:)

In effect, all of our 10 regional offices, 51 area offices, and (at present) 500 compliance personnel in the field are directly involved in the information business. Although we have made every effort to get the word out, we recognize that the problem of reaching each of the 5 million employers and 60 million employees affected by the act, and explaining in adequate detail even the major provisions of the act, is the most challenging problem that we face.

In July 1971 we completed a mass mailing of a package containing a general explanation of the act, together with the BLS recordkeeping regulations and forms, and the OSHA poster which must be displayed in all covered establishments. A total of 4.5 million of these informational pieces were distributed. The mailing listed included all employers down to the very smallest. Moreover, during the 90-day familiarization period associated with our initial standards promulgations, the major efforts of our field staff were devoted to informing employers and employees about the new standards. Some 5,000 separate business, union, government, and other interested groups have been addressed by OSHA officials, explaining to these audiences their rights and responsibilities under the act. We have also responded to 150,000 written communications, nearly a quarter million incoming telephone calls, and 40,000 visits to our field offices.

Beyond the information efforts in the field, we have a national office unit specifically charged with disseminating information services. Seventeen positions and $350,000 are budgeted for this information activity, aimed at increasing the awareness of employers and employees concerning their rights and responsibilities under the act. We expect to reach millions of employers and employees through radio and TV spots, news releases, educational pamphlets, and OSHA's official publication, Safety Standards. We have made available for sale to the public, at $2.25 per copy, the Compliance Operations Manual furnished to our compliance officers in the field.

Some of our initial standards have been criticized as being unclear. We are now at work revising these and will be rescinding others which are inappropriate, such as those dealing with the height of rest room partitions, and ice water.

Mr. MICHEL. I would like to ask several questions in specific problem areas about which people have contacted us.

PROBLEMS IN HOMEBUILDING INDUSTRY

As you know, legislation has been introduced to amend the Occupational Safety and Health Act to require the Secretary of Labor to recognize the difference in hazards to employees between the heavy construction industry and the light residential industry. Last year we discussed this problem to some extent, and I would like to ask you now, for the record, if you have moved any closer toward the position set forth by that proposed legislation?

Mr. GUENTHER. We have stated from the very beginning of the discussion of this issue that we believe there is merit to the position that there are some differences between conditions in the light residential construction industry and in the heavy construction industry. And indeed, I am not sure whether we have corresponded with your office on this subject, Mr. Michel, but dozens of other Congressmen have written to us requesting information on this subject and we have provided them with a rather extensive package of communications between ourselves and the National Association of Home Builders relating to the dialog that has been going on in the last year in an effort to resolve the differences.

We have in fact made a substantial number of revisions to our construction standards to attempt to recognize more fully some of the real existing differences.

Mr. MICHEL. As I recall, one of the complaints had to do with scaffolding; the requirements for a single-floor rambler type residential home were just about the same as for multiple-floor construction.

Mr. GUENTHER. That is correct, and we have already made adjustments in our standards to take that factor into consideration.

Mr. MICHEL. I am glad to hear that.

Mr. GUENTHER. We are not prepared to go so far as to say that because the scaffold is 10 feet off the ground and another one is 80 feet off the ground, that the 10-foot scaffold is a safe scaffold. In fact, we have proof a fall from the first rung of a ladder resulted in a fatality.

However, there are other aspects to it which we have recognized and we will continue to recognize as our negotiations with the Home Builders and other organizations interested in this question continue, and we are constantly making adjustments to the construction standards. The Construction Safety Advisory Committee is considering additional changes right now.

We have our reservations as to whether or not a statutory amendment is necessary or indeed even desirable in order to accomplish the resolution of these difficulties. We believe we can work them out within the framework of the present act.

MODIFICATION OF UNNECESSARY REQUIREMENTS

Mr. MICHEL. How about the requirement for provision of coathangers in job site temporary toilets? That seems rather ridiculous to me. Has anything been done about that?

Mr. GUENTHER. I concur in your statement. Section 6(a) of the act required us, as soon as the act became effective, to consider all existing national consensus and established Federal standards and to adopt then those standards which would provide initial protection for the greatest number of employees. The act gave us 2 years in which to make that judgment. Because the administration felt the need for rapid implementation of initial standards, we published our initial standards package consisting of consensus and established Federal standards 1 month after the act became effective. While we conducted an extensive review of the consensus standards, the complexity of those standards was such that some things slipped in there that we would rather not have had. And the provision of coathangers in portable toilets would certainly fall in that category. The height of toilet partitions would fall in that category. Ice in portable drinking water would fall in the category of initial standards which have either been removed or are in the active process of being removed.

Mr. MICHEL. Several of my colleagues forwarded to me correspondence they have been receiving from some of their oil jobbers concerning their tank farms or whatever they call them.

Apparently oil jobbers have been required to place diking around the exterior perimeter of their property, and in addition a few would be required to erect intermediate curbs within the dike area. Several of these people say that the regulations provide that permanent variance shall be granted when "a preponderance of the evidence indicates that as safe and healthful place of employment is being furnished as would be furnished if the written standards were followed."

"While it must be conceded that in the case of a large refining complex diking might well be an essential function of employee safety, it is clear beyond dispute—

So say these people—

that a dike on an exterior perimeter has no effect on employee safety. In the case of a tank bursting, it might well be that flammable liquids would harm the surrounding environment in running past the property line of a jobber, but this would necessarily result in less rather than more danger to employees within the plant. Since the jurisdiction of your agency is confined to occupational safety and health, it would not appear that an exterior dike can be properly required.

I suppose this kind of thing has been communicated to you in that vast number of communications that you made mention of having received.

Recognizing that you just simply can't be on top of every one of these changes and all the alterations, do you know offhand if there has been any alteration in this general area?

Mr. ROBBINS. As a matter of fact we have gone back to the National Oil Jobbers Council, the trade association, and suggested in this technical situation that they seek a variance based on the fact it would appear that safety measures in the small situation that a dike seems to include may not be a requirement, and that we would consider a request for variance on that. Our standards people have been in dialog with the oil jobbers on that.

Mr. MICHEL. I am glad to hear that. At least we can be assured as we sit on this side of the table and have to take that intermediate ground between your shop and the folks back home that they are at least being given an opportunity to express their own view on this thing with the possibility that maybe someone who originally conceived some of these rules and regulations might change their mind.

Mr. ROBBINS. This came from the National Fire Protection Association consensus standard originally. It was not conceived by the Labor Department. It was a part of the initial package of standards which we adopted.

STANDARDS FOR TOXIC SUBSTANCES

Mr. MICHEL. Let me turn to one more area. This has to do more with the health side.

One of the provisions that apparently is of critical importance is contained in subpart (g), (s), 1910.93 which provides limitations on airborne toxic substances. Included in this are methylethyl ketone, the solvent cement used to join ABS plastic pipe and fittings. I am told by some of my plumbers out in the hustings that table I of the OSHA regulations, the section I have cited here, says, "There shall not be present more than 200 parts per million (also defined as 590 micrograms per cubic meter)."

Subsection B of the same section states, "To achieve compliance with paragraph A of this section, feasible administrative or engineering controls must first be determined and implemented in all cases. In cases where protective equipment or protective equipment in addition to other measures is used as a method of protecting the employee, such protection must be approved for each specific application by a competent industrial hygienist or other technically qualified source."

One of my friends from home says it is also revealing that when the National Bureau of Standards promulgated Commercial Standard No. TS 270–65 for ABS plastic pipe, it saw fit to include in the

form of appendix 2 specific requirements for ventilation devices, goggles or face shields, and proper gloves. It also stated, "That particular care should be taken to avoid skin contact with these substances (this methylethyl ketone) at all times."

My friend complains that none of these safety precautions are being used by plumbing contractors in the area, and then he goes on to send several medical reports from their union members who suffered nausea or whatnot apparently after several days, particularly in a confined basement area, of installing plastic pipe. This, of course, is one of those areas I guess where we will have to bear down, will we not?

Mr. GUENTHER. Yes, sir.

Mr. MICHEL. It is really on the other side of the spectrum from what we were talking about here in the two previous cases. Right?

Mr. GUENTHER. Yes, sir.

Mr. MICHEL. Will it take us a long time to really clear this kind of thing up? Have you gotten a lot of complaints in this area? Is there any comment you would care to make at this point?

Mr. GUENTHER. We have taken a position from the beginning that achieving the ultimate purposes of the Williams-Steiger act is not a simple task by any measure. It will take us a number of years, quite a number of years, until we believe we can point to statistical measurements that will show that the activities of the Federal and State people involved, and more importantly the employers and employees, are leading to reductions in workplace illness and injuries.

We are attempting to structure our program as I have explained to attack the worst problems first, and as we become more aware of causal factors and what are the worst problems, and as our inspection results show us more clearly where additional concentrated effort is necessary, we shall revise the program to accommodate the new needs.

Until we become more sophisticated and until we amass more information, I would not sit here and assure you that yes, by the time we come back here next year I will be able to assure you methylethyl ketones are under control, or any other particular substance.

We are addressing five hazardous substances, as I mentioned—silica, lead, asbestos, carbon monoxide, and cotton dust. Those we are specifically targeting on. We are looking at many others. But we are the first to concede that there are thousands and thousands of toxic substances for which we do not have standards at the present time. The development of those standards may someday catch up to the development of those substances.

But it will take us a good bit of time to reach that point.

OPPORTUNITIES FOR WOMEN INSPECTORS

Mr. MICHEL. I might make one final observation. The chairman inquired as to the number of women who might be involved in the investigative or inspector's role. I couldn't help but wonder what reaction the manager of some meat locker plant out in my district might have to a woman inspector on that kind of premises.

And the thought also occurred to me that in the health area there might be much more opportunity for women to be employed without raising any kind of red flags from the very beginning.

Mr. GUENTHER. Your analysis of the situation is quite accurate. As a matter of fact I don't know whether we have quickly available the

number of industrial hygienists of the 15 women professionals we have onboard.

Mr. ROBBINS. Five are hygienists and 10 compliance officers. Women industrial hygienists are very hard to find. There are not many.

Mr. MICHEL. If somebody were reading this record and looking for some field and speciality in short supply, who knows, it might prove helpful.

Mr. GUENTHER. We have been promoting the fact that this is an area of great potential for career opportunity down the road, and in fact NIOSH has the prime responsibility for providing training capabilities at the junior college and full college levels, and even in the vocational educational high school level, to begin to develop more specialists in these fields.

Mr. ROBBINS. We have already faced the discrimination with women in an unfinished tunnel in Colorado. One of our female industrial hygienists was called to the scene of a possible exposure to toxic gas which was in the tunnel, and the management became very upset when she showed up to go in the tunnel because the tunnel was unfinished. Apparently there is an old superstitution among tunnel borers that a woman should never go into an unfinished tunnel because it will bring bad luck. She ended up not having to go into the tunnel. She was able to do whatever she had to do at the mouth of the tunnel. You do raise a question.

Mr. MICHEL. Thank you very much.

Mr. FLOOD. Mr. Conte?

EDUCATION AND TRAINING EFFORTS

Mr. CONTE. How successful have your efforts been to motivate employees to comply with the act's provisions?

Mr. GUENTHER. Given this stage of the development of the program, that is, less than a year old, I believe that we have done fairly well although continuous education and training are in my opinion the major tasks before us. The act is quite specific that employers and employees share a joint responsibility for maintaining safe working conditions and practices. However, I think it is more a matter of education and training in the recognition of hazards and unsafe practices than motivation. Most workers are concerned about safety and health, as are most drivers on the highway. This is probably a good comparison, because while we recognize that there is much that can be done to make highways and autos safer, there is also a need for continuous driver education and awareness.

We have been doing this in cooperation with the construction industry. During the past year a series of seminars has been conducted in all parts of the country certifying over 1,000 first-line construction supervisors and foremen to provide safety instruction to an estimated 60,000 construction workers by the end of this fiscal year. A minimum of 1,200 additional instructors will be trained next year.

We expect to achieve a similar multiplier effect through a series of 1-day seminars to be conducted starting this month in each of our 51 area offices. Each office will conduct a minimum of two 1-day sessions a month—one for employers and one for employees' representatives. These seminars are very carefully structured, and will provide maximum opportunity for questions and answers.

NUMBER OF STANDARDS ISSUED

Mr. CONTE. How many occupational and safety health standards have been issued to date?

Mr. GUENTHER. It's difficult to assign a number to the standards issued, given the fact that these standards can cover a broad range of issues and, in the case of the national consensus standards, frequently incorporate by reference published codes which in themselves embrace numerous individual standards. We have therefore adopted the number of CFR sections promulgated or amended as our principal count or measure of work units in the standards area.

The initial package of general industry standards, which was published in the Federal Register of May 29, 1971, contained 160 sections. This initial package consisted of prior Federal standards and national consensus standards. The construction safety standards published on April 17, 1971, contained 144 sections. Five additional sections were published in fiscal 1971 pertaining to maritime safety.

This year 85 new or amended sections of the construction safety regulations have been published filling in gaps in the original standards, and modifications were made revising 83 sections of the general industry standards. New standards published this year included an emergency standard for exposure to asbestos dust and standards for rollover protective structures on construction vehicles. Standards relating to electrical transmission and distribution lines will be published in the next few weeks.

TARGET INDUSTRIES

Mr. CONTE. What five target industries are you concentrating on?

Mr. GUENTHER. The five target industries OSHA is concentrating on are roofing and sheet metal, meat and meat products, miscellaneous transportation equipment, lumber and wood products, and marine cargo handling. These target industries have injury and illness frequency rates at least twice the national average of 15. 2 per million man-hours, and together they employ more than 1.5 million employees.

NATIONAL INJURY AND ILLNESS REPORTING SYSTEM

Mr. CONTE. What progress has been made to date in developing a national injury and illness reporting system?

Mr. GUENTHER. In July 1971, recordkeeping regulations were published in the Federal Register and mailed to approximately 4.5 million establishments. The Bureau of Labor Statistics is currently conducting a preliminary survey of 50,000 private employers, to provide summary estimates of the occupational injuries and illnesses occurring in all industries except mining, agriculture, and government. This survey will cover the last 6 months of calendar year 1971. BLS is also conducting a survey of 9,500 establishments in manufacturing and construction to provide a comparison between the previous BLS work-injury frequency reporting system and the new reporting system, and a special survey of 5,000 establishments in the five target industries to provide some measure of the effects of OSHA's enforcement activity in these industries.

In 1973, the reporting system will progress from the developmental and testing stage to the operational stage. The final analysis of the special target industry and comparative surveys will be completed during the first quarter of fiscal year 1973. The results of the preliminary annual survey of work-injury experience, covering the last 6 months of calendar year 1971, will be published in the second quarter of fiscal year 1973. We are requesting an additional $400,000 in 1973 to expand the sample size of the first full-scale, annual survey of occupational injuries and illnesses to 200,000 private employers. The survey will yield reliable national estimates in substantial industry detail and by establishment size. It is also projected that 35 to 40 States will participate in the survey, providing additional detail by geographic area.

LIGHT RESIDENTIAL CONSTRUCTION

Mr. CONTE. Much criticism has been directed toward the Labor Department's treatment of the light residential construction industry. Exactly what is this controversy all about and what are you doing to alleviate it?

Mr. GUENTHER. The criticism is that it is unfair to apply the same standards to light residential construction as the heavy construction industry; that is, that recognition should be given to the differences of degree in the hazards of each industry. We believe that there is merit to this position, and we have been in continuing communication with the National Association of Home Builders and other organizations to resolve these differences. We did in fact delay the effective date for applying the construction safety standards to residential construction, to provide opportunity for interested persons to petition.

A hearing was conducted on November 10–11, 1971, to receive data, views, and arguments, and the entire record including written comments was referred to the Construction Safety Advisory Committee. On the basis of the committee's recommendation we have made a substantial number of revisions to the construction standards in recognition of the major differences, and the record will be kept open on certain issues until May 1 to allow opportunity for further comments.

As you know legislation has been proposed to require that standards for light residential construction be separate from those applicable to the heavy construction industry. I do not think that a statutory amendment is necessary, given the flexibility provided within the framework of the present act. Where real differences exist, I am confident that the problems can and will be resolved.

SPECIAL ADVISORY COMMITTEES

Mr. CONTE. For what areas do you plan to establish special advisory committees?

Mr. GUENTHER. We currently have a standing Advisory Committee for Construction Safety, and are in the process of appointing a special advisory committee of representatives from agriculture to aid in the development of pesticide, equipment, and related agricultural standards. A subcommitee of the Construction Safety Advisory Committee is currently meeting to consider the need for standards in tunnel construction, including tunnel ventilation, monitoring of hazardous

atmospheres, blasting and drilling operations, personal protective equipment, and communications. Consideration is being given to a second subcommittee to develop standards on the use of helicopters in construction hauling and assembly.

In addition, a special subcommittee of the National Advisory Committee for Occupational Safety and Health has been established by the committee to evaluate plans, progress, and policy in the implementation of State grant programs. Other ad hoc advisory committees appointed during the year, and whose work is now complete, included committees to recommended standards on exposure to asbestos dust, roll-over protective structures for construction vehicles, and electrical transmission and distribution lines.

Since the national consensus standards and the established Federal standards deal mainly with issues of physical safety, the standards development activities in 1973 will be expanded to focus more attention on health issues and toxic substances likely to impair the health or functional capacity of workers. In order to develop these standards as rapidly as possible, the number of specially designated advisory committees will be increased in 1973. Our request includes additional funds to finance eight special ad hoc advisory committees to make recommendations on cotton dust, hydrous ammonia, die casting and machine guarding, furnaces and ovens, silica, carbon monoxide, lead, and explosives.

TARGET HEALTH HAZARDS

Mr. CONTE. Which five health hazards is the target health hazards program focusing on?

Mr. GUENTHER. The five target health hazards are asbestos, cotton dust, silica, lead, and carbon monoxide. These five toxic substances are among the most hazardous of the 8,000 toxic substances currently identified by HEW. The criteria for selection considered the board employee exposure to these substances and the resultant severity of their associated health problems.

"ZERO-IN ON FEDERAL SAFETY" PROGRAM

Mr. CONTE. How exactly does the zero-in program operate?

Mr. GUENTHER. The zero-in on Federal safety program replaces the mission safety 1970 program in effect from 1964 to 1970. Zero-in is a 2-year program which seeks to reduce Federal accident rates to below 1970's rate of 6.6 disabling injuries per million man-hours worked. During 1970 there were 42,000 disabling injuries and 255 fatalities among Federal workers.

The Williams-Steiger Act establishes for the first time a statutory obligation upon Federal agencies to maintain effective and comprehensive occupational safety and health programs providing their workers protections consistent with the standards promulgated under the act for workers in the private sector. On July 26, 1971, the President issued Executive Order 11612 outlining the specific responsibilities of Federal agencies, and establishing a Federal Advisory Council on Occupational Safety and Health to advise the Secretary of Labor in relationship to his responsibilities for providing guidance to Federal agen-

cies, evaluating their programs, and developing a Government-wide safety management information system.

The Advisory Council itself is composed of 15 members representing the various Federal departments and agencies, and including at least three representatives of labor organizations representing Federal employees. The Council oversees the promotional efforts of the zero-in program, which includes the work of local field safety councils throughout the country, and the annual Federal safety achievement awards.

This does not in any way, however, lessen the responsibility of the individual agency heads to establish and maintain safety and health programs, to designate qualified officials with responsibility for the management of agency programs, to maintain records on all occupational accidents and illnesses, and to submit to the Secretary of Labor an annual report and evaluation of the agency's program. The zero-in program therefore basically supplements the programs of the Federal agencies, which are continuing programs.

ORGANIZATION OF OSHA

Mr. CONTE. What are some of the "extensive efforts" you are engaged in with regard to refining the organizational structure of the program?

Mr. GUENTHER. One already completed study by an outside consultant has resulted in adjustments to OSHA's organization, particularly in the alinement of responsibility for program operations, and for policy development and evaluation. In the area of decentralization, much has already been done to insure that adequate responsibility, authority, and resources are placed at the local level to allow regional officials to operate effectively. Two-thirds of the OSHA staff are located in 10 regional and 51 area and district offices. As a result, most informational questions and compliance problems which arise can be resolved in the field. We believe this results in improved service to the public. We are presently decentralizing to the regional offices responsibility for the administration of the State grant program, which we believe will result in improved liaison and cooperation with the States in the development of their operational programs.

In other areas, we are continuing development of a management information system which will provide at each level of the organization timely data on program accomplishments and program needs. It is our objective to capture better management information without making the collection of data an end in itself. We are also continuing to review our work practices, procedures, and paperwork requirements. One of our priority objectives is to streamline the reports prepared by compliance officers in the field to allow more time for inspections while retaining the essential information and documentation in violation cases required by the Review Commission.

Mr. CONTE. Thank you.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION OF THE BUDGET ESTIMATES

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

Salaries and Expenses

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate	---	$67,500,000
Transfer from Workplace Standards Administration (to establish the Occupational Safety and Health Administration)	$36,457,000	---
Total available for obligation	$36,457,000	$67,500,000

Obligations by Activity

	1972 Appropriation Revised		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Safety and Health Standards	130	$2,220,000	130	$2,800,000	---	+$580,000
2. Enforcement	983	16,793,000	1,133	23,285,000	+150	+6,492,000
3. Training, Education and Information	121	2,294,000	146	3,294,000	+25	+1,000,000
4. State Programs	85	7,781,000	85	29,975,000	---	+22,194,000
5. Safety and Health Statistics	196	3,345,000	196	4,600,000	---	+1,255,000
6. Executive Direction and Administration	181	4,024,000	154	3,546,000	-27	-478,000
Total obligations by activity	1,696	$36,457,000	1,844	$67,500,000	148	+$31,043,000

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

Salaries and Expenses

Obligations by Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
Total number of permanent positions.....	1,696	1,844	+148
Positions other than permanent.....	25	25	---
Average number of all employees.....	1,518	1,790	+272
Personnel Compensation:			
Permanent Positions.....	$21,135,000	$25,239,000	+$4,104,000
Positions other than permanent.....	25,000	257,000	+232,000
Other personnel compensation.....	171,000	501,000	+330,000
11 Total personnel compensation.....	21,331,000	25,997,000	+4,666,000
12 Personnel benefits.....	1,859,000	2,333,000	+474,000
21 Travel and transportation of persons	1,383,000	3,026,000	+1,643,000
22 Transportation of things.....	104,000	230,000	+126,000
23 Rent, communications, and utilities..	1,385,000	2,133,000	+748,000
24 Printing and reproduction.....	691,000	759,000	+68,000
25 Other services.....	1,940,000	2,743,000	+803,000
Services of other agencies.....	500,000	1,300,000	+800,000
26 Supplies and materials.....	109,000	188,000	+79,000
31 Equipment.....	755,000	791,000	+36,000
41 Grants, subsidies, and contributions.....	6,400,000	28,000,000	+21,600,000
Total, obligations by object.....	36,457,000	67,500,000	+31,043,000
Working Capital Fund items included above.....	(1,508,000)	(1,760,000)	(+252,000)

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

Salaries and Expenses

Summary of Changes

	Pos.	Amount
1972 Enacted appropriation	---	---
Transfer from Workplace Standards Administration (to establish the Occupational Safety and Health Administration)	1,696	$36,457,000
1972 Available for obligation	1,696	36,457,000
1973 Estimate	1,844	67,500,000
Total Change	+148	31,043,000
Mandatory Items:		
Increases:		
Net additional cost of within-grade promotions effective for part year in 1972	---	+300,000
Net cost of within-grade promotions becoming effective in 1973	---	+300,000
Net additional cost for Federal Telecommunications Systems services	---	+75,000
To provide for a net increase in penalty mail payments to U.S. Postal Service	---	+125,000
To provide full year cost of new positions authorized in 1972	---	+3,360,000
Subtotal, increases	---	+4,160,000
Decreases:		
To provide for a net decrease in contributions to the Federal Employees' Compensation Fund	---	-10,000
Reductions for two extra days of pay for current year staff	---	-157,000
Non-recurring equipment costs for new positions in 1972	---	-300,000
Subtotal, decreases	---	-467,000
Total, mandatory items	---	3,693,000

	Pos.	Amount
Program Items:		
Increases:		
To establish Advisory Committees for the promulgation of safety and health standards (page OSHA-9)	---	+450,000
To increase the compliance office staff for improved coverage and to provide laboratory testing services in support of the compliance activity (page OSHA-10)	+150	+4,325,000
To provide an increase in training and education activities and to provide staff services and assistance to Federal agencies for establishing Occupational Safety and Health programs applicable to Federal employees (page OSHA-14)	+25	+789,000
To support the establishment of State safety and health programs (page OSHA-17)	---	+21,600,000
To conduct a full-scale national survey of occupational injuries and illnesses; to conduct special studies in support of the occupational safety and health program; and to improve the design of data systems (page OSHA-21)	---	+800,000
Subtotal, increases	+175	+27,964,000
Decreases:		
To phase out the Workmen's Compensation Commission (page OSHA-24)	-27	-614,000
Total, program items	+148	+27,350,000
Total Change	+148	+$31,043,000

Activity 1. SAFETY AND HEALTH STANDARDS (1972, $2,220,000 Pos. 130; 1973, $2,800,000 Pos. 130)

Narrative Description of Program

This activity provides for the development and promulgation of occupational safety and health standards applicable to all types of covered employment under the William-Steiger Occupational Safety and Health Act of 1970. In addition, this activity provides for the review of petitions to modify standards, and applications for variances, limitations, tolerances and exemptions.

Occupational safety and health standards are promulgated by the Secretary on the basis of national consensus standards approved by recognized standards-producing organizations; recommendations of the National Advisory Committee on Occupational Safety and Health, and the Secretary of Health, Education and Welfare; upon petition; or on the basis of other information, including accident investigations and statistical surveys of workplace injuries and illnesses. The Act authorizes the Secretary to appoint special advisory committees to assist him in his standards-setting function. When promulgated, these standards become mandatory under the Act and provide the legal basis for enforcement actions.

In 1971, one month after the effective date of the Occupational Safety and Health Act, an initial package of standards was issued under the interim procedures provided by the Act for the establishment of basic safety and health requirements. This initial package, which was published in the Federal Register of May 28, 1971, consisted of prior Federal standards and national consensus standards. For employers not previously covered by the Federal standards, the effective date of this initial standards package was delayed until August 27, 1971 to provide a 90-day familiarization period. Procedural rules governing applications for variances, limitations, tolerances, and exemptions were developed and published in the Federal Register of June 30, 1971.

In 1972, the review and promulgation of new or revised national consensus standards will continue. A standards information system is being developed which will be published containing all current standards, amendments, revisions and changes. Finally, new standards are being developed in cooperation with the National Institute for Occupational Safety and Health (NIOSH), other Federal agencies, and various public and private groups having specialized knowledge in the area of occupational safety and health. Members of the National Advisory Committee on Occupational Safety and Health were appointed early in 1972, and meetings have been held approximately quarterly to review programs and make recommendations to the Secretary.

Responding to two major tunnel disasters in which 39 men died, meetings of a special advisory construction safety subcommittee have been scheduled in Detroit, Atlanta, and Washington, D.C. to hear expert testimony on standards of tunnel ventilation, monitoring of hazardous atmospheres, blasting and drilling operations, personal protective equipment, and communications. New or improved standards relating to tunnel construction will be developed as a result of the subcommittee's recommendations and the Department's own investigations of these disasters. Emergency standards, which are effective immediately when issued, will be published to correct conditions presenting grave and immediate danger to the safety and health of employees. The first such standard, on asbestos, was issued on December 7, 1971.

Rules of procedure for petitioning for review of standards were published in the Federal Register of September 1, 1971. Since publication of the initial standards package, 52 petitions for review had been received through January. During the same period, 119 applications for variances, limitations, tolerances, and exemptions were received.

In 1973, all remaining national consensus standards will be evaluated prior to the expiration of the Secretary's interim authority. After April 1973, all standards must be promulgated under the more time-consuming procedures which require

publication of proposed rules, opportunity for comment, and a public notice of hearings. Among the consensus standards to be evaluated are those relating to fire protection systems, hydraulic presses, woodworking tools and machine guarding, material handling equipment, electrical utility systems, and industrial gas piping installations. Approximately fifteen special advisory committees will be designated to assist in the evaluation of these standards, and the promulgation of additional standards for issues not covered by consensus standards.

Since consensus standards deal mainly with issues of physical safety, standards development activities will be expanded during 1973 to focus more attention on health issues. Permanent standards will be developed for issues selected from HEW's list of toxic substances as target health hazards. The recommendations of the National Advisory Committee on Occupational Safety and Health, and the Secretary of HEW, will be obtained concerning the relative priorities of the safety and health issues to be studied. Following is a proposed timetable for standards development in 1973:

Proposed Timetable for Standards Development

Item	Approximate date of Promulgation
Health Standards:	
Bis (chloromethyl) ether	September 1972
Carbon monoxide	December 1972
Silica	December 1972
Heat stress	March 1973
Trichloroethylene, parathion, and benzene	March 1973
Noise levels	March 1973
Mercury	June 1973
Lead	June 1973
Safety Standards:	
Electrical utilities and communications	August 1972
Diving operations	August 1972
Longshoring (dockside)	August 1972
Work in confined spaces	October 1972
Local exhaust and ventilation of open surface tanks	October 1972
Mechanical power transmission	October 1972
Dredging operations	December 1972
Marking of physical hazards	January 1973

Additional items not yet on the timetable but for which standards will be proposed include: arsenic, cadmium, chromic acid mist, site clearing, and shipping containers.

A significant activity to be initiated in 1973 will be the development of labeling and equipment certification requirements. Although various labeling insignia presently exist, these are generally keyed to the avoidance of a hazard rather than to the precautions which should be taken by employees whose duties necessitate proximity or exposure to the hazard. The need for uniform labeling criteria will be accentuated by the entrance of additional states into the occupational safety and health field. The need for equipment certification rules and procedures is expected to intensify as manufacturers, both domestic and foreign, seek to comply with the standards promulgated under the Act.

During 1973 a computerized system for storing and retrieving technical information will be developed. Timely and comprehensive data on all known aspects of issues being considered will be required by advisory committees, for public hearings, and in projecting the impact of proposed standards. Additional systems and procedures will be developed for coordinating standards development activities, for controlling the disposition of requests for variances and petitions, and for abstracting domestic and foreign technical publications pertaining to standards. Other administrative considerations include the need to develop improved methods for maintaining liaison between the Department and HEW, other Federal agencies, the states,

and non-governmental organizations engaged in the development of standards. Additional petitions for review are anticipated as new standards are issued. However, the number of requests received for variances is expected to stabilize at about 35 per month.

Changes for 1973

Mandatory changes amount to..... +$130,000

Program changes amount to..... +$450,000

Positions..... None

Mandatory changes consist of the following: an increase of $90,000 for net cost of within-grade promotions, $25,000 for increases in penalty mail payments to the U.S. Postal Service, $15,000 for increased cost of Federal Telecommunications Services, $102,000 to provide full year cost of new positions granted in 1972, and decreases of $35,000 for two less days of pay and $67,000 for non-recurring equipment costs for new positions in 1972.

Special Advisory Committees

Proposal: To increase from 7 to 15 the number of special advisory committees appointed by the Secretary to assist him in his standards-setting function.

The Need: The promulgation of occupational safety and health standards is the keystone of the Williams-Steiger Occupational Safety and Health Act of 1970. They must be dynamic in order to fairly provide workers maximum protection in the rapidly changing workplace environment. The effectiveness of the standards activity bears directly on the overall accomplishment of the Act's purposes, particularly in training and educating employers and employees to maintain safe and healthful working conditions and work practices, and as the basis for enforcement actions to eliminate hazards in the workplace. The need for comprehensive Federal standards is further accentuated by the provisions of the Act applying to state jurisdiction and the enforcement of state standards. State plans must provide for the development and enforcement of standards which are at least as effective as the Federal standards. Therefore, while encouraging state participation, the Act assigns primary responsibility to the Federal Government to develop a body of model standards applicable to all covered employment.

The Act requires the Secretary by April 1973 to promulgate as an occupational safety and health standard any national concensus standard, and any established Federal standard, unless he determines that the promulgation of such a standard would not result in improved safety or health for specifically designated employees. In the event of a conflict among such standards, he must promulgate the standard which assures the greatest protection of the safety or health of the affected employees. However, since national consensus standards and established Federal standards deal mainly with issues of physical safety, additional standards will be required dealing with toxic substances and materials likely to impair the health or functional capacity of workers.

The Program: In cooperation with the National Institute of Occupational Safety and Health, target health hazards will be selected and criteria developed for the promulgation of standards covering these health issues. Additional recommendations for improvement of the standards program will be obtained from the National Advisory Committee on Occupational Safety and Health. In order to assist the Secretary and to perform these responsibilities as rapidly as possible, the number of specially designated advisory committees will be increased from 7 in 1972 to 15 in 1973.

Each such committee will require approximately 6 months to develop final recommendations, with up to 15 members meeting for an average of 30 days at an estimated cost of $55,000 for compensation and travel costs for committee members. An additional $450,000 is requested to support the expanded advisory committee activity in 1973.

Base:
Positions: None Estimated Cost: $450,000
Additional Cost:
Positions: None Man years: None Estimated Cost: $450,000

Activity 2. ENFORCEMENT OF SAFETY AND HEALTH STANDARDS (1972, $16,793,000 Pos. 983; 1973, $23,285,000 Pos. 1,133)

Narrative Description of Program

This activity provides for the enforcement of occupational safety and health standards promulgated under the Act and the additional provisions of the Act. Compliance is obtained: 1) by physical inspection of plants and facilities, and 2) through the cooperative efforts of employers and employees.

Physical inspections are conducted to investigate reports of workplace catastrophes and fatalities, claims of imminent danger, and complaints of violations. Additional inspections are made in establishments in selected industries and in a cross-section of establishments in all types of industry. Under the Act, the Secretary or his representative is required to issue citations for alleged violations to fix a reasonable time for abatement of these violations, and to assess proposed penalties.

In 1971, the recruiting and training of an initial cadre of compliance officers to enforce the new Act was given top priority. In addition, a field organization of 10 regions and 43 area compliance offices was established. Field inspection guidelines were developed, a compliance manual was distributed, and inspection reporting forms designed. A total of 1,135 inspections were conducted following the effective date of the Act, most of which were in establishments previously covered by Federal occupational safety and health statutes.

In 1972, additional Compliance Officers are being recruited and trained as rapidly as possible. Relatively few inspections were conducted in the first two months of 1972, when employers not previously covered by Federal safety and health statutes were allowed a period to familiarize themselves with the new standards. By the end of December, 14,452 investigations and inspections had been completed. In the establishments inspected, which had 2.5 million employees, 35,839 violations were alleged resulting in 9,507 citations being issued. Penalties were proposed amounting to $737,486.

During the first six months of 1972, OSHA responded to nearly 1,100 complaints alleging hazardous working conditions. Two major catastrophes--the tunnel explosion in Sylmar, California and the similar tunnel disaster under Lake Huron-- were investigated as were additional reports of fatalities and serious injury.

Early in 1972, the Target Industry Program was developed to focus attention on selected industries which have experienced very high injury frequency rates. All of the target industries' injury and illness frequency rates at least double the national average of 15.2 per million man-hours, and together they employ more than 1.5 million employees. The five target industries and their injury frequency rates in million's of man hours worked are roofing and sheet metal (43.0), meat and meat products (43.1), lumber and wood products(34.1), miscellaneous transportation equipment (33.3), and marine cargo handling (69.1).

On January 4, 1972, the Target Health Hazards Program was inaugurated as a counterpart to the Target Industry Program. OSHA will be concentrating on five toxic substances which are among the most hazardous of the 8,000 toxic substances currently identified by HEW. Criteria for selection also considered the broad employee exposure to these substances and the resultant severity of their associated health problems. The five Target Health Hazards selected and numbers of employees potentially affected are asbestos (200,000 employees), cotton dust (800,000 employees), silica (1.1 million employees), lead (1.6 million employees), and carbon monoxide (no estimate). To carry out this program, the recruitment and training of compliance officers with specialized experience in industrial hygiene has been intensified.

A completely revised Compliance Operations Manual has been published and distributed to the field compliance staff. The manual provides basic policy and operational guidelines to ensure uniform action in fulfilling the requirements of the Act.

In 1973, the number of inspections completed will continue to increase as more experience is gained, and the new compliance officers and industrial hygienists recruited and trained in 1972 become fully productive. Most of the increased enforcement capability will be directed to increasing the inspections of a cross-section of all covered establishments.

OSHA will continue to immediately investigate reports of workplace catastrophes and fatalities, and complaints alleging imminent danger or potential physical harm to employees. Also, inspections conducted under the Target Industry Program and the newer Target Health Hazards Program will be continued. An important element of the enforcement program is the need to make timely follow-up inspections after the period for abatement of the violations cited has elapsed. It is also planned to bring the OSHA enforcement program closer to those served by opening new area offices at locations not presently adequately served, or where the size of the staff now on duty precludes effective supervision of the work performed.

Changes for 1973

Mandatory changes amount to	+$2,167,000
Program changes amount to	+$4,325,000
Positions	150

Mandatory changes consist of the following: an increase of $350,000 for net cost of within-grade promotions, $60,000 for increases in penalty mail payments to the U.S. Postal Service, $40,000 for increased cost of Federal Telecommunications Services, $1,799,000 to provide for the full-year cost of new positions granted in 1972, and decreases of $72,000 for two less days of pay and $10,000 in contributions to the Federal Employees' Compensation Fund.

Compliance Program

The Proposal: To expand enforcement activities in areas of the country where it is anticipated that there will be limited state activity for several years.

The Need: The Occupational Safety and Health Act covers approximately 60 million employees in over 4.9 million establishments. Complete monitoring of potential hazards in all places of employment is not feasible. Achieving compliance with the Act therefore requires a coordinated effort involving state participation, the voluntary cooperation of employers and employees, plus Federal educational and enforcement efforts. The additional compliance positions requested represent a reasonable continuation of the growth accomplished in the compliance staff in 1972, balanced by the share of the enforcement workload which the states will begin assuming in 1973 under the state grant program.

The Program: Federal enforcement efforts and the number of inspections completed will continue to increase. Inspection priority will be given to the elimination of safety and health hazards on a "worst first" basis, through investigations of catastrophes and fatalities, imminent danger situations, and employee complaints; and inspections under the Target Industry Program and the Target Health Hazard Program. The additional 125 positions and $3,725,000 for enforcement and related compliance activities will allow an increased number of inspections in a cross-section of other establishments in areas of the country where state enforcement activities are not expected to be significant for several years.

Base:
Positions: 973 Estimated Cost: $16,643,000

Additional Cost:
Positions: 125 Man years: 112.5 Estimated Cost: $ 3,725,000

Laboratory Services

The Proposal: To expand the laboratory services provided to Compliance Officers for testing samples of toxic substances and other hazardous materials during plant inspections.

The Need: As the OSHA compliance program is expanded to cover more health issues, and additional health standards are established containing finite criteria for measuring levels of toxicity and exposure, OSHA will be required to analyze an increasing number and variety of test samples obtained in the workplace. Such testing will provide essential evidence for issuing citations or determining compliance with the standards.

The Program: With an additional 25 positions and $600,000, OSHA will fully staff and equip its present laboratory testing services located in Cincinnati, Ohio, and Salt Lake City, Utah. This will permit complete testing and analysis of all samples of toxic substances obtained by the compliance staff.

Base:
Positions: 10 Estimated Cost: $150,000

Additional Cost:
Positions: 25 Man years: 22.5 Estimated Cost: $600,000

Activity 3. TRAINING, EDUCATION, AND INFORMATION (1972, $2,294,000, Pos. 121; 1973, $3,294,000, Pos. 146)

Narrative Description of Program

This activity provides training and education to assist employers, employees, and others in complying with their mutual responsibilities under the Act for maintaining safe and healthful working conditions and practices. This activity includes the Federal agency safety program, which is designed to give Federal employees the same protection as employees in the private sector. In addition, this activity provides general informational materials and publications to increase the public's awareness of occupational safety and health problems, to advise employers and employees of their responsibilities under the Act, and to promote safe and healthful working conditions and practices.

In 1971, OSHA's training and education efforts focused primarily on the need to provide short-term training for compliance personnel and informational materials for the general public on the provisions of the new law. A total of 56,960 student hours of training was carried out during fiscal year 1971. One hundred and eighty-five compliance safety and health officers were trained, and 650 individuals in the construction industry were instructed in conducting safety training for construction employees. The public information media were used to explain the scope, provisions and intentions of the Act to the general public, and to disseminate information needed to promote voluntary compliance with OSHA standards and regulations.

In 1972, training and education activities are being intensified to meet the requirements of an expanded compliance staff and public demands for more specific information on OSHA standards and regulations.

To meet the increased training requirements, a field training institute has been established near Chicago, Illinois. This facility will play a major role in building a comprehensive program for the purpose of upgrading the skills of OSHA's compliance staff and the inspection staffs of the states, and providing orientation to a broad cross section of employers, employees, and their representatives. The OSHA Training Institute is being operated on an experimental basis to determine whether this method of offering training is viable for the types and volume of training needs of the population affected by the Act. It will be staffed by a combination of Departmental personnel and consultants and experts, and will accommodate a maximum training load of 180 trainees per session when it becomes fully operational. More than 1,000 safety and health specialists will be trained at this facility by the end of this fiscal year.

Other training projects initiated include working with the National Institute for Occupational Safety and Health (NIOSH) in the development of special training courses in the area of occupational health. These courses are designed to acquaint OSHA personnel with the analytical equipment and procedures used to identify and evaluate hazardous substances or materials found in the workplace.

In meeting its informational responsibilities under the Act, OSHA expects that millions of employers and employees will be reached through the news media and through special appearances by the OSHA staff before employers and employees' organizations. Media outreach will include television and radio spots prepared for the Nation's networks and local stations; motion pictures; and an estimated 185 news releases this year. OSHA's publication program will include a series of educational pamphlets, new training materials, and an improved version of the Safety Standards magazine. It is anticipated that the magazine will have at least 10,000 paid subscribers and a total readership of almost 20,000 by the end of this fiscal year.

On July 26, 1971, the President issued Executive Order 11612 outlining the responsibilities of Federal agencies under the new Occupational Safety and Health Act. This order laid the ground work for a new program entitled "Zero In On Federal Safety" which replaced the "Mission Safety 70" program in effect from

1964 to 1970. "Zero In On Federal Safety" is a two-year program which seeks to reduce Federal accident rates to below 1970's rate of 6.6 disabling injuries per million man hours worked. During 1970 there were 42,000 disabling injuries and 255 fatalities among Federal employees. The President's "Zero-In" program will include an injury reporting and recording system similar to the one being used in the private sector. Under this program, the Secretary of Labor will submit to the President by June 1 of each year an evaluation of each agency's safety program and his recommendations for improving safety programs throughout the Federal service.

In 1973, OSHA will continue training new members of the compliance staff, and providing supplementary training to all compliance personnel. New training programs will be initiated in support of the Target Health Hazards Program, providing training to additional OSHA and state personnel in the identification and evaluation of health hazards. OSHA will also sponsor training aimed at informing employers and employees of methods which may be used to prevent, control to acceptable levels, the exposure of workers to health hazards.

The information program is expected to continue at its present level in 1973. OSHA's official publication, Safety Standards, will be published monthly to provide timely information on developments relating to the Act. Paid subscriptions and total readership are expected to continue to increase.

Federal agency activities in FY 1973 will include an analysis of all annual reports submitted by the various Government agencies. Accident and injury statistics will be collected and analyzed. Approximately 25 agency plans will be evaluated in terms of program effectiveness and achievement of the goals established under the "Zero-In" program.

Changes in 1973

Mandatory changes amount to..... +$211,000

Program changes amount to..... +$789,000

Positions..... 25

Mandatory changes consist of the following: an increase of $20,000 for net cost of within-grade promotions, $10,000 for increased cost of Federal Telecommunications Services, $191,000 to provide for the full-year cost of new positions granted in 1972, and a decrease of $10,000 for two less days of pay.

Training and Education

Proposal: To allow continued growth of OSHA's capability for carrying out its training and education responsibilities under the Occupational Safety and Health Act, through both direct training activities and by the development of additional educational materials.

The Need: Training and educational activities are essential in enabling employers and employees to fully execute their mutual responsibilities under the Act for compliance with the standards and maintaining safe and healthful working conditions and practices. Educational materials must be made available to all those affected by the Act, and training must be given in the recognition and elimination of hazardous conditions. The role of the states will also be greatly expanded in 1973, requiring the training of a large number of state occupational safety and health inspection personnel.

The Program: With an additional 20 positions and $689,000, OSHA will continue to build a comprehensive, nationwide training and education program for employers, employees, their representatives, and others with occupational safety and health responsibilities. Such efforts will provide direct benefits to employers and to employees, and can increase significantly the effectiveness of the Federal and state compliance staffs in eliminating workplace hazards. These efforts will be carried out by the development of additional educational materials, and by expanding the services provided through OSHA's training institute.

Base:
Positions: 102 Estimated Cost: $1,794,000

Additional Cost:
Positions: 20 Man years: 18.0 Estimated Cost: $ 689,000

OSHA Training Requirements

	Projected FY 1972	Projected FY 1973
Total Professional Training Hours	528,000	900,000
Total Personnel Training Spaces	27,000	31,000
Federal Employees	1,600	1,800
State Agency Employees	3,200	4,000
Employer Representatives	15,800	17,200
Employee Representatives	6,400	8,000

Federal Agency Programs

Proposal: To increase the staff services and assistance provided to Federal agencies for establishing occupational safety and health programs applicable to Federal employees, and for evaluating agency reports of on-the-job injuries and illnesses.

The Need: The Act requires Federal agencies to provide Federal employees the same protection as the Act provides to employees in the private sector. The Act provides no direct enforcement authority with respect to Federal agencies, but relies instead on compliance through training, education and consultative efforts. Intensified interagency efforts are required to accomplish the "Zero In On Federal Safety" objectives of reduced work injuries and illnesses among the present 2.7 million Federal employees.

The Program: With an additional 5 positions and $100,000, liaison and consultative services will be provided to the heads of Federal agencies to assist them in establishing effective agency programs, and to evaluate the results of these efforts. Technical assistance will be provided in making available guidelines, standards, and educational materials for the implementation of their responsibilities.

Base:
Positions: 19 Estimated Cost: $500,000

Additional Cost:
Positions: 5 Man years: 4.5 Estimated Cost: $100,000

Activity 4. STATE PROGRAMS (1972, $ 7,781,000, Pos. 85; 1973, $29,975,000, Pos. 85)

Narrative Description of Program

This activity provides grants to the states to develop and administer occupational safety and health programs meeting Federal standards of effectiveness. Under the Occupational Safety and Health Act of 1970, states may assume responsibility for the administration and enforcement of programs for occupational safety and health after approval of a state plan by the Secretary of Labor. The Secretary is authorized to make grants to the states covering 90 percent of their planning costs and up to 50 percent of the cost of administering a program. State plans must provide for the development and enforcement of occupational safety and health standards at least as effective as the Federal, and must assure that the state will have adequate legal authority, enforcement capability, and funds. State plans are subject to continuous evaluation by the Department of Labor.

In 1971, efforts were made to alert the states to the participating role envisioned by the Act, and to assist them in developing state occupational safety and health plans. The states' response was excellent.

1. All states, the District of Columbia, Puerto Rico, the Virgin Islands and American Samoa designated an agency or agencies to be responsible for occupational safety and health matters.

2. Forty-five states, the District of Columbia, and Puerto Rico entered into agreements with the Department allowing them to continue enforcing existing state occupational safety and health programs until approval of a plan meeting Federal standards, or until December 28, 1972.

3. Thirty-five states, the District of Columbia, and Puerto Rico were awarded $3.3 million in planning grants to develop state occupational safety and health programs.

4. Thirty-seven states, Puerto Rico and the Virgin Islands received almost $650,000 to develop plans for obtaining statistical data on occupational injuries and illnesses from employers.

5. Agreements were made with eight states to conduct over 4,000 inspections in selected target industries with high injury rates, applying Federal safety and health standards and compliance procedures.

In 1972, assistance to the states in the development of state plans continues to be emphasized. Alabama, Mississippi, Guam, and the Virgin Islands have entered into agreements allowing the continuation of existing state programs while they develop plans meeting the Federal standards. To date, 13 additional states have received initial program planning grants, bringing the total to 48 states, the District of Columbia, and Puerto Rico. Twelve additional states, the District of Columbia, and Guam have received planning grants for statistical programs.

Planning efforts are progressing under the grants in effect. A majority of states will require additional planning grants or experimental and demonstration grants to develop state programs which accomplish the purposes of the Act. These supplemental grants represent the next phase in the development and execution of operational programs.

In order to supplement Federal enforcement efforts under the Target Health Hazard Program, agreements are being negotiated with a number of states to conduct inspections on a reimbursable basis. These experimental agreements are similar to those negotiated under the Target Industry Program.

It is estimated that at least ten states will participate in FY 1972 in the first national statistical survey covering calendar year 1971 work injuries and illnesses. It is also estimated that over 20 state plans for setting and enforcing occupational safety and health standards will be submitted for approval and up to 10 will be approved by the end of the fiscal year.

On October 29, 1971, regulations were published in the Federal Register setting forth the procedures and criteria for approval of state plans. Additional guidelines for the development of state enforcement procedures and regulations governing grants-in-aid will be issued before the end of fiscal year 1972. Criteria for evaluating the operation of state programs are also being developed. Liaison and technical assistance to the states are being carried out by OSHA and BLS regional staffs. Responsibility for evaluating state programs after they are in operation will be largely decentralized to regional officials.

In 1973, emphasis will be placed on the critical transition to the operational phase of state occupational safety and health programs. Ten states are expected to initiate operational occupational safety and health programs at or near the start of fiscal year 1973. It is projected that an additional 10 to 15 states will have state plans approved during 1973 and will begin operations under these plans for a portion of the year. Thirty-five to forty states and territories are expected to be eligible for operating grants in conducting the national statistical survey covering calendar year 1972 injuries and illnesses.

Fiscal year 1973 is the final year of statutory authorization for 90 percent grants for planning and demonstration projects. Approximately 15 states will continue to require planning grants before they will have the capability to administer state compliance and statistical programs. In addition, the initial year of operations will be developmental for most states. Supplemental planning assistance for about 15 states with operational grants will be necessary to bring all components of these programs to fully acceptable operating levels. Continued testing of prototype programs will be conducted under experimental and demonstration grants. In addition, demonstration and exploratory grants will be funded in about six states to test the feasibility of data collection methods in problem areas such as migratory workers in agriculture.

Technical assistance in the development of plans and in the administration of operating programs will continue to be provided. Intensive evaluation efforts of state operational programs will be initiated.

Changes for 1973

Mandatory changes amount to	+ $594,000
Program changes amount to	+$21,600,000
Positions	None

Mandatory changes consist of the following: an increase of $40,000 for net cost of within-grade promotions, $10,000 for increased cost of Federal Telecommunications Service, $549,000 to provide for the full-year cost of new positions granted in 1972, and a decrease of $5,000 for two less days of pay.

State Grants

Proposal: To provide state grants for the implementation and operation of approved state plans and state statistical programs under 50/50 matching grants.

The Need: The amelioration of conditions endangering the health and safety of workers requires a comprehensive, nationwide effort. Active participation by the states in concert with the Federal effort is essential to achieving safe and healthful working conditions for the nation's workforce. Major program increases are necessary to encourage state participation and to support state efforts in the operation of effective occupational safety and health programs. State participation under 50/50 matching operational grants will substantially increase the total available resources for occupational safety and health. State plans will also provide

coverage for a significant portion of the 9.7 million state and local government employees not presently covered by Federal standards.

The Program: Ten states with approved plans will assume responsibility for administering and enforcing occupational safety and health programs by the start of fiscal year 1973. An additional 10 to 15 states will have plans approved and will commence operations under these plans for a portion of fiscal year 1973. State activity in the areas of compliance, standards, and training and education will supplement the Federal activity. In addition, 35 to 40 states are expected to participate in the national statistical survey of occupational injuries and illnesses, providing an increase in the statistical detail available by locality and type of establishment.

Planning estimates provide that grants will be funded at the 50 percent matching level authorized by the Act. Federal payments under those matching arrangements will result in a double return of manpower and resources for occupational safety and health. An additional $21.6 million in grant funds is requested in 1973 to allow funding for these initial operational grants.

Base:
Positions: None Estimated Cost: $6,400,000

Additional positions:
Positions: None Man years: None Estimated Cost: $21,600,000

State Grants (Federal Share)
(dollars in thousands)

	1971 (actual)		1972 (estimated)		1973 (estimated)	
	No.	Amount	No.	Amount	No.	Amount
Program Planning	43	$3,350	60	$4,750	30	$ 3,000
Statistical Planning	39	650	60-70	1,000	15-20	800
Operational Grants	--	--	--	--	20-25	20,000
Statistical Grants	--	--	10-12	250	35-40	2,100
Experimental & Demonstration	--	--	6	400	30-35	2,100
Totals by Fiscal Year	82	4,000	136-148	6,400	130-150	28,000

STATE GRANTS
FEDERAL SHARE

State	FY 1971	FY 1972 through March 1, 1972	Total
1. Alabama	$ 96,300	$ 106,123	$ 202,423
2. Alaska	127,463	179,506	306,969
3. Arizona	88,375	17,368	105,743
4. Arkansas	91,815	15,347	107,162
5. California	237,000	146,029	383,029
6. Colorado	156,398	28,914	185,312
7. Connecticut	68,860	35,864	104,724
8. Delaware	88,227	18,878	107,105
9. District of Columbia	59,681	39,179	98,860
10. Florida	90,466	20,850	111,316
11. Georgia	132,279	28,774	161,053
12. Guam	--	17,478	17,478
13. Hawaii	14,000	125,495	139,495
14. Idaho	87,018	43,839	130,857
15. Illinois	173,350	64,930	238,280
16. Indiana	--	57,305	57,305
17. Iowa	101,322	17,555	118,877
18. Kansas	--	114,117	114,117
19. Kentucky	133,591	12,206	145,797
20. Louisiana	24,710	121,125	145,835
21. Maine	90,144	86,904	177,048
22. Maryland	45,855	21,580	67,435
23. Massachusetts	33,400	97,156	130,556
24. Michigan	174,000	26,000	200,000
25. Minnesota	112,447	30,572	143,019
26. Mississippi	96,881	103,478	200,359
27. Missouri	--	124,972	124,972
28. Montana	104,343	89,574	193,917
29. Nebraska	16,700	177,661	194,361
30. Nevada	--	96,122	96,122
31. New Hampshire	38,571	14,412	52,983
32. New Jersey	148,266	100,307	248,573
33. New Mexico	70,428	--	70,428
34. New York	152,672	36,500	189,172
35. North Carolina	14,571	107,883	122,454
36. North Dakota	68,992	18,104	87,096
37. Ohio	--	--	--
38. Oklahoma	11,961	116,501	128,462
39. Oregon	110,326	17,569	127,895
40. Pennsylvania	171,100	31,045	202,145
41. Puerto Rico	69,287	--	69,287
42. Rhode Island	--	63,227	63,227
43. South Carolina	108,831	22,151	130,982
44. South Dakota	12,093	11,177	23,270
45. Tennessee	--	199,135	199,135
46. Texas	62,073	75,893	137,966
47. Utah	95,989	--	95,989
48. Vermont	37,279	9,200	46,479
49. Virgin Islands	14,300	--	14,300
50. Virginia	52,684	81,806	134,490
51. Washington	100,000	73,864	173,864
52. West Virginia	14,400	145,297	159,697
53. Wisconsin	183,700	82,965	266,665
54. Wyoming	15,559	117,246	132,805
	3,997,707	3,389,183	7,386,890
Remaining Grant Funds to be awarded.....		3,010,817	3,010,817
		6,400,000	10,397,707

Activity 5. SAFETY AND HEALTH STATISTICS (1972, $3,345,000 Pos. 196; 1973, $4,600,000 Pos. 196)

Narrative Description of Program

This activity provides for the performance of the Department's statistical responsibilities under the Act, by collecting, analyzing, and disseminating safety and health data which will accurately describe the scope and nature of the occupational safety and health problem; by developing information regarding the causes and prevention of occupational accidents and illnesses; and by establishing a comprehensive information system to provide program and impact data.

In 1971, preliminary efforts to implement statistical requirements were undertaken. The Department, in consultation with the Department of Health, Education, and Welfare, developed a new, nationwide recordkeeping and reporting system to provide comprehensive data on occupational injuries and illnesses. All establishments are required to keep a log of occupational injuries and illnesses and a back-up record that will be used as the basic input source for the nationwide annual survey, and that will be made available to OSHA compliance officers during inspections of establishments. The necessary preparatory work for conducting an annual survey based on the new recordkeeping system was completed. In addition, initial efforts were undertaken for the establishment of management information and technical information retrieval systems which will include collection, tabulation, and analysis of inspection activities.

In 1972, the recordkeeping regulations were finalized in the Federal Register of July 2, 1971. Recordkeeping materials have been distributed to approximately 4.5 million establishments and 600,000 agricultural employers.

Three surveys are being conducted: 1) a preliminary annual survey of 50,000 private employers, to provide summary estimates of the occupational injuries and illnesses occurring in all industries except mining, agriculture and government for the last six months of 1971; 2) a survey of 9,500 establishments in manufacturing and construction to provide a comparison between the previous BLS work injury frequency reporting system and the new reporting system; and 3) a special survey of approximately 5,000 establishments in the five target industries to provide some measure of the effects of OSHA's enforcement activity in these industries. The preparatory work necessary to implement a full-scale survey is being performed. It is planned to have 10 to 12 states participate in the national survey in 1972. Work in the research and special studies area is limited and aimed primarily at development of the methodological framework for future studies.

In FY 1972, various preparatory work is underway for establishment of an automated system to serve as a central repository of occupational safety and health information. An initial system is being installed for computerizing all compliance data. Development is also beginning on an information retrieval system cataloging Federal, state, and foreign standards, and an automated state programs information system.

In 1973, the statistical program will progress from the developmental, planing and testing stage to the operational stage. The final analysis of the special target industry and comparative surveys will be completed during the first quarter of FY 1973. The results of the preliminary annual survey of the calendar 1971 work-injury experience will be published in the second quarter.

The sample for the calendar 1972 survey of recordable occupational injuries and illnesses will be expanded from 50,000 to 200,000 private employers. The survey will yield reliable national estimates in substantial industry detail and by establishment size. It is projected that 35 to 40 states will participate in the survey and will supplement the sample to provide geographic detail. Estimates for

the mining industry and for the Federal Government will be obtained from the Bureau of Mines and the Federal Agency reporting system. Since this survey will cover the entire year of 1972, it will serve as the base for an historical series on the progress made in occupational safety and health in the Nation. Preparatory work for the third annual survey, covering calendar year 1973 injuries and illnesses, will be undertaken.

During fiscal year 1973, economic profiles of industries with high injury rates will be developed. Six to nine studies will be completed and will include material on employment, collective bargaining, geographic location, and various other factors. In addition, methodological and developmental studies will be undertaken. Approximately ten case studies will be conducted. These studies will begin to identify circumstances and events associated with injuries, and may suggest causes and means of prevention in compliance efforts.

A file of covered establishments will be developed to utilize information from the annual survey, inspection activity, and other sources. The purpose of this system will be to identify the number of establishments covered by the Act, to provide statistical breakouts by establishment, to provide guidance in developing inspection programs, and to provide characteristics of the population served by new standards. Efforts will continue on refining and automating the Federal Agency reporting system, the compliance data system, standards information retrieval system, and state performance data.

Changes for 1973

Mandatory changes amount to..... +$455,000

Program changes amount to..... +$800,000

Positions..... None

Mandatory changes consist of the following: an increase of $80,000 for net cost of within-grade promotions, $20,000 for increases in penalty mail payments to the U.S. Postal Service, $370,000 to provide for the full year cost of new positions granted in 1972, and decreases of $15,000 for two less days of pay.

Annual Survey of Injuries and Illnesses

The Proposal: To conduct a full-scale annual survey of recordable occupational injuries and illnesses.

The Need: Establishment of an adequate statistical data base regarding the incidence and nature of occupational injuries and illnesses is vital to effective administration of the occupational safety and health program. This information provides guidance for standards development, for establishing inspection strategies and priorities, and for allocating staff, equipment, and resources.

The Program: With an additional $400,000, a full-scale survey of recordable occupational injuries and illnesses will be conducted. Utilizing an expanded sample of 200,000 reporting units and covering the first full year under the new recordkeeping requirements, the survey will yield reliable national estimates in substantial industry detail and by establishment size. Participation by 35 to 40 states in the survey will supplement the sample to provide geographic detail. The initial processing, editing, and analysis of the injury and illness data will be completed.

Base:
Positions: None Estimated Cost: $1,300,000

Additional Cost:
Positions: None Man years: None Estimated Cost: $ 400,000

Methodological and Research Studies

The Proposal: To conduct pilot studies and develop methodologies for determining the causes, means of prevention, and the social and economic costs of occupational injuries and illnesses.

The Need: Very little is known about the total impact of occupational injuries and illnesses on individual workers, employers, the economy, or society as a whole. Systematic studies of the causes, effects, and means for reducing the frequency and severity of job-related injuries and illnesses are a prerequisite to comprehensive planning. The proposed limited studies are to determine what research, keyed to OSHA's planning needs, is feasible. Successful methodologies will be coordinated with the research activities of NIOSH to develop an overall research plan.

The Program: With an additional $200,000, further work in the research and special studies area will be conducted with continued emphasis on determining the best methodology and most effective collection and processing techniques. Economic profiles of industries with high injury rates will be developed. Six to nine studies will be completed and will include material on employment, collective bargaining, geographic location and various other factors. In addition, methodological and developmental studies will be undertaken. Approximately ten case studies will be conducted which will be designed to evolve methodology for further research in the analysis of establishment log forms, in the relationship of first aid to recordable occupational injury rates, the relationship of accidents to the injury, to the injured person, and economic costs, etc. It is intended that these studies will begin to identify circumstances and events associated with injury which may suggest causes and means of prevention for use in compliance efforts.

Base:
Positions: None — Estimated Cost: $250,000

Additional Cost:
Positions: None — Man years: None — Estimated Cost: $200,000

Program Information Systems

The Proposal: To continue development of the Federal agency and program information systems.

The Need: Effective operational planning and coordination of activities in the areas of Federal compliance programs, Federal agency programs, and state programs require timely access and interchange of information in all areas. Information available to one program must be available to all if equivalent levels of effectiveness are to be achieved in developing standards, educating employers and employees, and conducting compliance operations.

The Program: With an additional $200,000, efforts will continue on refining and automating the Federal agency reporting system, compliance data system, standards information retrieval system, state performance data, and the establishment file. A design for a fully automated system which will integrate all of the above component systems will be selected and a field pilot test will be initiated.

Base:
Positions: 45 — Estimated Cost: $945,000

Additional Cost:
Positions: None — Man years: None — Estimated Cost: $200,000

Activity 6. EXECUTIVE DIRECTION AND ADMINISTRATION (1972, $4,024,000, Pos. 181; 1973, $3,546,000, Pos. 154)

Narrative Description of Program

This activity provides overall direction and administrative support for the Occupational Safety and Health Administration, including policy planning, coordination of program review and evaluation, financial management, personnel, and related administrative functions.

The activity also includes the National Commission on State Workmen's Compensation Laws, which was established by the Act to study and evaluate state workmen's compensation laws to determine if such laws provide an adequate, prompt, and equitable system of compensation.

In 1971, primary emphasis was placed on building the operational frame work needed to carry out the Secretary's responsibilities under the Occupational Safety and Health Act which became effective on April 28, 1971. Very soon after the Act was signed by the President on December 29, 1970, task forces began working on organizational plans, delineation of functions and responsibilities, the development of operating systems, and the establishment of administrative machinery necessary to establish a new Departmental organization. As a result of these efforts, the Occupational Safety and Health Administration (OSHA) became a functioning organization, and implementation of the Act proceeded on schedule.

In 1972, extensive efforts are being devoted to refining the organizational structure and perfecting some of the operating systems initiated in 1971. One already completed study has resulted in adjustments to OSHA's organization. In the area of decentralization, much has already been done to assure that responsibility, authority and resources are placed at the local level. Two-thirds of the OSHA staff are located in 10 regional and 51 area and district offices in the field.

Early in FY 1972, the President appointed a Chairman, Vice-Chairman, and thirteen additional members of the National Commission on State Workmen's Compensation Laws, representing state workmen's compensation boards, insurance carriers, business, labor, the medical profession, educators and others having special expertise in the field of industrial medicine and workmen's compensation. A full-time staff to support the Commission's studies has also been appointed. Although the Commission is completely separate and independent from the Department of Labor, for administrative convenience it has remained within the OSHA appropriation request for the specified duration of its existence.

In FY 1973, continued emphasis will be placed upon improved management systems for planning, evaluation, and coordination of internal operations. Extensive efforts will also be made to stregthen liaison and coordination with other Federal and state agencies having joint or related responsibilities for occupational safety and health.

Under the Act the National Commission on State Workmen's Compensation Laws is required to complete its final Report to the President and to the Congress by July 31, 1972, and ceases to exist on the nineteenth day after submission of this report.

Changes for 1973

Mandatory changes amount to	+$136,000
Program changes amount to	-614,000
Positions	-27

Mandatory changes consist of the following: an increase of $20,000 for net cost of within-grade promotions, $20,000 for increases in penalty mail payments to the U.S. Postal Service $340,000 to provide for the full year cost of new positions granted in 1972; and decreases of $20,000 for two less days of pay, and $233,000 for non-recurring equipment costs for new positions in 1972.

State Workmen's Compensation Commission

A decrease of 27 positions and $614,000 for the National Commission on State Workmen's Compensation Laws reflects the termination of the Commission's activities during the second quarter of fiscal year 1973.

Base:					
Positions:	37			Estimated Cost:	$814,000
Additional Cost:					
Positions:	-27	Man years:	-24.3	Estimated Cost:	-$614,000

OSHA Area and District Offices

Boston Region
- Boston
- Concord
- Hartford
- Providence (District)

New York Region
- New York
- Newark
- Puerto Rico/Virgin Islands
- Hempstead
- Syracuse

Philadelphia Region
- Philadelphia
- Pittsburgh
- Baltimore
- Richmond
- Norfolk

Atlanta Region
- Atlanta
- Savannah
- Jacksonville
- Nashville
- Fort Lauderdale
- Louisville
- Birmingham
- Mobile
- Charlotte

Chicago Region
- Chicago
- Detroit
- Milwaukee
- Columbus
- Minneapolis
- Cleveland
- Indianapolis
- Toledo
- Cincinnati

Dallas Region
- Dallas
- Houston
- Lubbock
- Galveston (District)
- Tulsa
- New Orleans

Kansas City Region
- Kansas City
- St. Louis
- Omaha

Denver Region
- Denver
- Billings
- Salt Lake City

San Francisco Region
- San Francisco
- Long Beach
- Honolulu
- Phoenix

Seattle Region
- Seattle
- Portland
- Anchorage

ACTION ON CONGRESSIONAL RECOMMENDATIONS

Recommendations, House Appropriations Committee

No specific actions recommended.

Recommendations, Senate Appropriations Committee

No specific actions recommended.

Joint Committee, House and Senate Conferees

No specific actions recommended.

FRIDAY, APRIL 14, 1972.

BUREAU OF LABOR STATISTICS

WITNESSES

GEOFFREY H. MOORE, COMMISSIONER
BEN BURDETSKY, DEPUTY COMMISSIONER
DANIEL D. RATHBUN, DEPUTY COMMISSIONER FOR DATA ANALYSIS
THOMAS W. GAVETT, DEPUTY COMMISSIONER FOR STATISTICAL OPERATIONS AND PROCESSING
HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER FOR MANPOWER STRUCTURE AND TRENDS
HYMAN B. KAITZ, ASSISTANT COMMISSIONER FOR CURRENT EMPLOYMENT ANALYSIS
JOEL POPKIN, ASSISTANT COMMISSIONER FOR PRICES AND LIVING CONDITIONS
NORMAN J. SAMUELS, ASSISTANT COMMISSIONER FOR WAGES AND INDUSTRIAL RELATIONS
JEROME MARK, ASSISTANT COMMISSIONER FOR PRODUCTIVITY AND TECHNOLOGY
JACK ALTERMAN, ASSISTANT COMMISSIONER FOR ECONOMIC TRENDS AND LABOR CONDITIONS
DONALD KEUCH, ASSOCIATE COMMISSIONER FOR ADMINISTRATIVE MANAGEMENT
MADELYN SMITH, DEPUTY CHIEF, DIVISION OF FINANCIAL MANAGEMENT
RICHARD E. MILLER, ASSOCIATE ASSISTANT SECRETARY FOR ADMINISTRATION (FINANCIAL MANAGEMENT)
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	14,936	17,574	19,372
Positions other than permanent	469	481	668
Other personnel compensation	213	304	201
Total personnel compensation	15,618	18,359	20,241
Personnel benefits: Civilian	1,247	1,417	1,573
Travel and transportation of persons	704	777	1,049
Transportation of things	23	20	24
Rent, communications, and utilities	889	1,994	2,931
Printing and reproduction	344	570	716
Other services	7,379	12,447	17,607
Supplies and materials	88	101	110
Equipment	201	326	411
Insurance claims and indemnities	2		
Total costs, funded	26,495	36,011	44,662
Change in selected resources	1,023		
Total obligations	27,518	36,011	44,662

PERSONNEL SUMMARY

Total number of permanent positions	1,350	1,340	1,501
Ful-ltime equivalent of other positions	108	74	100
Average paid employment	1,349	1,347	1,499
Average GS grade	9.1	9.4	9.5
Average GS salary	$12,615	$13,639	$13,650
Average salary of ungraded positions	$6,573	$6,573	$6,573

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Manpower and employment	9,634	11,323	14,011
2. Prices and cost of living	4,160	5,009	5,403
3. Wages and industrial relations	4,407	4,958	5,745
4. Productivity and technology	1,062	1,263	1,376
5. Economic research	1,295	1,122	1,130
6. Executive direction and staff services	5,323	6,415	7,237
7. Revision of the Consumer Price Index	614	5,921	9,760
Total program costs, funded [1]	26,495	36,011	44,662
Change in selected resources [2]	1,023		
Total obligations	27,518	36,011	44,662
Financing:			
Receipts and reimbursements from Federal funds	−38		
Unobligated balance lapsing	616	1,289	
Budget authority (appropriation)	28,096	37,300	44,662
Relation of obligations to outlays:			
Obligations incurred, net	27,480	36,011	44,662
Obligated balance, start of year	1,958	2,120	2,410
Obligated balance, end of year	−2,120	−2,410	−2,920
Adjustments in expired accounts	−99		
Outlays	27,219	35,721	44,152

[1] Includes capital outlay as follows: 1971, $137,000; 1972, $346,000; 1973, $562,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $854,000 (1971 adjustments—$794,000); 1971, $1,083,000; 1972, $1,083,000; 1973, $1,083,000.

Mr. FLOOD. We now have the Bureau of Labor Statistics. The presentation will be made by Geoffrey H. Moore, the Commissioner.

INTRODUCTION OF SUPPORTING WITNESSES

Is there anybody you want us to meet?

Mr. MOORE. I have with me Mr. Burdetsky, the Deputy Commissioner, Mr. Thomas Gavett, Deuty Commissioner for Statistical Operations, Mr. Dan Rathbun, Deputy Commissioner for Data Analysis, and Mr. Donald Keuch, the Associate Commissioner for Administrative Management.

BIOGRAPHICAL SKETCHES OF WITNESSES

Mr. FLOOD. We will place your biographical sketches in the record. (The biographical sketches follow:)

BIOGRAPHICAL SKETCH OF DR. GEOFFREY H. MOORE, COMMISSIONER OF LABOR STATISTICS

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

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

Mr. Moore is the immediate past president of the American Statistical Association, and is a member of the American Economic Association, the Academy of Political Science, and the American Association for the Advancement of Science. He is a member of the Advisory Board for Research and Graduate Education of Rutgers University, and member of the Board of Directors of the Social Science Research Council. He was formerly a member of the consultants group to the U.S. Treasury, and of the Advisory Committee on Statistical Policy, Bureau of the Budget.

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

BIOGRAPHICAL SKETCH OF DONALD J. KEUCH, JR., ASSOCIATE COMMISSIONER, OFFICE OF ADMINISTRATIVE MANAGEMENT

Mr. Keuch was recently given the title of Associate Commissioner with the Bureau of Labor Statistics. Prior to that, he was the Director of the Office of Administrative Management for the Bureau. He came to the Bureau of Labor Statistics from the Office of Saline Water in the Department of Interior where he held a similar position as Chief of the Division of Administration. Mr. Keuch has also worked for the Office of Manned Space Flight of the National Aeronautics Space Agency in program management and procurement positions and with the Atomic Energy Commission in program analysis and budgeting positions. He entered Federal service in 1955 as a management intern for the Atomic Energy Commission.

Mr. Keuch received his B.A. degree from Lafayette College and a master's degree in public administration from the Maxwell Graduate School of Public Administration at Syracuse University. He was born in Hazleton, Pa., and is married to the former Joan Bordner of that city. They have three children.

BIOGRAPHICAL SKETCH OF JEROME A. MARK, ASSISTANT COMMISSIONER, OFFICE OF PRODUCTIVITY AND TECHNOLOGY

Jerome A. Mark is Assistant Commissioner of the Bureau of Labor Statistics where he has been in charge of work on productivity and technological developments for the past 5 years. His office measures the trends in productivity of the national economy, develops and analyzes information on the outlook and economic and social implications of developments, and measures the labor-generating effects of various types of construction.

Mr. Mark joined the Bureau in 1951 and has worked in various capacities in the field of productivity research. He was a member of the BLS team on productivity measurement in Paris, France, for 2 years and has participated in international conferences on productivity, serving as the U.S. Delegate at meetings of the International Labour Organization and the Economic Commission for Europe.

Mr. Mark received the Department of Labor Distinguished Service Award in 1965. He is the author of various articles on productivity, costs, and related analysis.

He received his degree of bachelor of science from Carnegie Institute of Technology and his M.A. in economics from the University of Chicago. He is a member of several professional associations.

Mr. FLOOD. You have a prepared statement I see. How do you wish to proceed?

Mr. MOORE. I would like to read it, if I may?

Mr. FLOOD. Proceed.

GENERAL STATEMENT

Mr. MOORE. Mr. Chairman and members of the committee, the budget request for fiscal year 1973 is for $44,662,000 which is an increase of $8,651,000 over the 1972 comparable appropriation of $36,011,000. The proposed net increase of $8,651,000 consists of $7,416,000 for new programs and $1,514,000 for mandatory items, offset by reductions

totaling $279,000 in the Bureau's base program achieved through a careful review of Bureau operations and administrative methods.

For more than 85 years the Bureau of Labor Statistics has served as one of the major factfinding arms of the Federal Government. Over this long period the Bureau has established a strong tradition of competence and objectivity, with the result that the Congress, the executive branch, labor and management groups, and the general public have come to rely on the Bureau as a source of accurate economic intelligence.

With the complex problems of unemployment, inflation, productivity, and international economic relations squarely in the forefront of public concern, this reliance has never been greater than it is today. The Bureau has experienced an increasing demand for improved measures of the economy's progress in each of these important areas.

The proposals I present to you today are in response to this demand. I believe they will help us to understand and to deal intelligently with today's and tomorrow's critical economic problems.

The Bureau is requesting $1,650,000 for two programs to maintain and improve the quality of its employment and unemployment data. The first of these proposals is to revise the Bureau's establishment employment and payroll records to conform to the revised standard industrial classification—a classification system that all Federal statistical agencies are required to use in order to provide uniformity in the presentation of data. Periodic revisions are made in this classification system to keep it in line with changing industrial patterns. For example, operative builders—builders primarily engaged in both the construction and sale of homes—heretofore have been classified in the real estate group and now will be more appropriately classified in construction. Such revisions require extensive recording and retabulation of data in order to provide comparable and continuous employment figures for each industry.

The Bureau's second proposal in the employment and unemployment area is to test several methods of reducing irregularities in the monthly employment and unemployment statistics. Because the monthly labor force survey currently used to estimate unemployment is based on a single week in a month, the unemployment rate sometimes exhibits sharp changes that have nothing to do with the underlying employment situation but are caused by special circumstances during the survey week, such as holidays.

We want to test whether these effects can be reduced effectively by spreading the survey over the entire month rather than concentrating it in a single week. The test will be made without disturbing the current survey upon which we rely for these important data.

To assist in the achievement of the goals of greater stability in the price level, and greater long-run growth in real wages and in productivity, the Bureau is requesting $1,486,000 for a series of programs to expand the data needed to assess trends in wages, prices, and productivity.

Today we do not have a comprehensive monthly measure of changes in wage rates nor are we able to show systematically what changes in different sectors of the labor market are contributing to the overall changes in wage levels. To get at this, we are proposing three interrelated programs, of which the first is to accelerate the development

of a general wage index. This index would be based upon rates of pay in 12 major occupations, nine broad industry divisions, and nine geographic regions.

The second wage program would expand our current industry wage surveys and provide more information on the level and distribution of occupational earnings in specific industries. The expansion would increase by about a third the number of industries covered each year.

The third wage program is to test out methods for obtaining hours and earnings data for white-collar workers. Existing data cover only production workers, omitting about 10 million white-collar workers. If we can find a way to fill this gap, it will significantly improve our measures not only of wages but also of productivity and unit labor costs.

In the price area, the Bureau proposes to accelerate and development of the general price index so that an interim index will be available in fiscal 1973. The need for a general price index together with a coordinated system of subindexes was demonstrated in 1969–71 when the existing measures—the Consumer Price Index, the Wholesale Price Index, and the gross national product implicit price deflator provided sharply divergent measures of the rate of inflation. According to the CPI, the rate of inflation dropped substantially in 1970 and the first half of 1971 (before the wage-price-rent freeze), but the other two indexes did not tell the same story. Because of differences in concept and coverage it is virtually impossible to trace the source of these divergencies or to determine which index best represents the situation. The general price index would provide an accurate overall measure of the rate of inflation, and its component indexes would make it possible to analyze systematically what is happening in the various sectors.

Since productivity is one of the basic determinants of the economy's ability to provide for both economic growth and price stability, the Bureau is proposing to broaden the scope of its productivity measurement program. Measures of output per man-hour would be developed for additional manufacturing industries, and for major service industries. The growing importance of the service industries and the difficulty of measuring their productivity make it essential that we devote attention to this sector.

As you are aware, the competitive position of U.S. products in world markets is of increasing concern in view of the state of our trade balance. In 1971, the Bureau began to publish price indexes for machinery and equipment exports. These indexes are far superior to any existing measures of the price competitiveness of U.S. products. Having established their practicability we propose now to expand the coverage to exports of all durable goods, and to include data on import prices.

Another major activity in the price area is the continuation of the decennial revision of the Consumer Price Index, for which we are requesting $3,830,000. The proposed program would provide for the fourth year of the revision process, which is scheduled to be the peak year in terms of data collection activity.

The revision is needed in order that the index accurately reflect the kinds of products and services consumers are buying and the proportion of their income being spent on these items. A survey of expenditures of 17,000 households is now being conducted for the BLS by the

Census Bureau, and will continue throughout 1972 and 1973. The revised index is expected to be available in 1976.

Finally, the Bureau is requesting $450,000 to accelerate the program leading to the redesign of its statistical systems for conversion to the new Department of Labor Computer Center. This program is essential if we are to avoid the risk of serious delays in the preparation and release of critical economic data, and take full advantage of the new facility in the Department's computer center.

Thank you, Mr. Chairman.

CUTBACKS IN 1972 VERSUS INCREASES IN 1973 BUDGET

Mr. FLOOD. Here is another one of these off-again-on-again budgets. You cut back from what Congress authorized in 1972, 72 jobs and $1,289,000. Now here you are for an increase in 1973 of 161 jobs and $8,651,000. The needs even from you people are certainly not that different, statistics or no statistics, in 1973 from 1972.

Suppose you were over here. What would you think?

Mr. MOORE. What happened is that the President's program for economy in the Federal Government hit the bureau in the fiscal 1972 period. We, along with all of the other elements in the Department of Labor and other departments, reduced the programs that we could reduce.

Mr. FLOOD. I suppose you had to do it, but what did you think about it from your own professional point of view?

Mr. MOORE. We didn't want to do that, we didn't think it was desirable; but we did it.

Mr. FLOOD. I believe that. Orders are orders.

Mr. MOORE. When we come to fiscal 1973 we have certainly a very large request to make, but I believe that it is fully justified and the President has approved it in his budget. So we have the backing of the President for this increase. The need for these statistics is fully recognized by the administration and the Office of Management and Budget that represents the Executive Branch.

Mr. FLOOD. You mean the new third power that we gave birth to, the Office of Management and Budget?

Mr. MOORE. It was formerly, as you know the Bureau of the Budget.

Mr. FLOOD. I remember vaguely.

Mr. MOORE. The reason for this large increase I believe basically is the basic need for statistics on the economy.

REVISION OF CONSUMER PRICE INDEX

Mr. FLOOD. The largest increase you are requesting is 71 jobs and $3,830,000 for the continuation of this revision of the Consumer Price Index, which means you will have 204 people working on this and you are going to spend almost $10 million on this in 1973. What in the world is going to require all of this manpower and all of these funds?

Mr. MOORE. It is as you know an 8-year program. This is the 4th year. It builds up during that period and hopefully it will build itself down again.

Mr. FLOOD. I hope you get your hope.

Mr. MOORE. I certainly do, too.

Mr. FLOOD. I believe that.

Mr. MOORE. But this activity does come to a peak in 1973.

Mr. FLOOD. You are not kidding us?

Mr. MOORE. Not so far as I know.

The big activity that is going on this year and through calendar year 1973 is the collection of consumer expenditure data from 17,000 consumer households. That is a very big operation being conducted for the Bureau of Labor Statistics by the Census Bureau. They visit these households five times during the year with a very large questionnaire. They are, so far, getting excellent cooperation.

Mr. FLOOD. How are they received when they knock on the door? Do people think they are snooping?

Mr. MOORE. I think they are received in excellent fashion and are getting 95-percent cooperation.

Mr. FLOOD. With all of these Government characters knocking, that is good to hear.

Mr. MOORE. Both the BLS and Census Bureau have very good reputations with the public. We keep our information confidential, and we intend to keep on doing that.

TOTAL COST OF REVISING CPI

Mr. FLOOD. We were told originally that this revision of the consumer price index would cost about $11 million. Then, when you testified on the 1972 budget about a year ago, you said, "I believe it will be at least twice that much." That would be at least $22 million. Now what do you estimate it is going to cost? This is 1 year later.

Mr. MOORE. You are talking about the cost of the entire program?

Mr. FLOOD. I am talking about what you were talking about. The last revision was finished in 1964, and cost about $6.5 million. Then you said this one was going to cost about $11 million. You told us last year it is going to cost twice as much, about $22 million. Go ahead. What do you estimate the cost will be now?

Mr. MOORE. If I may use that word "about" again, and I think it is fully justified, it is in the neighborhood of $35 million.

Mr. FLOOD. Isn't that nice?

Mr. MOORE. That is the total cost as we presently estimate it. While the figures that you have been pointing to show a very large escalation, I think there is a legitimate and reasonable explanation of it.

Mr. FLOOD. I hope so.

Mr. MOORE. Things have increased in cost, wages have gone up, salaries have gone up. But the big reason for this change from what we did in 1964 and what we are doing now is that we have an entirely different method and I believe a much superior method of getting the basic information.

In the first place, we are using the Bureau of the Census to get it, and they are the world experts in this field.

Mr. FLOOD. How do you suddenly find that out, since 1895? Where have you been?

Mr. MOORE. As you know, there is a certain pride of authorship and ownership in this world, and the Bureau of Labor Statistics was very proud of its own record for many years in collecting these data. But the decision was made a year or two ago to put household surveys

in the hands of the Census Bureau because they had been the primary collector of such data for many years.

And the Bureau would have to do this type of collection in 1 year and then get out another year and wait for 10 years, and it was thought better to put this type of survey, a household survey, in the hands of people that are continually in that business. I basically believe that is a good idea though it did deprive the BLS of the privilege of conducting the survey itself.

But the main reason for the difference in these costs is that we are now conducting this expenditure survey on a quarterly basis, going back to families five times during a year and a quarter and getting we believe far more accurate information from them for the purpose that we need it.

Mr. FLOOD. It is pretty hard for us to argue with you experts, especially on a highly technical thing like this, but this holds true of all experts in all branches of government we encounter. We don't question the sincerity and integrity and the repute that they are experts. They are. What we can't understand is why in the world don't these experts, once in a while, with all of their brilliance and integrity, come up with a plan which saves money. They always come up with a plan that is going to do something better, and cost a lot more money. Did that ever occur to you?

Mr. MOORE. I think basically part of the reason for moving this survey to the Census Bureau was to save money; that is, it was believed that having an organization that continuously conducted household surveys with an expert staff in the field, they could take on a survey of this type and conduct it more efficiently and cheaper than another agency could that was only doing it once every 10 years.

Mr. FLOOD. No reasonable and knowledgeable person would argue against improving the Consumer Price Index. That would be like being for sin or against motherhood. But some people are beginning to think that you are trying to make it perfect and maybe getting it 99 percent instead of 98 percent perfect just isn't worth all of that money. What about that?

Mr. MOORE. Can I give you a comparison? We are spending on this program, assuming it costs over this period something like $35 million, about $6 million a year for this revision of the Consumer Price Index.

The wages and retirement pay of something like 7 million persons depend directly on that index, escalated by that index. They get in wages and pensions something like $60 billion a year. We are spending $6 million, which is less than one one-hundredth of 1 percent to be sure that the index on which their wages and pensions are escalated is accurate. I think this is worth the money.

Mr. FLOOD. I guess that is what I get for arguing with a statistician. I should have known better in the first place.

Mr. MOORE. I believe it is a good investment and it will be an investment that will be good for another 10 years.

Mr. FLOOD. For the purpose of argument we would say you are right about that, but what has that got to do with this? Your outfit has estimated the completion date on this thing three times right

from that chair and each time the date was set ahead. What is it now? Next year it will be different, I suppose, for 11 reasons, all good.

Mr. MOORE. We expect now to be able to publish the revised index either late in 1976 or early 1977.

One reason, Mr. Chairman, why these estimates change and get revised is that every single one of them is a forecast. I am sure you are well aware that economists——

Mr. FLOOD. And the weather people.

Mr. MOORE. And the weather people—don't make reliable and accurate forecasts. We all makes mistakes in looking ahead. We try to do the best we can in looking ahead but basically that is the problem.

INCREASE FOR SERVICES OF OTHER AGENCIES

Mr. FLOOD. What accounts for the big increase of $5 million budgeted for "services of other agencies." We can understand why you have to rent or buy services from other agencies but this is a 50-percent increase since the last time you were here. Fifty percent is a lot of increase.

Mr. MOORE. Mr. Keuch may be able to give us some details on that, but I believe the big factor is that we are contracting with the Census Bureau to conduct this survey that I just mentioned. It is a tremendous survey and that is our contract costs.

Are there any other items of a large nature beside that?

Mr. KEUCH. You are talking about the increase in this CPI revision?

Mr. FLOOD. You say "services of other agencies."

Mr. KEUCH. That would be for the Census Bureau. That is the major contract. We have some other smaller contracts.

MANPOWER AND EMPLOYMENT STATISTICS

Mr. FLOOD. You have a very substantial increase of $2,688,000 for manpower and employment statistics. You said something about this in your opening statement. But, Mr. Moore, in view of the size of the increase you certainly ought to say something more about it.

Mr. MOORE. I will be very happy to.

One of the items that causes that increase is the need to conform to the new revised standard industrial classification. That is a classification of industries that the entire Federal Government conforms to and we have to conform to so that the data we issue will be comparable to the data the Census and other agencies issue. Every few years or so, I have forgotten what the interval is, that classification system gets revised and all of the Federal establishments conform to it.

It is expensive to produce that conformity because we have to reclassify the establishments that we formerly classified in one industry into other industries. Break them up and put them together differently. We have to do it backward as well as from here on forward so the data we issue are comparable over time. That is part of the increase in the employment statistics program.

The other part is in the nature of an experiment or a test to see whether we can construct a measure of employment and unemployment that would avoid some of the irregularities that these monthly statistics go through.

For example, last June there was a drop in the unemployment rate of about six-tenths of 1 percent between May and June. Now at the time we knew several things that had produced that decline apart from some improvement in the economy. One of the things was that the survey week in which we took the June survey was relatively early in the month, and it picked up a lot of students who might have been looking for work if we had taken it later in the month, but at that time were not looking.

So the unemployment rate dropped.

Irregularities in the movements of these figures cause the public and policymakers a lot of confusion. The question always arises, is this a real improvement?

This experiment we are proposing to conduct is an effort to get at those irregularities and smooth them out. Part of that experiment is to conduct this survey not only for 1 week during the month but for the entire month and then average the results over the month to see if we get a better estimate.

LONG-RANGE ECONOMIC PROJECTIONS

Mr. FLOOD. Under the activity "Economic research" on page 27 of your justification, you say: "In 1973 the revised projections for 1980 and 1985 will be completed." You need a sense of humor around here. From what I read in the newspapers, the experts are having great difficulty in making economic projections for the next 6 months. What projections are you making, not for the next 6 months but for 10 years and more. You are not gun shy.

Mr. MOORE. Sometimes, strange as it may seem, it is easier to make a projection 10 years ahead than it is to make it 10 minutes ahead. And the Bureau of Labor Statistics has been making these projections for many years. It made a projection for 1970 back around 1960 and it made a projection for 1975 a few years later.

On the whole we feel, judging from the demand that we get for these numbers from many people who have to make long-range plans, that they are very helpful. The projections that have been made in the past, by and large, if you take into account the assumptions that were made in making them, have turned out quite well. So we have continued that project and we are planning to do it for 1980 and for 1985.

Mr. FLOOD. Now you have a collection of relatively small increases. Are any of these relatively minor increases such that you want to say something more about them?

Mr. MOORE. I have covered the employment area.

INTERNATIONAL PRICE INDEX

I believe the price program in the international market is an important one.

Mr. FLOOD. All right.

Mr. MOORE. While we have already published some indexes for machinery and equipment—and we feel we have made substantial progress in that because these price indexes for exports are really the best that are available now for that field—I believe this information should be extended.

Mr. FLOOD. This is small but a very important thing.

Mr. MOORE. Yes, sir.

COMPUTER OPERATIONS

Another item that is vital to the running of the Bureau in keeping it on a proper path is the conversion of our system to the facilities now available in the Department of Labor computer center. The center was established under authorization from the Congress, and we have agreed as part of the Department to put all of our computer work into that center.

Mr. FLOOD. We are finally beginning to catch up to the hardware. You are running it instead of it running you.

Mr. MOORE. I believe we are, but to do it on a new third generation computer we have to do some work.

Mr. FLOOD. We gave birth to computers in Defense. The first one we had in Defense was as big as this room. We had to climb a ladder. It had red, white, and yellow lights. Now they have them miniaturized which is good.

Mr. Michael?

DEVELOPMENT OF THREE ECONOMIC INDEXES

Mr. MICHEL. Commissioner, you want to move toward a general price index as I understand, right?

Mr. MOORE. Yes, sir.

Mr. MICHEL. And a general wage index, and of course, we are currently revising the Consumer Price Index. Which of the three is most important?

Mr. MOORE. It is always difficult to answer that question. The Consumer Price Index is important because of its historic significance, its wide acceptance, the great use of it as an escalator in wage contracts and other contracts for retired people as well as working people.

So I would say of the three, the need for the Consumer Price Index and the need for updating it is probably paramount.

But it is also true that we lack a general wage index that has anything like the acceptability of the Consumer Price Index. We have not put the figures together in such a form that they have gained that acceptability and one of the purposes of this proposal for a wage index is to produce a widely acceptable measure of the price of labor. It will hold fixed the composition of employment and will take account of overtime and employment shifts between occupations, which have nothing to do with changes in the actual wage rate but can affect an average when there are more people employed at higher skilled occupations and fewer at lower skilled occupations. So I believe there is an urgent need for such a wage index.

The General Price Index is an idea that I believe is needed in view of the inflationary problem that this Nation is faced with. Although we do have the Consumer Price Index and the Wholesale Price Index, we do not now have a monthly price index that covers the whole economy and covers it accurately and shows what the contributions to the price level are from different sectors. And the basic purpose of the General Price Index is to produce such a general index.

I don't know how to rank those three in any sensible order because I believe they are all important.

Mr. MICHEL. As you envision it, would there be in the General Price Index some monthly published figure?

Mr. MOORE. Yes, sir; our index is just that.

Mr. MICHEL. When would that begin?

Mr. MOORE. We are proposing to do this in stages, and we believe that if we get the funds for this General Price Index program, we could have an interim index, which wouldn't be its final version, sometime in fiscal 1973.

Mr. MICHEL. Would we continue to go our old merry way on computation of the Wholesale Price Index and Retail Price Index at the same time we were moving toward this General Price Index.

Mr. MOORE. The Consumer Price Index would be maintained in about the same way it is now. The Wholesale Price Index would be improved because part of the plan to get the General Price Index would be to improve our data for different industries that are now not covered adequately by the Wholesale Price Index.

So there would be an improvement in the WPI as a consequence.

WAGE INDEX

Mr. MICHEL. How sophisticated would this wage index be? Would it be an overall composite and then break down from that point because there are so many variable? Would I be able to find what the latest index is in the construction industry on the west coast or in the Midwest or in the East?

Mr. MOORE. Yes; the plan there is to produce both industry wage indexes and geographic wage indexes and occupational wage indexes which will all add up together to the general index. You will be able to look at the components and say what parts of it are producing the most increase or the least.

TIME REQUIRED FOR REVISION OF CPI

Mr. MICHEL. We have gone back and forth across this table a few times now on the Consumer Price Index, which was revised back in 1935 and two or three times since. According to your latest statistics I believe we are talking about $35 million to revise the Consumer Price Index as against a figure of about $4 or $5 million back in the thirties.

I can't argue with the point you make relative to the importance of the validity of the Consumer Price Index. As a matter of fact, in our report when we had the supplemental for 1972, we said:

> The costs for the consumer expenditure survey have gone up since the original 1972 budget was prepared and recent improvements in survey plans have added somewhat to fund requirements. This index is the Nation's principal indicator of the changes in the trend in prices. The committee fully supports any reasonable action needed to assure its validity.

That is what we said and we believe that. And, I am not too concerned about what it costs to get that if it is a good, sound one because measured against that $60 billion with relation to at least 7 million workers covered under escalator clauses in their labor-management contracts it is a small amount.

But the thing that distresses me and continues to bug me is the fact that it takes so long to put it together.

How much differently are we doing that today than we did back in the fifties, the forties, and the thirties? I know we are making four and

five trips back to the same family or community to make this thing more refined, but I just can't conceive that, with all of the technology available to us and with all of the sophisticated equipment and our communication capability today, we can't devise a system wherein within the space of a year we can get this information together and the next year put something out that is a pretty good Consumer Price Index.

I get to thinking, we revised the Consumer Price Index the last time in 1964 and here we are now in 1972 and we have to wait another couple of years for it really to be refined. We just can't wait that long.

Do we have to do it the same now as we did then? Do we have to give you $4 or $5 million for a think tank and get some real brainy individuals to say we are not going to do it the way we did 10 or 20 years ago?

NEW METHODOLOGY FOR REVISING

Mr. MOORE. That was exactly the decision we did make. We are not doing it in the same way we did it 10 years ago. But that was a difficult and basic decision to make, and we have made it. It took us some time to arrive at that decision and we have lost some time in connection with this revision because of that decision.

But basically that is what we did.

Now let me give you an example of why it takes so long. We started through the Bureau of Census to interview consumers on their expenditures in January 1972, a couple of months ago. We will be interviewing that sample of consumers, about 8,500 of them, all through calendar 1972 and into the first quarter of 1973.

Early in 1973 we will begin interviewing another sample of another 8,500 consumers and continuing those interviews all through 1973 and into early 1974. The reason for getting 2 years in a row is that we don't want to base the weights for the Consumer Price Index on a single year's experience because something peculiar may happen during that year. We want to average 2 years together.

It will be early 1974 before we have finished interviewing the consumers. Then comes the problem of putting all of that data we have been collecting for 2 solid years together and doing a number of other operations that will be picked up also at the same time and recomputing the index.

We want to run the new index for at least a year before we publish it because we want to see how it is working and whether it is as reliable as we think it should be when we have made these revisions.

So you can see how the years add on to one another to get that process done. I couldn't wish any more than you do that we could do it overnight, but it is not that kind of a job.

Mr. MICHEL. Is it established that we need this big a sample?

Mr. MOORE. Yes, sir. Because what we do besides producing the national index is produce indexes for individual cities, and we have to have a large sample of experience throughout the country to get valid figures for the individual city.

Mr. MICHEL. It just seems to me—and I would be willing to put up $4 million or $5 million to do it—that we could have a little separate nook or cranny in that shop of yours to go about this thing and get

that information funneled through in a much more expeditious way than waiting years for it. Then I would like to see—and we are spending so much on some silly research activities around here that end up getting us nothing in the end—see what they come up with in that effort and just see how far away it is from what you consider to be absolutely essential to give you the validity you say we all want.

I would be willing to try that to see whether or not we could get satisfactory results by taking it in a speeded-up method, getting it cranked into the computer and dished out here so that we don't have the data running 2 and 3 and 4 years behind. We can't do it in our business, lagging that far behind, and I just don't think the way things are moving so fast in the Government itself that we can wait that long either. Give that a little thought down there.

SUGGESTIONS FOR IMPROVING FUTURE CPI REVISIONS

Mr. MOORE. Let me make one suggestion I think would meet the problem. One of the reasons why this delay occurs is the starting up time. We have had to plan how to get this consumer expenditure survey on the road.

Mr. MICHEL. You are not going to be here forever. We love you dearly and hope you will be in that job for quite a few more years. But you are going to have successors and there are going to be successors to us here. Is every new administration or every new commissioner going to have to dream up a new way to crank this thing up?

Mr. MOORE. That is what I was getting at. I would like to leave something to my successor in the way to get this process speeded up.

Mr. MICHEL. You are very learned and scholarly in your field. I will be glad to hear from you.

Mr. MOORE. One way to get this process speeded up would be to have a continuing annual survey of consumer expenditures, whereby if the Census Bureau were doing the job they would be out in the field all of the time collecting these data for each year in the future. With that information it might have to be expanded for one particular year or two particular years, but at least we would have a notion of what was going on, what changes in expenditure patterns were taking place, and we would get that information very quickly.

Once an annual survey is established, the compilation of the results of that data is much easier—you don't have any of the programing problems, the planning problems and so on. You have cut all of that and put it together.

So I would think we would have the information coming out of an annual survey very promptly during the following year, and at anytime that a revision of the Consumer Price Index was thought to be needed, there would be the data on which it could be based, possibly with some expansion for that particular purpose. But basically we would have a system in being that could be used when it was needed. This time we had to start up the whole process afresh and it took a long time to do it.

Mr. MICHEL. We thank you for your comments, Commissioner. I won't go on longer. I think the chairman pretty well developed it. We know you are under the gun and we are too. We have a responsibility here to try to get the best figures we can and the most for our

money. We want to be helpful to you, but by the same token we have to keep putting your feet to the fire.

Thank you.

Mr. FLOOD. Mr. Shriver.

Mr. SHRIVER. Thank you, Mr. Chairman.

MEASURING PRODUCTIVITY OF SERVICE INDUSTRIES

Mr. Moore, on page 4 of your statement you mention the difficulty of measuring the productivity of service industries. I am curious to know how you are planning to measure the productivity of services?

Mr. MOORE. Let me give you a general answer and then call on Mr. Mark who is in charge of our office of productivity for more details.

We are planning to pick out certain service industries, such as banking, insurance, government, and certain areas within Government where we think there is a reasonable prospect of getting accurate results, and try to measure the output of those selected industries. That is really the crux of the problem.

We have the figures on employment and man-hours. What we need are the output measures to get output per man-hour.

So by selecting several service industries where the problem of measuring output is more capable of being handled, we are going to tackle it in that way. Mr. Mark may add something.

Mr. MARK. In the areas where it would be difficult to obtain measures, we will try to develop information on the real value of activities to see if we can develop something to give us an indicator.

Mr. MOORE. The idea of the plan is to measure or get information on the value of the products of these selected service industries, and then to get a measure of the prices that they get for those services and use the price index to deflate the value of the output to get a measure of the physical volume of output. The physical volume of output, when divided by the number of man-hours required to produce it, gives us productivity in those industries.

Mr. SHRIVER. You mentioned government. Would you use the same method of determining it?

Mr. MARK. At the present time there is a task force which consists of members from the staff of the General Accounting Office, the Bureau of Labor Statistics, and the Office of Management and Budget to examine the question of how to measure productivity in the Federal Government. Data have been collected on some production indicators for about 17 agencies, and these vary by the types of agencies.

By and large it has been broken into three groups—service-type activities, administrative-type activities, and general output or production activities. Each of the agencies has submitted some information in an attempt to quantify elements of their actions. These are being examined and analyzed in the hope that some insight can be developed for a continuing process of measuring the output of Government sectors. For example, in the Bureau of Labor Statistics, we have started to use various indicators such as the number of publications we have, the number of questions to which we respond and types of reports that have been prepared as some indication of the production of the agency.

Mr. SHRIVER. Did the task force take into consideration the legislative branch of Government?

Mr. MARK. I don't think so.

CONSTRUCTION INDUSTRY STATISTICS

Mr. SHRIVER. I am glad to see on pages 34 and 35 of your justifications that you are compiling additional statistics on the construction industry as this subcommittee directed I believe in its report last year.

Mr. MOORE. Yes, sir.

Mr. SHRIVER. Would you tell us some of the applications which might be made with this information?

Mr. MOORE. One of the applications of the price data that we are getting is to measure the productivity in the construction industry, and we are getting at productivity on construction in two different ways. One is through taking the value of the product of construction activity in the way I mentioned just before and dividing it or deflating it by price indexes to get a measure of the physical volume of output. For that we need good price measures.

The other way is to survey actual construction projects and to find out from the contractors what amounts of labor and materials they are using to produce whatever it is they are constructing, and get a measure of productivity in the construction industry directly from the contracting activity.

I think those measures of productivity in construction can be used in many different ways. They have a bearing on the size of wage increases that are justified by productivity improvements and so on.

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CONSUMER PRICE INDICES FOR CITIES OF VARYING SIZE

Mr. SHRIVER. On page 14 you said consumer price indexes for areas of different population size would be published in 1973. Would you tell us more about that?

Mr. MOORE. Those are the indexes that we are putting together for different regions of the country and for different sizes of city classes across the country. One of the objectives of doing that is to throw some light on the rate of change in prices in different size cities; that is, are prices going up faster in the larger cities or in the medium sized cities or in the small areas, or the reverse.

I think one of the applications that that may have is this—we get a great many demands for individual consumer price indexes for this town or city that we do not now cover. If we can show by means of the city size indexes that most of the cities of this size have this particular price behavior, we will be able to tell people who wish an index of their own city, "The best thing we can offer you is this index that fits cities of your size class and we think it is a pretty reliable index for that purpose."

Mr. SHRIVER. I think it would be a very important kind of index to have. I think the cost of living for instance is entirely different in my part of the country than here.

Thank you, Mr. Moore.
Mr. FLOOD. Mr. Conte?

DECREASES IN BUDGET

Mr. CONTE. Exactly how were you able to achieve a $279,000 reduction in the Bureau's base program?
Mr. MOORE. The decrease of $279,000 represents a reduction of $83,000 in the data processing and executive direction areas as a result of improved administrative and management methods. The remaining $196,000 was a program reduction in the wage area as a result of the elimination of low-priority programs.

REVISION OF EMPLOYMENT AND PAYROLL RECORDS

Mr. CONTE. How long do you expect it will take to revise the Bureau's establishment employment and payroll records?
Mr. MOORE. At the national level, the revision should be completed by the end of fiscal year 1976. At the State level, where the BLS is paying half the cost of the revision process and the Manpower Administration the remaining half, the process will not be completed until fiscal 1977.

REDUCING IRREGULARITIES IN MONTHLY STATISTICS

Mr. CONTE. What are the several methods you plan to test to reduce irregularities in the monthly employment and unemployment statistics?
Mr. MOORE. We plan to test two alternative methods of reducing irregularities in the employment and unemployment data. One method that would be tested is collecting the data during 4 weeks in the month and averaging the results; this would produce a more representative picture of unemployment for the month. As an alternative, we plan to test the contribution increasing the size of the sample would make to reducing the regularities in the data. This latter method has an added advantage in that it will greatly increase the Bureau's ability to provide more accurate information on small groups in the labor force as well as for individual local areas.

GENERAL WAGE INDEX

Mr. CONTE. What are the 12 major occupations you propose to include in the general wage index?
Mr. MOORE. The 12 major occupational groupings for which data will be available are as follows: professional and technical workers, managers, officials, and proprietors, clerical workers, sales workers, craftsmen and foremen, operatives, nonfarm laborers, private household workers, service workers, farmers and farm managers, and farm laborers and foremen.

DATA ON WHITE-COLLAR WORKERS

Mr. CONTE. What methods might be feasible for obtaining hours and earnings data for white-collar workers?

Mr. MOORE. In terms of the type of survey to be used, we believe that a mail survey is the most feasible mechanism by which to collect these data. Our proposal will provide for a test of this type of mechanism in fiscal 1973. In addition, we will be testing the feasibility of different collection documents in order to determine which places the least burden on reporting employers and produces responses on a timely basis.

PRODUCTIVITY MEASUREMENT

Mr. CONTE. Exactly how are you proposing to broaden the scope of your productivity measurement program?

Mr. MOORE. We are proposing to expand the current program on productivity measurement to provide measures of output per man-hour and unit labor cost for additional manufacturing industries and for major service industries such as banking, laundries, trade, and government. Measures will be developed first for additional manufacturing industries with emphasis placed on those having the largest number of workers.

In addition to expanding the industry coverage of our present program, we are also proposing to broaden the conceptual approach to productivity measurement. We will initiate work on the development of an output per man-hour measure that is unaffected by employment shifts between industries so that a more precise measure of the underlying secular trend in productivity can be obtained. Further, in order to assess efficiency in the utilization of resources, we will initiate the development of annual indexes which will supplement our existing productivity measures by relating output to nonlabor inputs of capital, materials, and energy, and to alternative measures of labor input.

Mr. CONTE. Thank you.

Mr. FLOOD. Thank you, gentlemen.

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JUSTIFICATION OF THE BUDGET ESTIMATES

BUREAU OF LABOR STATISTICS

Salaries and Expenses

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate.....	$37,300,000	$44,662,000
Reserve, President's Economy Actions of 8/15/71.....	-1,289,000	---
Total available for obligation.....	36,011,000	44,662,000

Obligations By Activity

	1972 Appropriation Revised		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Manpower and employment....	255	$11,323,000	286	$14,011,000	+ 31	+$2,688,000
2. Prices and cost of living.....	277	5,009,000	295	5,403,000	+ 18	+ 394,000
3. Wages and industrial relations....	295	4,958,000	322	5,745,000	+ 27	+ 787,000
4. Productivity and technology.....	75	1,263,000	81	1,376,000	+ 6	+ 113,000
5. Economic research.....	36	1,122,000	36	1,130,000	---	+ 8,000
6. Executive direction and staff services.....	269	6,415,000	277	7,237,000	+ 8	+ 822,000
7. Revision of the consumer price index..	133	5,921,000	204	9,760,000	+ 71	+ 3,839,000
Total obligations by activity.....	1,340	36,011,000	1,501	44,662,000	+161	+ 8,651,000

BUREAU OF LABOR STATISTICS

Salaries and Expenses

Obligations By Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
Total number of permanent positions.....	1,340	1,501	+ 161
Positions other than permanent.....	74	100	+ 26
Average number of all employees.....	1,347	1,499	+ 152
Personnel Compensation:			
Permanent Positions.....	$17,574,000	$19,372,000	+$1,798,000
Positions other than permanent.....	481,000	668,000	+ 187,000
Other personnel compensation.....	304,000	201,000	- 103,000
11 Total personnel compensation.....	18,359,000	20,241,000	+ 1,882,000
12 Personnel benefits.....	1,417,000	1,573,000	+ 156,000
21 Travel and transportation of persons.....	777,000	1,049,000	+ 272,000
22 Transportation of things.....	20,000	24,000	+ 4,000
23 Rent, communications, and utilities..	1,994,000	2,931,000	+ 937,000
24 Printing and reproduction.....	570,000	716,000	+ 146,000
25 Other services.....	2,160,000	2,332,000	+ 172,000
Services of other agencies.....	10,287,000	15,275,000	+ 4,988,000
26 Supplies and materials.....	101,000	110,000	+ 9,000
31 Equipment.....	326,000	411,000	+ 85,000
Total, obligations by object.....	36,011,000	44,662,000	+ 8,651,000
Working Capital Fund items included above.....	(1,680,000)	(1,771,000)	(+91,000)

BUREAU OF LABOR STATISTICS

Salaries and Expenses

Summary of Changes

	Pos.	Amount
1972 Enacted appropriation	1,412	$37,300,000
Reserve, President's economy action of 8/15/71	-72	-1,289,000
1972, Available for obligation	1,340	36,011,000
1973 Estimate	1,501	44,662,000
Total Change	+161	+8,651,000
Mandatory Items:		
Increases:		
Net additional cost of within-grade promotions effective for part-year in 1972	--	+ 129,000
Net cost of within-grade promotions becoming effective in 1973	--	+ 142,000
Net additional cost for Federal Telecommunications Systems services	--	+ 30,000
To provide for a net increase in contributions to the Federal Employees' Compensation Fund	--	+ 5,000
To provide for state salary increases in connection with cooperative programs	--	+ 550,000
To provide for increase in printing costs	--	+ 100,000
To provide for a net increase in penalty mail payment to Post Office	--	+ 368,000
To provide for costs associated with relocation of regional offices	--	+ 322,000
Subtotal, increases	--	+1,646,000
Decreases:		
Reduction for two less days of pay in 1973 for current year staff	--	- 109,000
Reduction in costs of centralized services	--	- 23,000
Subtotal, decreases	--	- 132,000
Total, Mandatory Items	--	+1,514,000

	Pos.	Amount
Program Items:		
Increases:		
To provide for improving the measure of employment and unemployment (page 10)	+ 6	+$1,150,000
To provide for the revision of the Standard Industrial Classification (page 11)	+ 21	+ 500,000
To provide information on hours and earnings of nonproduction or supervisory workers in the private sector (page 12)	+ 4	+ 150,000
To provide for expansion of the development of price indexes needed to measure the price competitiveness of U.S. products in world markets (page 15)	+ 12	+ 200,000
To provide for the development of a general price index (page 16)	+ 8	+ 134,000
To provide for an improved measure of wage rate change (page 20)	+ 26	+ 502,000
To provide for the expansion of the industry wage studies program (page 21)	+ 23	+ 400,000
To provide more comprehensive measures of industry productivity (page 24)	+ 7	+ 100,000
To expand the program to redesign the Bureau's statistical systems to utilize the new Department of Labor Computer Center (page 29)	+ 11	+ 450,000
To provide for additional costs for the revision of the Consumer Price Index (page 32)	+ 71	+ 3,830,000
Subtotal, increases	+189	+ 7,416,000
Decreases:		
Anticipated program reduction in the wage program (page 20)	- 20	- 196,000
Reduction resulting from improved administrative and management methods in the Data Processing and Executive Direction areas (pages 15, 20, 24, 29)	- 8	- 83,000
Subtotal, decreases	- 28	- 279,000
Total, program items	+161	+ 7,137,000
Total Change	+161	+ 8,651,000

Activity 1. MANPOWER AND EMPLOYMENT (1972, $11,323,000, Pos. 255; 1973, $14,011,000, Pos. 286)

Narrative Description of Program

The Manpower and Employment program measures the activity and health of the economy and its industrial and geographic sectors in terms of employment, hours, earnings, job vacancies, and labor turnover. The official Federal Government statistics on employment and unemployment in the United States are analyzed and published on a monthly basis. Monthly data on the labor force status of the population are obtained through the Current Population Survey of approximately 50,000 households, conducted for the BLS by the Bureau of the Census. Supplements to this survey provide additional data on the experience and characteristics of special groups in the labor force such as working women, veterans, Negroes, and young workers.

Monthly data on employment, hours, and earnings in all nonagricultural activities, and on labor turnover in manufacturing, mining, and communications industries are obtained by the industry employment survey of a sample of employer payrolls conducted in cooperation with State agencies. Data are published for each State and for a large number of industries and local areas. Labor turnover data are published for 37 States and a number of local areas. Monthly statistics are also published on job vacancies in manufacturing for the United States as a whole and for manufacturing and nonmanufacturing in selected metropolitan areas. The latter program is conducted in cooperation with the Manpower Administration.

The occupational outlook studies program provides information on future occupational and industrial manpower requirements and resources. The spectrum of manual, white-collar, and service jobs, and all major industries are covered. The Occupational Outlook Handbook, the major publication of the program, is issued every other year; over 80,000 copies of each issue are sold. It provides comprehensive outlook information on more than 800 occupations and 30 major industries. Additional occupational and related manpower information is published in the Occupational Outlook Quarterly, and in a variety of special reports and bulletins.

The occupational employment statistics program is conducted in cooperation with the Manpower Administration and provides information on employment in individual occupations. Surveys of employment by occupation in individual industries are conducted in cooperation with an increasing number of State agencies. Patterns of occupational distribution will ultimately be developed for industries covering the entire private nonfarm economy.

For use in developing employment estimates and manpower projections by occupation, a computerized industry-occupational table is maintained with periodic updating, covering 170 occupations in about 120 industries. Projections are made of manpower requirements for the economy by industry and occupation; technical aid is given to States in making projections of State and local manpower requirements. Long-term and short-term projections of labor supply by age, sex, race, and education, and studies of the relationship between labor force activity and economic conditions are also prepared.

In 1971, in addition to publication of the regular monthly statistics and analysis on labor force developments in the country as a whole, labor force information was issued for a variety of special areas, including large metropolitan areas, central cities, geographic regions, urban slum areas, and the poorest neighborhoods in the Nation's 100 largest urban areas, as well as for special groups in the population, including teenagers and black workers. Responsibility for analyzing and compiling current data on employment and

unemployment of veterans was assumed; monthly fact sheets were prepared for the Jobs for Veterans program. Examples of topics covered in special labor force reports include employment of Vietnam veterans, multiple job holders, work experience of the population, students and summer jobs, and employment of high school graduates and school dropouts. A revised table of working life for men was completed.

The Federal-State cooperative survey of industry establishments was expanded to include employment, hours, and earnings series for Northern Virginia (Sub-area of Washington, D.C. SMSA) and the Delaware Valley (Sub-area of Philadelphia, Pennsylvania SMSA). Employment information was provided for Long Branch, New Jersey for the first time.

Publication of job vacancy data for manufacturing for 34 metropolitan areas and for 14 manufacturing industries for the United States as a whole was initiated on a monthly basis.

Survey specifications and developmental work were completed for the occupational employment survey in all manufacturing industries except for the printing and publishing industry which was surveyed in 1970.

The biennial revision of the Occupational Outlook Handbook was conducted. Additions to the program focused on providing occupational outlook information specifically designed for use in counseling the disadvantaged. Projections of employment by occupation and industry for 1980 were prepared. For use of those responsible for planning education and training, two major publications were issued: Occupational Manpower and Training Needs, and College-Educated Workers, 1968-1980.

In 1972, the Bureau continues to analyze and report on the employment situation in the Nation as a whole and its regions, largest States and areas, and poverty localities. Special analyses on such subjects as weekly earnings, persons not in the labor force, employment in individual industries, part-time workers, jobseeking methods, reasons for unemployment, and duration of unemployment are being published.

Work has been initiated on revising estimates of the number of years women at various ages can expect to be in the labor force. Additional information and analysis of the employment situation of Vietnam Era veterans has been prepared and published. Implications of fertility trends will be analyzed in terms of effects on labor supply; labor force projections for the Nation will be revised. Special labor force reports will include marital and family characteristics of workers and employment of recent high school graduates and school dropouts.

The collection and analysis of industry employment, hours, and earnings data continues at current levels. The expanding job vacancy-labor turnover Federal-State cooperative program will result in publication of job vacancy information in manufacturing for 12 additional areas. In addition, publication of job vacancy information for nonmanufacturing industries will be initiated for seven areas.

Occupational employment data for manufacturing industries will be obtained. Developmental work will be completed for the survey to obtain occupational employment data for most private nonmanufacturing industries, excluding agriculture. The 1970 survey of scientific and technical personnel employed in private industry will be published. A supplement to Tomorrow's Manpower Needs presenting revised national manpower information for 1970 and 1980 is being prepared. This information will be used as a guide in the development of State and area projections of manpower requirements.

The 1972-73 edition of the Occupational Outlook Handbook has been published. Several additional occupational outlook studies will be conducted and published in the Occupational Outlook Quarterly.

In 1973, a program is proposed to test the effect of collecting labor force statistics for all weeks of the month and averaging the results, instead of for a single week as is presently done. The objective is to determine how best to reduce the month-to-month irregularities in the national unemployment rate and other employment statistics. For this purpose a separate sample will be developed which, if the test proves successful, will provide information necessary to seasonally adjust the series.

An additional proposed program increase provides for work on converting the industry statistics programs to the revised Standard Industrial Classification System.

An increase providing for an experimental program leading to the collection of hours and earnings information for the 10 million nonproduction or supervisory workers in the private sector is also proposed. Tests will be conducted within the context of the Federal-State cooperative program which already provides monthly information relating to hours and earnings of production and nonsupervisory workers.

The Nation's employment situation will continue to be analyzed and a number of special reports will be prepared on the employment of veterans, of youth and of women, and on the mobility of workers. Work will continue on updating tables of working life for women. Revised labor force projections by State will be prepared.

Work will continue on expanding the job vacancy and labor turnover program by adding sufficient sample establishments to support the preparation of job vacancy estimates covering nonmanufacturing industries for the United States as a whole and for additional metropolitan areas.

Occupational employment in selected nonmanufacturing industries will be surveyed and developmental work will be completed for industries not covered in the FY 1971 and FY 1972 surveys.

The biennial revision of the Occupational Outlook Handbook will be conducted. Additions to the program will focus on occupations for which vocational education is a primary source of training.

Changes for 1973

Mandatory changes amount to	+$ 888,000
Program changes amount to	+$1,800,000
Positions	+31

Mandatory changes include within-grade promotions effective for part year in 1972; within-grade promotions effective in 1973; additional cost of Federal Telecommunications Systems service; increase in penalty mail payments to Post Office; payments to States for increased salary and other costs in connection with the cooperative employment and labor turnover program; and increase in printing costs, offset by a decrease due to two less days of pay in 1973.

Improving the Measure of Employment and Unemployment

Proposal:

To test the effect of a weekly collection of labor force statistics on the stability and representativeness of the national unemployment rate.

The Need:

The unemployment rate is a critical economic indicator used to evaluate the performance of the economy and the attainment of the goals of the Employment Act of 1946. The labor force survey used to estimate unemployment currently is based on a single week in every month, and sometimes exhibits irregularity from month-to-month because of special factors occuring in the survey week, such as unusual weather conditions or holidays.

The Program:

Alternative methods of collecting unemployment data would be tested to determine the most effective method of reducing irregularities in the monthly rate. One method that would be tested is collecting the data during four weeks in the month and averaging the results; this would produce a more representative picture of unemployment for the month. A second method would be to test the contribution increasing the size of the sample would make to reducing the irregularities in the monthly data after seasonal adjustment. Sample expansion would have an added advantage in that it would also increase greatly the Bureau's ability to provide more accurate information on small groups in the labor force as well as for individual local areas. Since the same weeks would be covered as at present, this method would avoid the necessity of running the test for a long enough period to estimate new seasonal factors, which the first method will require.

These two methods of reducing the irregularities in the unemployment rate would be tested beginning in FY 1973. A parallel sample in the Current Population Survey would be established for the purpose of conducting surveys in the weeks not covered by the presently monthly survey. The Bureau of the Census would set up the sample and do other preparatory work; the actual survey would be undertaken in the latter part of fiscal year 1973. The parallel survey would be continued for a suitable period to develop experience with a larger sample and to determine the seasonal movements of a series based on the average unemployment in all weeks of each month.

Additional funds will be necessary beginning in FY 1974 for the conduct of the survey on a full year basis.

Base:

Positions: 26 Estimated Cost: $3,383,400

Additional Costs:

Positions: 6 Man-years: 5.4 Estimated Cost: $1,150,000

Revision of the Standard Industrial Classification (SIC)

Proposal:

To provide for the revision of employment and payroll records and statistics to conform to the revised Standard Industrial Classification system.

The Need:

The Standard Industrial Classification system is used throughout the government to promote uniformity and comparability in the presentation of statistical data relating to establishments that are collected by the various agencies of the Federal Government, State agencies, trade associations, and private research organizations.

To keep the SIC in conformity with the changing patterns of industry, periodic revisions are undertaken every 5 to 10 years by the Technical Committee on Standard Industrial Classification under the sponsorship and general supervision of the Office of Management and Budget. By directive of OMB, all governmental statistical programs using industry classifications are required to conform to the SIC.

The Program:

The current revisions in the SIC are much more extensive than those adopted in 1963 and 1967. For example, the revisions will affect over 100 published series in the BLS Employment and Earnings program. The revised system, which is effective January 1972, will require extensive efforts by the Bureau and cooperating State agencies to: (a) develop new computer programs to take into account the revised coding structure; (b) recode each establishment in reporting samples in accordance with the new system; (c) retabulate time series based on industry reports; and (d) develop, to the extent possible, continuous time series.

In order to accomplish these tasks, differences between the 1967 and 1972 Standard Industrial Classification systems must be identified and conversion lists prepared. Training programs for both Federal and State staff concerned with industrial classification will be established. Forms for collecting detailed product or activity information will be revised, and tabulating procedures will be developed.

The project will be carried out in close cooperation with the Manpower Administration and the State Employment Security Agencies.

Base:

Positions: 0 Estimated Cost: 0

Additional Cost:

Positions: 21 Man-years: 13.6 Estimated Cost: $500,000

Hours and Earnings Data for Nonproduction or Supervisory Workers

Proposal:

To develop a program to provide information on the hours and earnings of nonproduction or supervisory workers in the private sector.

The Need:

A major gap in the current BLS program providing data on hours and earnings of workers is the lack of current information for both the six million supervisory and other nonproduction workers in goods-producing industries and the four million supervisory workers in the rapidly growing services-producing industries. These ten million workers account for a large and growing fraction -- about one-sixth -- of all workers in the private sector. Current measures of the level and trends in earnings and man-hours for this group of workers are urgently needed to strengthen the data base upon which economic stabilization policies are formulated. They will contribute significantly to improved measures of wages, productivity, and unit labor costs.

The Program:

The Bureau of Labor Statistics industry employment statistics (790) program currently provides hours and earnings information for 50 million production or nonsupervisory workers. This Federal-State cooperative program has a monthly reporting panel of about 160,000 establishments and provides data by industry for the Nation, 50 States, and over 200 Standard Metropolitan Statistical Areas. During FY 1973, the Bureau proposes to test, in one or two States having diversified economies, the possible expansion of this existing program to provide hours and earnings data for nonproduction or supervisory workers.

Tests would be designed to: (a) determine whether summary data for both hours and earnings are available and, by means of mail surveys, whether employers will report this information; (b) identify pay period practices; and (c) assess the feasibility of alternative methods of data collection. In terms of the latter, tests would be designed to determine if the additional reporting burden adversely affects employer cooperation or the timeliness of the reports. In addition, the feasibility of collecting man-hour and payroll information for supervisory or nonproduction workers using a separate collection document would be explored.

Base:

Positions: 0 Estimated Cost: 0

Additional Cost:

Positions: 4 Man-years: 3.6 Estimated Cost: $150,000

Activity 2. PRICES AND COST OF LIVING (1972, $5,009,000, Pos. 277; 1973, $5,403,000, Pos. 295)

Narrative Description of Program

The most widely used statistics from the Bureau's program on Prices and Living Conditions are two monthly measures of price change--the Consumer Price Index and the Wholesale Price Index. Both are significant economic indicators of importance to the Congress, the Council of Economic Advisers, and other government agencies concerned with the status of the country's economy including most recently, the Cost of Living Council and the Price Commission. They are also used extensively by private industry and academic researchers and by the public at large both as measures of price change and for contract escalation.

The Bureau also prepares living conditions studies such as family budgets and comparative living cost indexes for several types of families and at several levels of living. These are also used to indicate geographical differences in living costs in the U.S. Research is conducted leading to the improvement of existing price measures, and the development of new measures. The program also provides for analysis of price behavior, the interpretation of price developments in relation to other major economic factors, and measures of the price competitiveness of U.S. products in world markets.

The Consumer Price Index (CPI) is the primary source of information concerning trends in retail prices in the United States. It is one of the best known and most widely disseminated statistical measures produced by the Federal Government. Approximately 5.5 million workers are covered by formal or informal agreements providing wage escalation in response to movements of the CPI. In addition, almost 2 million retired or disabled Federal personnel receive adjustments in annuities based on the CPI.

The Wholesale Price Index (WPI) is used by government, private industry, and research organizations for many purposes, including market analysis, escalation of long-term purchase and sales contracts, formulation of economic policy, and as an indicator of economic trends. The index is used by buyers and sellers of commodities, such as purchasing agents and sales managers.

The living conditions program is concerned with the development of data on consumer expenditure patterns and the way they change; information is obtained from the decennial Consumer Expenditure Survey and the regular consumer price program. Equivalency scales have been developed for estimating budget costs for families of different age, size, and composition. These data are used by private and public welfare agencies in developing welfare payment levels and by employers who want to know differences in living costs among communities.

Both basic and applied economic and statistical studies are conducted to improve existing price indexes, to develop new indexes where needed, to determine the impact of economic stabilization programs, and to increase knowledge of price behavior needed for economic forecasting and policy determination by other government agencies.

In 1971, work continued on improving specifications and making adjustments for quality change in both the CPI and WPI, particularly in the areas of housing, medical care, and farm machinery. Emphasis was given to testing the validity of the present sample of retail outlets from which commodity prices are obtained for the CPI. A program was initiated to develop a General Price Index: as a first step, work was undertaken to extend the WPI coverage to additional manufacturing industry sectors and, for the first time, to a few non-manufacturing sectors such as transportation. Work continued on the analysis and improvement of the stage-of-process indexes of the WPI: particular attention was paid to both the magnitude of the effect of price change on

other sectors and the time it will take for these effects to be felt. An experiment was initiated to assess the feasibility of increasing the accuracy of price data by obtaining actual transaction prices where list prices are unreliable.

Research on quality adjustment procedures in the area of house prices and rents was initiated. The empirical research into developing a cost-of-living index continued and papers on several conceptual issues on cost-of-living indexes were prepared. For the International Price Competitiveness Program, the survey of prices paid for products that are exported was expanded to cover a large number of commodities. The publication of annual price indexes for about 11 percent of U.S. commodity exports was initiated. A survey of prices for imported products was begun. General price analysis continued and in-depth reports were prepared for selected sectors in both the industrial and consumer area.

Two reports were started to provide consumers with readily understandable information on the comparative costs of owning versus renting a house or apartment and on the purchase and maintenance of an automobile.

In 1972, work is continuing on the General Price Index; indexes are being developed for about 29 additional manufacturing and mining industries and 122 new industrial commodities. Work continues on developing price indexes outside the purview of the CPI and WPI, and research has been undertaken to provide a basis for developing indexes of the prices of materials used in various kinds of construction activity. Work is underway to improve pricing procedures including obtaining, where possible, actual transaction prices for the WPI where list prices are unreliable, to implement quality adjustment techniques as they are developed, and to develop better outlet sampling techniques. Alternative methods of pricing and collection are being tested and, in some areas, will be implemented. Work continues on the tabulation and publication of food prices for additional areas.

Research continues on developing a cost-of-living oriented index and on the treatment of pollution-control costs in price indexes. The survey of importers to obtain prices paid for imported products for the International Price Competitiveness Program continues. Export price indexes have been published bringing coverage to 13 percent of U.S. exports. Family budgets are being updated to reflect changes in the price level between spring 1969 and autumn 1971 as measured by the CPI. Work continues on the development of consumer information pamphlets.

For use in appraising the effect of price and rent stabilization policies, the extent of the month-to-month stability in the price indexes during the freeze was assessed and the impact on price developments of controlled versus uncontrolled items was determined.

In 1973, consumer price indexes for areas of different population size will be published. Based on prices collected in FY 1972, average prices for additional consumer items will be calculated and published. These prices will also be used to develop a new series of place-to-place differences in price levels to be issued late in the year. Work begun in 1972 on the collection of monthly prices of some commodities that have been collected quarterly for the Consumer Price Index will be continued. Sector price indexes for 40 additional four-digit manufacturing and mining industries will be produced and some retail sectors will be covered as well. Beyond this expanded coverage, several price indexes will be produced within other economic sectors such as transportation and insurance.

A proposed program increase would accelerate the development of the General Price Index and provide for an interim index in FY 1973. The price indexes for the output of industries producing materials for use by other

indexes, which are vital to tracing price movements all along the line of production, will be improved. Building on earlier research, price indexes for materials used in various types of construction--single family homes, etc.--will be developed as will wholesale price indexes for the rapidly expanding area of mobile homes. A proposed program increase would accelerate the development of indexes of export prices to cover all durable goods, import price indexes for certain commodity groups, and measures of the change in U.S. price competitiveness for a limited number of commodity groups.

Continued efforts will be made to improve the measurements of and the conceptual framework for price data. Additional work will be devoted to obtain transaction prices where they are lacking, to improve the methods of making adjustments to price data when the quality of products change, and to develop more information about the cost-of-living, in particular the effect on it, of product substitution in response to changing prices. Additional consumer information pamphlets will be prepared.

Changes for 1973

Mandatory changes amount to	+$ 84,000
Program changes amount to	+ 310,000
Positions	+ 18

Mandatory changes include within-grade promotions effective for part-year in 1972; within-grade promotions effective in 1973; additional cost of Federal Telecommunications Systems Services; increases in penalty mail payments to Post Office; and increase in printing costs offset by a decrease due to two less days of pay in 1973.

The program increase amounts to $334,000 and 20 positions and is partially offset by a decrease of 2 positions and $24,000 because of increased efficiency in data processing.

Prices of Products Traded in International Markets

Proposal:

To expand the development of price indexes needed to measure the price competitiveness of U.S. products in world markets.

The Need:

Although the criticism is raised that American business is pricing itself out of world markets, price trends of exports and imports have been hard to discern and only a limited number of reliable indexes of change have been available. U.S. Government policy decisions on balance-of-payments and trade problems are seriously hampered by this lack of reliable and comprehensive statistical measures of the price competitiveness of U.S. products in world trade. Although many factors affect the U.S. competitive position in world markets, the inadequacy of existing data precludes accurate analysis. Reliable price indexes are needed to evaluate alternative financial and trade policies and to provide information required for export promotion programs.

In response to this need, the BLS, after several years of developmental work, published in June 1971, its first annual indexes of export prices, covering eleven machinery and equipment categories, 1964-1970. These indexes were updated and several new ones added in January of 1972, bringing

the program coverage to about 13 percent of total exports. In addition, a survey of importers to obtain data on import prices has been initiated. The feasibility of this effort has been demonstrated. What is needed now is to expand the coverage to all exports and imports by (a) collecting additional price data on important exported and imported products and (b) utilizing information already available on wholesale and export prices in a number of industrially advanced countries whose products compete in U.S. markets.

The Program:

In FY 1973, the Bureau's survey of exporters would be extended to cover exports of all durable goods, which currently account for about one-third of total exports. In subsequent years, coverage would be extended to nondurable goods such as raw materials, food products, and chemicals. The survey of importers would also be expanded to cover additional durable goods with primary emphasis placed on the machinery and equipment product area. To provide additional insights into the competitive positions of foreign sellers in U.S. markets, the Bureau would expand the analysis of the large amount of bid data, particularly those of foreign bidders, that is currently collected by U.S. government agencies and State and local governments in response to contracts for which they solicit bids.

Base:

Positions 9 Estimated Cost: $145,000

Additional Cost:

Positions: 12 Man-years: 10.8 Estimated Cost: $200,000

General Price Index

Proposal:

To continue the development of a monthly index of the general price level and its major components as part of a comprehensive, integrated system of price indexes. When completed, the index will incorporate data from three ongoing price programs; the Consumer Price Index, the Wholesale Price Index, and the Industry Sector Price Index.

The Need:

A new comprehensive measure of prices is needed to understand what is happening to the price level. Particularly at this time when the country has taken action to break the inflation spiral and maintain general price stability, it is important to improve our price measures so they will be better gauges of our progress. The need for a general price index together with a coordinated system of sub-indexes was demonstrated in 1969-71 when the existing measures--the Consumer Price Index, the Wholesale Price Index, and the GNP Implicit Price Deflator--provided sharply divergent measures of the rate of inflation. According to the CPI, the rate of inflation dropped substantially in 1970 and the first half of 1971 (before the wage-price-rent freeze), but the other two indexes did not tell the same story. Because of differences in concept and coverage it is not always possible to trace the source of these divergencies or to determine which index best represents the situation. The

general price index would provide an accurate overall measure of the rate of inflation, and its component indexes would make it possible to analyze systematically what is happening in the various sectors.

The Program:

This proposal will provide for the completion of an interim monthly general price index (GPI) in sufficient detail for use in fiscal 1973. Work will be accelerated to incorporate into the new index data now available from the Consumer Price Index, the Wholesale Price Index and the Industry Sector Price Index programs. Price data also will be collected for new industries such as retailing, government purchases, and machinery and equipment. The collection of input prices--prices paid by each industry for its raw materials--will also be accelerated to permit the development of indexes to show differences in price change between raw materials and finished products.

Research would be expanded simultaneously with the development of the interim index to improve and strengthen the index in subsequent years. Particular attention would be given to improving techniques to account for changes in the quality of products included in the various pricing programs. As research on measuring quality changes yields results, the related new techniques of pricing will be incorporated into both the CPI and the GPI.

Base:

Positions: 24 Estimated Cost: $400,000

Additional Cost:

Positions: 8 Man-years: 7.2 Estimated Cost: $134,000

Activity 3. WAGES AND INDUSTRIAL RELATIONS (1972, $4,958,000, Pos. 295; 1973, $5,745,000, Pos. 322)

Narrative Description of Program

The Wages and Industrial Relations program provides for the collection and analysis of basic data on wages, salaries, and supplementary benefits. Detailed analytical studies are also made of the provisions of collective bargaining agreements and employee benefit plans, and a representative file of such agreements is maintained for public use. Reports are prepared on the structure, membership, and activities of American trade unions. Data on work stoppages are compiled.

Data on earnings by occupation are obtained through surveys of: specific localities; selected industries; white-collar salaries in private industry; selected crafts in highly unionized industries; and municipal governments. Studies of the level and structure of total employer expenditures for employee compensation, including supplements to straight-time pay, are also conducted. Periodic reports on the principal features of major health and insurance plans are prepared.

Monthly reports on current wage developments are prepared providing details of collective bargaining agreements affecting 1,000 or more workers. Statistical summaries of wage and benefit changes in major collective bargaining situations and in both union and nonunion manufacturing plants are also prepared. Indexes of wage changes are maintained for several occupational groups such as teachers and policemen. Chronologies covering about 35 key collective bargaining situations present changes in the amount and characteristics of wages, benefits, and plant practices. This record is brought up to date at the beginning of each new contract term.

A file of approximately 5,000 nongovernment collective bargaining agreements is maintained. Annual reports are prepared describing the scope and prevalence of selected provisions. A Directory of National and International Labor Unions in the United States, which includes union membership data by industry, sex, State, etc., is compiled biennially.

Monthly estimates and detailed annual analyses are provided on work stoppages in the United States. Included are the number of stoppages, workers involved, man-days involved, duration, and settlements. Industry studies and special analytical articles are also prepared.

In 1971, the Bureau made a number of improvements in its existing wage and industrial relations programs. In the Area Wage Survey program, the collection of data for electronic data processing jobs was extended to all areas making it possible to publish for the first time national and regional estimates for this family of jobs. A study of wages in the air transportation industry was among the 14 surveys completed within the framework of the industry wage studies program. The annual Professional, Administrative, Technical, and Clerical Pay Survey which is used in the Federal pay comparability process was completed. Surveys of occupational wages in 12 municipal governments were conducted -- an increase of 6 from the previous year.

In cooperation with the National Commission on Productivity, the Bureau initiated work on the development of a general measure of wage rate change unaffected by such extraneous factors as the payment for overtime and employment shifts among industries and occupations. A special analysis of the relationship between changes in wage rates and changes in gross hourly earnings was completed.

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The program of studies of collective bargaining agreements and work stoppages was continued. The first report summarizing and identifying the substantive characteristics of labor-management agreements each covering 5,000 or more workers was published. The biennial Union Directory was issued. A comprehensive analysis of the collective bargaining experience of U.S. airlines under the Railway Labor Act was issued.

A comprehensive study of the provisions of private pension plans in 1969 and an analysis of changes in those plans during the last decade was completed. New techniques for summarizing retirement formulas of private pension plans were developed and applied. An expanded Digest of Selected Pension Plans was established. A report on annual earnings and employment patterns of private nonagricultural employees was published, as were the results of a comprehensive study of compensation in the construction industry.

In 1972, surveys of occupational wages are covering 19 municipal governments; these surveys together with those conducted in fiscal 1971 will provide coverage for all cities with populations of 500,000 or more. In order to meet the requirements of the Salary Comparability Act of 1970, work was completed to change the reference date of the Bureau's annual survey of professional, administrative, technical, and clerical pay (PATC survey) from June to March. First results of the June 1971 PATC survey were issued in November, 1971; data collection for the March 1972 survey will be completed in May with preliminary results available early in August 1972. The industry wage survey program is being expanded to include, for the first time, the construction industries. For the union wage scales program, the first biennial study of grocery stores was completed. Annual studies of local trucking, local transit, building construction, and printing are being continued. The area wage studies program will be continued, but with some modification in data collection techniques.

Comprehensive and improved studies of trends in employee compensation will continue. A new hourly earnings index was issued monthly beginning in July 1971. This new index provides data on wages and total compensation adjusted for industry shifts and for overtime in manufacturing. A study has been initiated to extract from the Bureau's monthly establishment survey hours and earnings data for union and nonunion establishments. Developmental work is continuing on the construction of a general wage index which will more accurately measure changes in the cost of labor.

The regular program of studies of collective bargaining agreements and work stoppages will be expanded. An intensive analysis has been initiated of the collective bargaining experiences of railroads under the Railway Labor Act. A study to identify the areas and trades in the construction industry that have exhibited a high propensity to strike and to determine the causes which underlie these developments are being initiated. An extensive study of the characteristics of construction industry collective bargaining agreements is also being undertaken. The ongoing study of the characteristics of union agreements is being expanded from those covering 5,000 workers or more to those covering 2,000 workers or more. Professional and State public employee associations are being added to the Union Directory. Also, utilizing data provided by the Bureau of the Census, a study of the demographic characteristics of union membership has been initiated.

First results of a nationwide study of employer compensation expenditures and payroll hours in the private nonagricultural economy in 1970 were issued. The digest of selected health and insurance plans will be expanded and revised to provide a subscription service similar to that previously developed for pension plans. Special studies of health, insurance, and pension plans covering construction workers will be initiated. Studies will also be initiated to determine the prevalence and nature of survivor benefit provisions in private pension plans.

A number of activities have been undertaken in support of the economic stabilization program. Labor management agreements expiring during and immediately after the wage-price freeze were identified and analyzed to obtain detailed information on such characteristics as costs of settlements, deferred increases, and escalator clauses.

In 1973, a proposed program increase will provide for the accelerated development of a General Wage Index. In addition, a proposed program increase will expand the Industry Wage Survey program to cover additional industries and to reduce the time period between surveys of particular industries. The result will be to increase the number of industries surveyed each year from approximately 15 to 20.

Annual surveys of Union Wage Scales, of wages in municipal governments, and of professional, administrative, technical and clerical salaries will continue.

Current monthly measures of changes in wages and compensation will be continued. Chronologies of wage and benefit changes in specific situations will be published. Studies of trends in earnings of selected groups such as Federal workers will be completed.

Employee welfare and benefit plans will continue to be analyzed. The digests of selected pension plans and selected health and insurance plans will be maintained and revised periodically to fulfill the obligations of the new format which entitles subscribers to updated materials.

The file of collective bargaining agreements maintained for public use and internal analysis will be kept as current as possible. The program of studies of collective bargaining agreements and work stoppages will continue. Data collection for the union membership series and the biennial Union Directory will be initiated.

Changes for 1973

Mandatory changes amount to	+$ 93,000
Program changes amount to	+$694,000
Positions	+ 27

Mandatory changes include within-grade promotions effective for part of FY 1972; within-grade promotions effective in FY 1973; additional cost of Federal Telecommunications Systems services; increase in penalty mail payments to Post Office; and increase in printing costs, offset by two less days of pay in FY 1973.

The program increase amounts to $902,000 and 49 positions and is partially offset by a decrease of $196,000 and 20 positions due to program reductions in the wage activity and $12,000 and 2 positions in data processing.

Improved Measure of Wage Rate Change

Proposal:

To accelerate the development of a comprehensive measure of change in the compensation of labor.

The Need:

To achieve a balance between labor costs and productivity that will lead to more stable prices, it is necessary to analyze the impact of significant wage changes. Available data on wages and earnings do not provide the basis for such analysis -- they are not comprehensive in terms of industrial or occupational coverage, do not cover all major elements of compensation, and are influenced not only by changes in wage rates but also by shifts in employment among industries and occupations. An improved comprehensive measure of wage change, with appropriate component detail, is needed to analyze the effect of stabilization policies.

The Program:

The proposed program will expand the study of the conceptual problems related to the development of a wage index that excludes the influence of overtime payments, changes in the relative weight of employment among industries and areas, and changes in the occupational composition of individual industries. It will be designed to produce a comprehensive measure of compensation changes including all employees in both the public and private sectors of the economy. In order to accomplish this, new data collection will be required; however, as much use as possible will be made of data from on-going programs. Separate data will be made available for 12 major occupational groups, 9 broad industry divisions, and 9 geographic regions. It is expected that first results of the proposed program will be available within a few months after the end of fiscal year 1973.

Base:

Positions: 13 Estimated Cost: $189,000

Additional Cost:

Positions: 26 Man-years: 22.6 Estimated Cost: $502,000

Expansion of the Industry Wage Studies Program

Proposal:

To enlarge the scope of the industry wage studies program which develops, on a periodic basis, comprehensive information on the wage structure of selected industries.

The Need:

The information developed by the industry wage studies program is widely used by policy makers in the Federal government to assess wage trends in particular segments of the economy, to gauge probable impacts of changes in tariff and foreign trade policies, and to mediate industrial disputes. The results of these studies are also frequently used in collective bargaining and wage administration by all levels of government, employers, and labor organizations.

The last major improvement in this program was made in 1961 when it was expanded to cover approximately 40 manufacturing and 20 nonmanufacturing industries and a 5-year time cycle was set for most of these industries. To appropriately reflect changing industrial patterns during the past decade and to provide comprehensive data for a number of rapidly growing nonmanufacturing industries such as personal and health services, additional industries need to be covered. Also, the 5-year cycle is far too long for this period of rapid economic change; virtually all labor-management contracts are for shorter periods of time.

The Program:

The proposed program will expand the number of industry wage surveys that are conducted each year by about one-third. Attention will first be given to extending the program to industries not now covered. These industries would be drawn from the volatile and fast growing health and personal services and trade segments of the economy. In addition, about 20 industries currently studied every five years will be scheduled for study every three years. This shortening of the survey cycle will provide wage data on a time schedule more in line with the collective bargaining pattern of most industries. The studies will continue to provide information by industry on the level and distribution of earnings, occupational earnings, and the incidence of such supplementary wage benefits as vacations, holidays, insurance, and pension plans.

Base:

Positions: 60 Estimated Cost: $900,000

Additional Cost:

Positions: 23 Man-Years: 20.7 Estimated Cost: $400,000

Activity 4. PRODUCTIVITY AND TECHNOLOGY (1972, $1,263,000, Pos. 75; 1973, $1,376,000, Pos. 81)

Narrative Description of Program

This program provides for the preparation of productivity indexes and analysis of productivity trends for the private economy and its various sectors and industries. Studies are made of automation and other technological changes within industries, as well as across industry lines. The displacement of workers resulting from the effects of technological change is analyzed. Up-to-date information is developed on labor and materials requirements for selected types of construction.

Measures of output per man-hour and unit labor cost are prepared for the total private economy, for farm and nonfarm, and also separately for manufacturing and nonmanufacturing. Productivity measures are also prepared for selected manufacturing and nonmanufacturing industires. In addition to the development of productivity indexes, the relationship of these measures to other economic variables is analyzed. Studies cover such subjects as the relationship between productivity, wages, prices, and labor and nonlabor costs of production.

Studies of the labor requirements for various types of construction are conducted annually for one or two major types of construction (schools, hospitals, public housing, etc.). These studies provide information on on-site man-hours worked by occupation; materials and equipment used; and the off-site man-hours generated by consumption of materials.

Studies of the outlook for new technology and the manpower implication of these changes are also conducted. These studies cover major industries as well as innovations which cut across industry lines.

Analyses and international comparisons of labor compensation, output per man-hour, and unit labor costs in major industrial countries are also prepared. Comparisons of labor force, unemployment and price trends in foreign countries are also provided.

In 1971, an updated report on productivity trends and indexes of output per man-hour for selected industries was prepared. Two additional industries -- grey iron foundries and pipelines--were covered and all existing series were updated.

The surveys of labor requirements in single family housing and hospital and nursing home construction were completed and published and a survey of public housing was initiated.

A series of special reports were prepared for the National Commission on Productivity. These included: a report on the meaning and measurement of productivity; an analysis of productivity changes and their relationship to income, costs, prices, and employment; and a report on labor management practices to improve productivity.

Studies of manpower utilization in prefabricated housing construction and the impact of technological changes in the laundry and non-electrical machinery industries were published.

In addition to regular periodic reports, an article was published on unemployment in the United States and seven foreign countries. A special report on international cost and productivity comparisons was submitted to the President's Commission on Trade and Economic Policy (Williams Commission).

In 1972, productivity statistics and special reports are being developed for the National Commission on Productivity. Analyses of factors that affect the rate of productivity growth among industries are being continued. Indexes of output per man-hour are being revised to incorporate the results of revisions in the Gross National Product (GNP). Research is continuing on means of adjusting labor input for changes in the quality of labor.

The survey of labor and materials requirements for public housing will be completed and published. A survey of multi-family housing labor and materials requirements has been initiated. A study of Federal highway construction labor and materials requirements is underway. A study of the manpower implications of changes in railroad technology will be completed.

Studies have been completed on unit labor costs and employment shifts in foreign countries. Work is in progress on industry profiles of four industries that are sensitive to imports. The early warning system for identifying industries affected by rising imports will yield data which will be used in a pilot report on this subject.

In 1973, the survey of multi-family housing will be completed and a survey of labor and materials requirements for sewer construction initiated. Estimates of direct labor requirements only for three or four previously surveyed types of construction will be developed. The comprehensive review of technological trends in 40-50 major industries will be continued and prepared for publication. The proposed program increase will provide for an expansion in the number of industries for which productivity measures are available.

Research will be extended on labor cost and productivity comparisons and the early warning system will include more reports on industries vulnerable to imports.

Changes for 1973

Mandatory changes amount to	+$20,000
Program changes amount to	+$93,000
Positions	+ 6

Mandatory changes include within-grade promotions effective for part-year in 1972; within-grade promotions effective in 1973; additional cost of Federal Telecommunications Systems services; and increase in penalty mail payments to Post Office, partially offset by a decrease due to two less days of pay in 1973.

The program increase amounts to $100,000 and 7 positions and is offset by a decrease of $7,000 and 1 position due to increased efficiency in data processing.

Improvements in Productivity Statistics

Proposal:

To provide more comprehensive measures of industry productivity.

The Need:

Productivity is one of the basic determinants of the ability of the economy to provide for both continued economic growth and price stability. At the present time, the Bureau publishes annual measures of productivity for the

total private economy, for farm and nonfarm, and about 40 manufacturing and nonmanufacturing industries. The productivity measures for the total private and nonfarm economy reflect the influence of employment shifts between high and low productivity sectors of the economy as well as productivity change within these sectors. Further, the coverage of individual industries accounts for less than one quarter of total employment in the nonfarm sector and provides only limited data for the rapidly growing services sector of the economy. These limitations are a serious handicap in assessing productivity movements in the economy as a whole and in specific industries.

The Program:

This proposal would expand the current program on productivity measurement to provide measures of output per man-hour and unit labor cost for additional manufacturing industries and for major service industries such as banking, laundries, trade, and government. Because productivity measures in service industries are difficult to develop, examination and analysis will be made of data and concepts already recommended by the National Bureau of Economic Research, the Bureau of the Census, trade associations, and the Interagency Task Force on Federal Government Productivity. Measures will be developed first for additional manufacturing industries with emphasis placed on those having the largest number of workers.

In order to provide a more comprehensive approach to the measurement of productivity, work will be started on the development of an output per man-hour measure that eliminates the effect of shifts in relative importance of broad sectors of the economy so that a more direct measure of the underlying secular trend in productivity can be obtained. The Bureau will also initiate the development of supplementary annual indexes which relate output to nonlabor inputs of capital, materials and energy and to alternative measures of labor input. These measures would provide information needed to assess efficiency in the utilization of resources.

Base:

Positions: 50 Estimated Cost: $763,000

Additional Cost:

Positions: 7 Man-years: 6.3 Estimated Cost: $100,000

Activity 5. ECONOMIC RESEARCH (1972, $1,122,000, Pos. 36; 1973, $1,130,000, Pos. 36)

Narrative Description of Program

Long-range projections of U.S. economic growth under alternative assumptions as to the patterns and rates of growth and analytical studies of the impact of economic changes on employment are prepared. The economic growth program, which involves the Departments of Labor and Commerce and the Office of Management and Budget, as well as the Council of Economic Advisers, provides a comprehensive and integrated framework for analyzing some of the implications of long-range economic growth for employment opportunities and for other important areas. In addition, studies of the manpower implications for the economy and for individual industries of changes in foreign trade, defense, and other government expenditures are prepared.

Assessments of current economic conditions and analyses of short-run economic developments are made regularly for top policymaking units of government. A recurring report, the Quarterly Review of Productivity, Wages, and Prices, initially developed for the use of the Joint Economic Committee of Congress, is prepared. Specialized research on socio-economic conditions is conducted to measure the experience of minority groups, aspects of the quality of the economic and social environment, and to evaluate the impact of proposed or ongoing governmental programs such as welfare reform. Special studies of labor conditions affecting special groups such as women, youth, and blue-collar workers are prepared.

In 1971, a set of economic projections to 1980 were developed under several alternative demand structures and alternative unemployment rates. Under each alternative, the implications for growth in industry output and employment were provided.

Widely varied special research projects were completed and published. These included Black Americans, A Chart Book; the Social and Economic Status of Negroes in the United States; and Blue Collar/White Collar Pay Trends, Earnings and Family Income. Special studies of Trends in Labor and Leisure and the Economic Status of Families Headed by Women were also completed. At the request of the State Department, a study of the family responsibilities of working women was completed for the United Nations Commission on the Status of Women.

In 1972, research articles are anticipated on the relationship of State and local government expenditures and employment, the impact of changing defense expenditures on employment, the relationship between changing consumer demands and employment, and an analysis of exports and employment. In cooperation with the Manpower Administration work has been initiated on analyzing the manpower implications of Federal expenditures on pollution as well as on the manpower implications of selected Federal grant-in-aid programs. Further, preliminary work is underway to revise the 1980 projections (completed in FY 1971) and extend them to 1985 in order to provide a framework for evaluating the long-run balance in manpower supply and demand and education and training programs.

Special reports on the four-day workweek and the employment problems of older workers will be prepared. A new monthly report containing rates of change in prices, wages, and productivity is being prepared for the first time. A report is being prepared on the socio-economic status of Mexican Americans. Research and analysis on the earnings and income of blue-collar workers and the measurement of net spendable earnings of workers continues.

In 1973, the revised projections for 1980 and 1985 will be completed. In cooperation with the Manpower Administration and the National Science Foundation, analysis will be completed on the manpower implications of government expenditures on pollution control and on selected grant-in-aid programs. In addition, work on the manpower implications of additional government programs such as health care or manpower training will be undertaken.

Research on the social and economic conditions of Negroes, Mexican Americans, and other minority groups will continue. There will be further development of the analysis of net spendable earnings and special studies of the earnings and other characteristics of specific groups of workers will be undertaken.

Changes for 1973

Mandatory changes amount to..... + $8,000

Program changes amount to..... 0

Mandatory changes include within-grade promotions effective for part-year in 1972; within-grade promotions effective in 1973; additional cost of Federal Telecommunications Systems service; increase in penalty mail payments to Post Office; and increase in printing costs, partially offset by a decrease due to two less days of pay in 1973.

Activity 6. EXECUTIVE DIRECTION AND STAFF SERVICES (1972, $6,415,000, Pos. 269; 1973, $7,237,000, Pos. 277)

Narrative Description of Program

This activity provides for the overall leadership of the Bureau in terms of the development of plans and policies for the Bureau's economic, statistical, and management programs.

Operational functions located in this activity include the development and introduction of improved data collection and processing systems and the coordination and direction of the Bureau's data collection and processing activities. In addition, the Bureau's publications and releases are planned and edited and a central inquiry service is maintained.

Eight regional offices supervise the field collection of statistical data, prepare and disseminate reports of local data, and provide consultative services on the application of the Bureau's materials to economic problems of local governments, business, labor, and the public.

In 1971, a project planning and approval system was implemented to assure that each BLS organizational unit that might be affected by a proposed project has an opportunity to share in its planning and in the development of the most accurate resource estimates possible.

In conjunction with improving the Bureau planning processes, an active quarterly review and analysis program was initiated. This program provides a forum for the major program office directors together with senior management and support office chiefs to discuss the current status of programs on a regular basis.

Public interest in the Bureau's periodicals and other publications increased during the year. In response to an increasing number of inquiries, Bureau personnel in both Washington and in the regional offices answered a total of 593,401 inquiries in 1971; in 1970 inquiries totaled 554,865; in 1969 there were 480,483 inquiries. A total of 3,604,726 pieces of published materials, free and paid, were distributed in 1971; 3,392,849 pieces were distributed in 1970; in 1969, 2,714,293 were distributed. Paid subscriptions to the Monthly Labor Review, Employment and Earnings, and Occupational Outlook Quarterly rose substantially. Both the Monthly Labor Review and the Quarterly were cited by the Federal Editors Association for their success in presenting significant economic data in attractive, readable form.

In 1972, a project management system which provides information to facilitate the development of plans and schedules and to monitor the progress of data collection and processing activities is being implemented. This system has been designed to enable the Bureau's top managers to better plan and maintain control over approximately 350 different projects.

A study has been initiated to develop policies and procedures which would facilitate more timely and efficient data collection and data processing operations. Major objectives are to establish a common understanding of the nature and impact of operations-related problems among representatives of all of the organizations affected; to establish a systematic and cooperative approach to solving such problems; and to recommend specific actions to resolve problems and improve Bureau operations.

The program to redesign BLS statistical systems for conversion to the Department of Labor's new computer center has been initiated.

In 1973, as part of the Bureau's continuing efforts to decentralize administrative and program authority and responsibilities to the Regional Offices, the Bureau will conduct workshop training sessions in each of the regions for its senior staff. These sessions will cover recently delegated managerial responsibilities, fiscal data needs, regional participation in the Bureau management process and regional classification authority.

The program increase requested for FY 1973 would enable the Bureau to expand the program initiated in FY 1972 to redesign the Bureau's computer systems to utilize the new Departmental computer center. This program will improve the Bureau's research capabilities and permit the achievement of more rapid processing capabilities.

Changes for 1973

Mandatory changes amount to	$ +412,000
Program changes amount to	$ +410,000
Positions	+ 8

Mandatory changes include within-grade promotions effective for part-year in 1972; within-grade promotions effective in 1973; additional cost of Federal Telecommunications Systems service; increase in penalty mail payments to Post Office; increase in printing costs; contribution to the Federal Employees Compensation Fund; and relocation of regional offices, partially offset by a decrease due to two less days of pay in 1973 and a decrease in the costs of centralized services.

The program increase amounts to $450,000 and 11 positions and is offset by a decrease of $24,000 and 3 positions in administrative services and a decrease of $16,000 in centralized services.

Redesign of Statistical Systems to Utilize the New Department of Labor Computer Center

Proposal:

To accelerate the program leading to the redesign and reprogramming of BLS statistical systems to utilize the new Department of Labor Computer Center.

The Need:

Under Congressional authorization the Department of Labor has established a large-scale computer center equipped with modern "third-generation" equipment. The Department of Labor's plans for this new center are based on the assumption that BLS will account for a major portion of the center's total workload. Current Bureau of Labor Statistics data systems cannot operate on the new Departmental equipment because they have been designed for the "second-generation" equipment which the BLS acquired more than a decade ago.

In FY 1972, Congress appropriated funds to enable the Bureau to initiate the conversion of its data systems to the new center. However, the need to expedite the process has become increasingly critical. The Bureau is confronted with the prospect of serious delays in the preparation and release of critical economic data due to the declining availability of personnel capable of repairing, programming, or otherwise supporting operations on its relatively obsolete equipment.

Expediting the conversion process would also result in more rapid achievement of the benefits offered by the new computer facilities. For example, computer screening of individual schedules collected from BLS surveys could be expanded by utilizing the new computer facility. Similarly, it would be possible for the new equipment to take over much of the work involved in preparing for publication the statistical presentations that appear in BLS bulletins, monthly journals, and similar documents. At the present time, these materials must be manually edited, reformatted, typed and proofread by Bureau staff.

The Program:

In FY 1972, the Bureau initiated the redesign of four major systems: the Universe File of Establishments from which samples for BLS surveys are drawn, the Employment, Hours, and Earnings System; the Occupational Wage Statistics System; and the BLS Information System which provides a historical data bank of about 30,000 published and unpublished statistical series. The increase in funds will enable the Bureau to expedite the conversion of these systems, and initiate the redesign of the Wholesale Price Index, Industry Sector Price Index, International Price Comparisons, and Job Openings and Labor Turnover Systems. In order to minimize the time and clerical effort involved in preparing statistical tables for publication, the Bureau would also initiate the development of an electronic composition system.

Base:

Positions: 26 Estimated Cost: $500,000

Additional Cost:

Positions: 11 Man-Years: 9.9 Estimated Cost: $450,000

Activity 7. REVISION OF THE CONSUMER PRICE INDEX (1972, $5,921,000, Pos. 133; 1973, $9,760,000, Pos. 204)

Narrative Description of Program

A comprehensive review and revision of the Consumer Price Index is underway to provide up-to-date information on the items consumers are buying, the proportion of their income they are spending on the various items, and the places where they make their purchases. If the Index is to be an accurate indicator of price change, it must be updated periodically to reflect changes in the national economy, preferably at least every 10 years.

The present revision program was started in 1970. Its procedures are many and varied: First, pilot surveys are conducted to determine, through testing, the best method of collecting data on (a) how consumers spend their money, the so-called Consumer Expenditure Survey, and (b) where consumers make their purchases, the so-called Point of Purchase Survey. After analysis of the data collected in the pilot tests is completed, nationwide surveys are conducted from which selection is made of the representative goods and services to be included in the Index and the types and location of retail stores from which to collect prices. During this revision cycle, as part of the Consumer Expenditure Survey, an innovative technique of diary keeping by consumers of hard-to-remember expenditures will be conducted. Methods to be used in gathering prices also are tested to see if existing methods can be improved.

The Consumer Expenditure Survey also provides the basis for assigning the statistical weights of each item to be included in the Index so it will reflect the proportion of the consumer's dollar that is spent on the various items. The current Consumer Price Index is based upon the weights derived from a Consumer Expenditure Survey conducted in 1960-61.

Research continues through the revision process to improve procedures and techniques, to identify and adjust for changes in quality of items included in the Index, to develop improved methods to take account of hard to measure consumer costs such as interest on installment credit and other types of consumer debt, and to measure elements in the cost of living not now considered in the Consumer Price Index.

In 1971, pilot surveys conducted in FY 1970 in Portland, Oregon and Miami, Florida were completed and analyzed. Plans were made for the conduct of the larger expenditure survey and to develop housing and rent data for the Index.

In 1972, preparation of survey questionnaires, training manuals, and other materials for the Consumer Expenditure Survey has been completed and the survey itself has been initiated. The design of computer systems to process the vast amount of data to be collected is underway. Plans for the collection of data necessary for the selection of outlets from which price data are to be obtained for the revised Index will be completed. Research continues on developing improved procedures for handling difficult components of the CPI such as the measurement of quality changes in products purchased by consumers.

In 1973, the collection and tabulation of data from the nationwide Consumer Expenditure Survey of 17,000 households will continue. Diaries of expenditures for items such as food and personal care which are not covered in detail in the Consumer Expenditure Survey will be collected from a separate sample of 19,000 households. The collection of data necessary for the selection of retail outlets from which price data are to be obtained for the revised Index will be undertaken. Preliminary work will be initiated on developing information to be used in selecting rental units to be included in the revised Index. Work will continue on the development and implementation of computer systems to handle the vast amount of detailed data being collected.

Changes for 1973

Mandatory changes amount to	+$	9,000
Program changes amount to	+$3,830,000	
Positions	+	71

Mandatory changes include within-grade promotions effective for part-year in FY 1972 and within-grade promotions effective in FY 1973, partially offset by a decrease due to two less days of pay in FY 1973.

Revision of the Consumer Price Index

Proposal:

To provide additional funds to cover the costs of data collection, processing, and analysis for this fourth year of the revision cycle, the peak year for data collection.

The Need:

As a critical economic indicator, the Consumer Price Index is the Nation's most important measure of change in the purchasing power of the consumer's dollar. The movement of the Index directly or indirectly affects the full range of private and public wage negotiations as well as a wide range of policy decisions. This widespread use of the Index in decision-making makes it imperative that the Index be as accurate as possible. This need perhaps can best be illustrated by the magnitude of expenditures that are tied to the CPI. For example, a one percent error in the Index would involve $300 million annually in wage payments to the 4.3 million workers covered by major collective bargaining agreements. In addition, if social security benefits are escalated based on changes in the Index -- as is presently proposed -- an error of one percent would make a difference of an estimated $330 million annually in payments to the approximately 27 million persons now receiving social security benefit payments.

To revise and improve the Index, it is essential not only to reflect changes in consumer expenditure patterns but also to improve concepts and to incorporate the most advanced statistical procedures into this revision program.

The Program:

Data collection from 17,000 households for the nationwide Consumer Expenditure Survey, initiated in fiscal 1972, will be continued throughout fiscal 1973. Interviews will be conducted by the Bureau of the Census with approximately 17,000 households in 200 areas. Each householder in the Survey will be interviewed five times to obtain the data necessary to develop statistically reliable estimates of annual expenditures. In addition, another sample of consumers will be asked to keep diaries of their expenditures for food and other goods and services over a two week period. Data from the diaries will be used to make detailed estimates for expenditure categories such as food and personal care which are not covered in detail in the quarterly survey.

The collection of data necessary for the selection of outlets from which price data are to be obtained for the revised Index will be undertaken.

Analysis of housing material from the Bureau of the Census and other sources will be undertaken to develop the housing and rent components of the revised CPI and for use in developing methods for making appropriate adjustments for quality differences in prices of housing.

Work will be expanded on the development of a new computer system for processing the data to be collected as part of the revised Consumer Price Index.

Base:

Positions: 133 Estimated Cost: $5,921,000

Additional Cost:

Positions: 71 Man-years: 52.0 Estimated Cost: $3,830,000

ACTION ON CONGRESSIONAL RECOMMENDATIONS

Recommendations, House Appropriations Committee

The fiscal 1972 Congressional allowance provided an increase of $1,000,000 for additional statistics on the construction industry. It was recommended (Report No. 92-374) that "the Committee will expect that first priority ... will be given to statistics having to do directly with the construction industry ... ."

Actions Taken

Some delay occurred in the initiation of new work pending the implementation of personnel ceilings and cost control measures within the executive branch. The Construction Statistics program has high priority within the Bureau, and the following actions have been taken:

1. Price Indexes for Construction Materials and for Mobile Homes - (BLS pages 14-15)

Criteria and methods are being developed for pricing construction inputs which are consistent with data on productivity and labor costs. Residential and nonresidential construction and single and multi-family home construction will be treated separately. Account will be taken of technological changes, including the substitution of new materials. The price data will be combined to form indexes for various types of materials, modules and components. In addition, indexes of prices for mobile homes are being developed; the Bureau plans to initiate publication of these indexes in January, 1973.

2. Occupational Wages in the Construction Industry - (BLS page 19)

The industry wage survey program is being expanded to include, for the first time, the construction industry. The new program will provide information on straight-time hourly and weekly earnings of employees in selected occupations for contract construction and for operative builders. Information will also be obtained on the incidence of such supplementary benefits as overtime pay, paid holidays, and vacations. The first survey will be initiated in the summer of 1972.

3. Industrial Relations Statistics - (BLS page 19)

Information is being secured on work stoppages, contract agreements, and industrial relations practices -- such as apprenticeship, union membership qualifications, hiring requirements, and worker mobility. Data are also being obtained on health insurance plans; particularly coverage, benefits and eligibility requirements. Work stoppages will be analyzed to identify localities or industry sectors in which strikes often occur. Major characteristics of contracts, such as duration, number of paid holidays, vacations, union security, shift provisions, travel allowances, rest periods, grievance procedures, and seniority also will be tabulated. Public and private dispute settlement machinery will be examined and related to the success or failure of the parties to conclude a new agreement or to resolve disagreements with a minimum of disruption. Initial reports on the results of this program will be available in the second half of fiscal 1973.

4. Construction Labor and Materials Requirements - (BLS page 24)

Surveys of the labor and materials requirements for various types of construction are being undertaken at the rate of one or two surveys annually. In fiscal 1972, surveys of labor and materials requirements for public housing and for Federal highway construction will be completed. A survey of multi-family housing has been initiated.

Recommendations, Senate Appropriations Committee

The Senate Committee recommended that $1,250,000 be allowed "for activities leading to improvements in the monthly measure of unemployment conducted by the Bureau of Labor Statistics." This item was, however, deleted in Conference. In addition, the Senate concurred in the recommendation made by the House concerning the collection of statistics related to the construction industry.

Recommendations, Joint Conference Committee

No specific actions recommended.

FRIDAY, APRIL 14, 1972.

THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

WITNESSES

JAYNE B. SPAIN, VICE CHAIRMAN
WILLIAM P. McCAHILL, EXECUTIVE DIRECTOR
WILLIAM L. CARPENTER, DIRECTOR, OFFICE OF EXECUTIVE SERVICES
JAMES M. TRENT, CHIEF, DIVISION OF BUDGET AND FISCAL SERVICES, OFFICE OF EXECUTIVE SERVICES
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

Mr. FLOOD. Now we have the President's Committee on Employment of the Handicapped. The presentation will be made by Jayne B. Spain, Vice Chairman.

How do you wish to proceed?

Mrs. SPAIN. I would like to present what we have here if that is the way you would like.

BIOGRAPHICAL SKETCHES OF WITNESSES

Mr. FLOOD. We will place your biographical sketches in the record and you may proceed as you wish.

(The biographical sketches follow:)

BIOGRAPHICAL SKETCH OF MRS. JAYNE BAKER SPAIN

Mrs. Jayne Baker Spain, Cincinnati, Ohio, was appointed Vice Chairman of the President's Committee on Employment of the Handicapped by President Johnson on September 12, 1966, and reappointed by President Nixon on July 10, 1969. Her life is a successful combination of three careers: homemaker, president of a manufacturing company, and a tireless worker for the handicapped. Her latest career began June 14, 1971, when she was sworn in as Vice Chairman of the U.S. Civil Service Commission.

Since April 26, 1967, she has served as Chairman of the Women's Committee of the President's Committee. Longtime president of a Litton Industries affiliate, the Alvey-Ferguson Operations, she now serves on the Litton Industries board. She is married to Cincinnati Attorney John A. Spain. They have two sons, Jeffry and Kim.

In addition to running a business and a home, she has managed to devote much of her time to serving the handicapped. This phase of her work has taken her to Algeria, Czechoslovakia, Germany, Greece, Hungary, India, Israel, Poland, Sweden, and Yugoslavia. Many of her trips abroad were at the invitation of the U.S. Department of Commerce to participate in international trade fairs where she would recruit and train blind nationals to assemble a 450-part conveyer, entirely by sense of touch. These handicapped trainees in turn would demonstrate to the public not only how the machinery works but also that there is a vast manpower resource in the handicapped. She has raised the public image of the blind in these countries and has shown the rest of the world that in America it's ability and not disability that counts . . . that every man and woman who wants to work and is capable of working has that opportunity.

The Alvey-Ferguson Operations payroll includes persons with a wide range of impairments. The handicapped do good work in a variety of jobs from design and management to the assembly lines.

She is past president and a present board member of the Greater Cincinnati Hospital Council which has 24 hospitals in the Cincinnati area. She is a director of the Convalescent Hospital for Children and the Children's Medical Center, Cincinnati, a trustee of Edgecliffe College, a member of the National Advisory

Committee on Jobs for Veterans, and a member of the Advisory Committee to the Secretary of Labor on Sheltered Workshops.

Born in Cincinnati, she received her elementary and secondary schooling in California. She studied premedical and liberal arts courses at the University of California and then transferred to the University of Cincinnati where she received her B.A. degree. While in medical school, Mrs. Spain volunteered to work with the handicapped. Upon graduation, she joined the Alvey-Ferguson Co. and was elected vice president in 1949 and president in 1951.

She has received honorary degrees from Edgecliffe College, the George Washington University, and the University of Cincinnati. She has received the Migel Medal of the American Foundation for the Blind, the highest award in the United States for persons working with the blind, and a citation from the People-to-People Committee for the Handicapped.

BIOGRAPHICAL SKETCH OF WILLIAM P. MCCAHILL

William P. McCahill has been executive secretary of the President's committee ever since its creation by the President in 1947.

Born in Marshalltown, Iowa, on June 29, 1916, Mr. McCahill received his B.S. and M.A. degrees in journalism from Marquette University. In 1940, he became night editor of the Associated Press in Milwaukee, Wis.

He joined the U.S. Marine Corps in 1941 and served until 1946. He is a colonel in the USMC Reserve. He is general editor of "The U.S. Marine Corps Reserve—A History, 1916–66." He is author of "Hit the Beach" (1943) and "First to Fight" (1947). He served as executive director of the Marine Corps Reserve Officers Association from 1946 to 1953, as an extracurricular activity.

His efforts in behalf of the handicapped have brought him much recognition. He has been awarded the Distinguished Service Award of the Department of Labor; the National Award of Goodwill Industries of America; the Distinguished Service Award of the District of Columbia Division of the American Cancer Society; a Citation for Distinguished Leadership from the Easter Seal Society; the Legion of Merit from the U.S. Marine Corps; the Silver Helmet Award for Rehabilitation from AMVETS; the St. George Medal from the Boy Scouts of America Committee on Scouting; the Distinguished Service Award from the Blinded Veterans Association; the Citizen Salute from Disabled American Veterans.

Mr. McCahill resides with his wife, Louise G., and their three children in Arlington, Va.

GENERAL STATEMENT

Mrs. SPAIN. Mr. Chairman, I am substituting for our chairman, Harold Russell, today, who is in Boston and couldn't come.

The budget request for fiscal year 1973 is for $814,000, a decrease of $6,000 from 1972 comparable level of $820,000.

Last year Mr. Russell told you: "We cannot volunteer in a vacuum. We need staff backup. The more we do, the more backup we need. Conversely, the more staff services available, the more diversified can be the services of volunteers." There was much truth in that statement. As a volunteer, I can testify to that.

The committee established three new committees of volunteers to fill national vacuums: Disabled disadvantaged, recreation, social development and sports, and barrier-free design. The committee also helped develop special promotion campaigns for the jobs for veterans program and the National Alliance of Businessmen's JOBS program. Jobs for disabled veterans has been our No. 1 priority.

SPECIFIC ITEMS OF CONCERN

Now, some highlights of specific items of pressing concern:

Service to State and local committees. The chairmen and secretaries of Governors' committees met in conference last year. An urgent

recommendation was "that there shall be closer liaison between the President's committee and the Governor's committees for the purpose of strengthening State and local activities in behalf of the employment of the handicapped persons, particularly the disabled veterans."

Barrier-free environment. A subcommittee representing the Nation's chief designers has taken on the task to try to modify America's physical environment to make it more compatible to the handicapped. This subcommittee has joined forces with developers of new towns and inner city renewal authorities to develop and test specifications, codes, regulations, and laws dealing with design criteria for total community living—work areas, housing, recreation, civic and commercial areas, transportation. During 1973 it is expected that a pilot project will get underway at Columbia, Md., to begin testing these criteria.

Recreation. A new Committee on Recreation is being established to develop greater job opportunities for the handicapped in America's park and recreational facilities, and to assure full accessibility of these facilities.

Rural areas. The Rural Areas Committee will hold a series of rural conferences in various States, bringing in State agencies, county representatives, and health organizations, in an attempt to organize county handicapped committees.

Public service. The Public Service Committee just distributed its booklet, "American Profile," a survey of what States are doing and can do to hire the handicapped. We will work with personnel associations and State officials to seek adoption of these guidelines where needed.

National health organization. The committee is working with national health organizations to promote employment of the severely handicapped. Pamphlets have been printed in cooperation with the Multiple Sclerosis Society and the American Foundation for the Blind and agreement is pending with the Epilepsy Foundation.

Employers. The Employer Committee's plans include a concerted attack on the problems of employment of disabled Vietnam era veterans, and the disabled disadvantaged.

Mentally restored and mentally retarded. This committee will encourage better and more realistic preparation of the retarded for work. There are jobs, but the retarded must be prepared, both vocationally and socially. We will also stress greater employer involvement in mental hospitals and community mental health centers for the mentally restored.

Physically Handicapped Committee. This "conscious" group of the President's Committee, is charged with seeing that the severely physically handicapped receive all the services they need to prepare them for work and to find work. It has recommended: "President's Committee contact as many physically handicapped organizations as possible—local, State and national—to get their thoughts on legislative programs that affect the handicapped and also to find some way for these groups to act as 'watchdogs' at the local level on matters which concern the handicapped."

International affairs. The committee will continue liaison with the State Department's Bureau of Cultural and Educational Affairs; provide leadership and coordination of public and private agencies and organizations and assist with seminars, foreign trainee visits and briefings for foreign visitors.

Disabled veterans and labor. Plans for this top priority group include sponsorship of a national meeting to examine a profile of the disabled Vietnam era veterans, his needs and recommendations for future action. We will encourage inclusion of jobs for disabled veterans in all appropriate public and private programs and work with the country's labor organizations to increase emphasis on jobs for disabled veterans.

Women's activities. We will increase women's group efforts in architectural barriers, homemaker rehabilitation, special clothing for the handicapped and new "Artists Unlimited" program highlighting the contributions of handicapped artists.

Summary. These activities are varied in nature, but are essential if America really intends to extend equality to all her citizens, activities with a total impact far greater than $814,000, far greater than any possible dollar tag. Thank you.

COMMENDATION OF MRS. SPAIN

Mr. FLOOD. This committee has a high regard for you. You run a business and you run a home and you knock yourself out in devoting the time you do to this problem of the handicapped. We admire you. I have heard about getting around in the jet age, but I don't know how you manage to find time to get around to Algeria, Czechoslovakia, Germany, Greece, Hungary, Israel, Poland, Sweden, and Yugoslavia. I don't know how you do it.

Mrs. SPAIN. It is the old story if you really want to do something, you can do it.

Mr. FLOOD. I am sure that is it.

Mrs. SPAIN. Of course, where the handicapped is concerned, 24 hours is nothing—48 either.

Mr. FLOOD. That is it.

MODIFICATION OF BUILDING CODES TO HELP THE HANDICAPPED

What success have you had in getting building codes modified so that the handicapped can use public buildings and all kinds of buildings without undue difficulty? It is heartbreaking to see them trying to get around in some of these buildings, or even get into them. You have all sorts of problems with building codes, local interests, local prejudices, all kinds of things. It must be a can of worms.

Mrs. SPAIN. It certainly is.

Generally, public buildings, particularly those constructed within the past several years, do not present a problem to the handicapped. If they are federally funded, they must be made accessible according to the provisions of Public Law 90-480. In addition to the Federal law, 45 States have adopted counterpart legislation (or administrative directives) making it mandatory that all public buildings constructed with State and local public funds must be made accessible.

Privately owned buildings which are intended for public use are excluded from such legislation except in a half dozen States, although other States are being encouraged to amend their laws to include public-use buildings within existing legislation. In those areas where legislation does not apply, we are urging modifications to the building codes so as to expand the accessible environment for the handicapped.

After several years of negotiations we have been successful during the current fiscal year in convincing the International Conference of Building Officials to modify the Uniform Building Code, a model code which can be automatically adopted by the 830 municipalities that subscribe to it. When this new chapter is printed in the forthcoming edition of the code we will encourage these municipalities to modify their codes immediately.

Some States, such as North Carolina and Ohio, have already amended their statewide codes to provide for accessibility, as have some municipalities and counties. National code authorities, such as the International Conference of Building Officials, have the advantage of blanket results in hundreds of municipalities once modifications have been made to the model code. There are three other national model codes in the United States and we will be directing our attention to seeking modifications in these three codes as we did with the ICBO code.

Mr. FLOOD. I take a look at the Taj Mahals in Washington and in other large cities and I have some trouble myself. How do the handicapped people get into them and get around in them?

Mrs. SPAIN. They don't. When you look around the beautiful city of Washington and look at some of the tiny new little parks they built in little nooks, just lovely, but there are always two or three steps which means somebody in a wheelchair can't make it.

Mr. FLOOD. What do you think? Are you getting anyplace?

Mrs. SPAIN. I think we are making progress, but we had to begin from scratch, and I think in 25 years the President's committee has really made tremendous progress. It isn't how much we have done, but how far we have still to go from where we are. If you just looked at the buildings in Washington, Government buildings are supposed to serve all of the people. Look at the magnificent Lincoln Monument.

Mr. FLOOD. We are so close to the forest we probably can't see the trees, but this goes on all over the country.

Mrs. SPAIN. Yes.

Mr. FLOOD. All over the world.

Mrs. SPAIN. Other nations are worse than we are. We are ahead of them. All I can say is that we keep plugging, we keep fighting, we keep talking, talking, talking.

Mr. FLOOD. Are you putting a glove on them?

Mrs. SPAIN. Two gloves and a club.

Mr. FLOOD. You can't quit, you have to keep punching.

Mrs. SPAIN. It is not only the buildings. Just to have a little ramp instead of the steps down to the curb means that elderly people, pregnant women, people handicapped maybe just temporarily, can do it.

Mr. FLOOD. It just isn't the poor fellow with a leg off or in a wheelchair, it is more than that.

Mrs. SPAIN. It is far more than that. Even I use a ramp when there is one in place of steps. I am basically lazy.

Mr. FLOOD. Nobody believes that.

EXTENT OF VOLUNTEER HELP

I know there is a great deal, thank God, of voluntary service on behalf of the program for handicapped.

Mrs. SPAIN. Yes.

Mr. FLOOD. Do you find this to the same extent in the urban and rural slum areas as in the areas where the economic situation is better?

Mrs. SPAIN. No. It is better in areas where the economic situation is good because a great many of the volunteers, at least those who volunteer during the day, are women. So therefore they have to be women who aren't working and women who have someone else to support the family. Of course, in the poor areas this isn't necessarily true, although in some of the work we have done it has been amazing where people have come forward and said, "I want to help."

Of course, you better do better work in the ghetto area, so to speak, if you can have people from those areas actually helping you. It is a lot easier job to get the volunteers, of which there are millions in this country, wanting to do something worthwhile and eager to help you, not from the rural areas but the urban centers and middle-class citizens.

Mr. FLOOD. There seems to be no limit to what the volunteers are willing to do. I for instance know about a big affair not in my district but adjacent to my district run by a good gal I have known a long time, the owner of a big resort up in the Pocono Mountains. She had Muriel Humphrey up there last Wednesday night. It was quite a big thing. I understand they made a lot of money and she picked up the check herself. Benefits of this sort, are going on all over the place, aren't they?

Mrs. SPAIN. Yes. Of course, you come from a very progressive State, well organized and doing a tremendous job.

Mr. FLOOD. Yes; up in our area they really do this job.

PLANS FOR 25TH ANNIVERSARY

Would you like to tell us anything about your plans for the 25th anniversary of the President's Committee on Employment of the Handicapped? What is going on?

Mrs. SPAIN. There are a lot of things going on. Maybe I should defer to our expert.

Mr. MCCAHILL. We have, with the money you gave us last year, finished a filmograph, which is a 25-minute film. We have finished a history on the 25 years, not necessarily of the President's Committee, but the movement. We have a press kit which we have given you. We have given each of the States a list of 25 things they might possibly do in connection with the anniversary and I think you already know that the annual meeting next month, May 3–5, will focus on it and recognize the oldtimers in the volunteers.

Mr. FLOOD. Are you having any financial problems in putting on a good celebration?

Mr. MCCAHILL. We have received some help from many of our private people that supplements the things that Government money couldn't or shouldn't be doing. We always have financial problems, like all of your witnesses.

This year the extra $20,000 you gave us for the anniversary was extremely helpful, and I think we can prove we have used it to the best possible advantage. The main thing we did not do was blow our own horn.

Mr. FLOOD. You tell Mr. Russell we miss his usual outstanding testimony, but he couldn't put on a better performance than you are doing.

Mr. Shriver.

INFORMATION ON PROGRESS TO DATE

Mr. SHRIVER. Do you have any statistics or information as to the progress that has been made in the main purpose of your committee on employment of the handicapped? I am sure it must be good but there is a long ways yet to go. Do we have that kind of information?

Mrs. SPAIN. We have some statistics. We know that 250,000 individuals a year are seriously handicapped through automobile accidents on the highway alone. We know we rehabilitate something over 100,000 a year. So we know it is a losing battle.

When we talk about the numbers of Vietnam veterans coming back who will be severely handicapped because of the war, that is another unknown because many of these veterans still are in Veteran's hospitals and not out where they are in the job market.

Mr. SHRIVER. I wish you would add to the record regarding these things.

(The additional information follows:)

In the years since the founding of the President's committee in 1947, over 8 million handicapped men and women have entered competititive employment. The attached graph illustrates the steady rise in placement statistics—dramatic since the middle 1960's—of handicapped job applicants who have availed themselves of the services of the U.S. Employment Service.

More current figures cannot be matched reliably to these because of the recently expanded definition of handicapped which has been adopted by placement officials.

Much of the progress perceived during the past 25 years, however, does not lend itself to quantitative analysis. The primary function of the President's committee is to win acceptance of the handicapped in vocational and community life, and to create a climate in which the handicapped can seek and enjoy equal opportunities for living a full productive life. There is evidence of dramatic changes in the public's attitude toward the handicapped in the past quarter century.

The handicapped are no longer hidden in back bedrooms or dependent upon the support of their families. Handicapped men and women hold jobs in every sector of society—top government officials, commuter specialists, farmers, lawyers, clerks, and merchants. They are becoming more independent, more mobile, and more frequent participants in the life of their communities. In fact, their acceptance has reached the ultimate pinnacle according to some standards—as protagonists of prime time television serials.

The mission of the President's Committee, according to Executive order, is to reduce or eliminate the barriers that prevent the full productive potential of the handicapped. These barriers may be attitudinal, social, legal, or environmental. We have addressed ourselves to all of these impediments that hinder the progress of the handicapped.

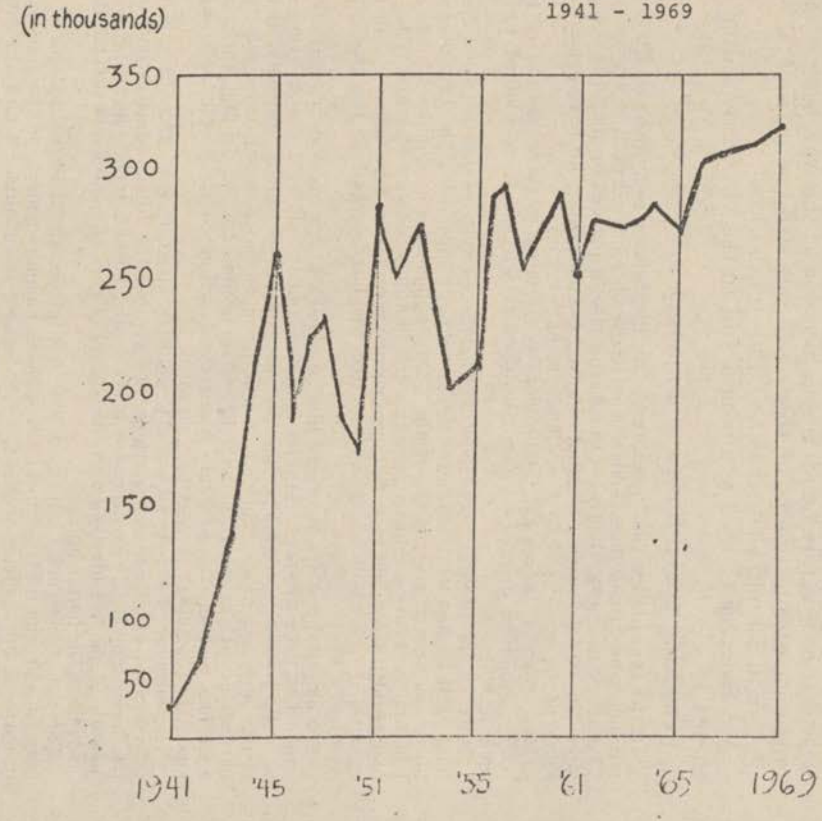
Through a network of thousands of volunteers in 53 State Governors' Committees and hundreds of local committees on employment of the handicapped in major municipalities across the country, we have spread a message intended to shatter these barriers. Employer prejudice or reluctance toward the handicapped has faded except in the severe disability categories such as blindness, deafness, cerebral palsy and epilepsy. The handicapped are exercising their right to an adequate education and to vocational training through all the available manpower resources and programs. State legislators are modifying workmen's compensation and insurance provisions so as to make employment of the handicapped more attractive to employers. Buildings and communities—the physical environment of architecture, transportation, housing and recreation—are increasingly being designed and constructed so as to meet the special needs of handicapped men and women.

In short, 25 years ago the acute problems of the handicapped had to be reckoned with. Today, the handicapped as wage earners present a viable economic force that society recognizes.

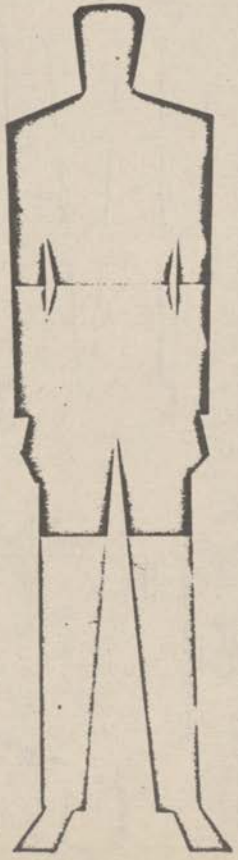
This is not to imply that success is total. The accompanying charts indicate that of the 17.8 million men and women of working age in the United States, there are at least 3 million who remain in need of employment help.

PUBLIC EMPLOYMENT SERVICE
TOTAL NON-AGRICULTURAL PLACEMENTS OF HANDICAPPED WORKERS

FISCAL YEAR
1941 - 1969



1941--	38,000
1942--	68,000
1943--	146,700
1944--	226,500
1945--	262,800
1946--	192,800
1947--	236,600
1948--	240,100
1949--	194,000
1950--	177,000
1951--	279,800
1952--	254,600
1953--	271,700
1954--	208,400
1955--	214,200
1956--	290,400
1957--	296,700
1958--	259,400
1959--	279,600
1960--	292,800
1961--	252,900
1962--	276,400
1963--	275,400
1964--	281,900
1965--	278,200
1966--	301,100
1967--	303,300
1968--	309,300
1969--	324,600



HANDICAPPED PEOPLE IN THE U.S. OF WORKING AGE (18-64)

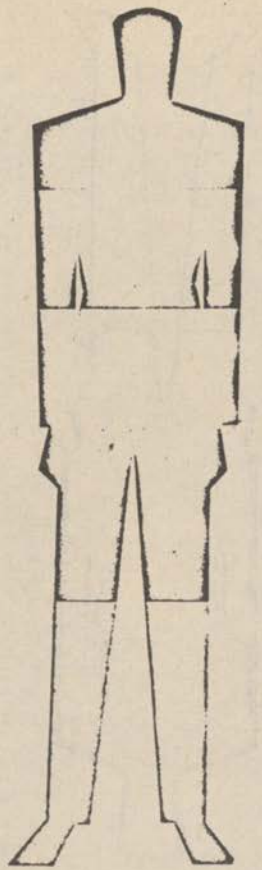
TOTAL: 17.8 MILLION

6.1 MILLION SEVERELY DISABLED
UNABLE TO WORK REGULARLY

5.0 MILLION OCCUPATIONALLY DISABLED
UNABLE TO DO SAME PRIOR WORK

6.6 MILLION SECONDARY WORK LIMITATIONS
LIMITED IN KIND OF WORK
THEY CAN PERFORM

(Sources: Social Security Administration and National Center for Health Statistics)



HANDICAPPED PEOPLE NEEDING EMPLOYMENT HELP

TOTAL: AT LEAST 3 MILLION

700,000 UNEMPLOYED DISABLED

516,000 MEN NOT IN LABOR FORCE WITH OCCUPATIONAL OR SECONDARY WORK LIMITATIONS

SOME OF 1.7 MILLION SEVERELY DISABLED MEN OUTSIDE LABOR FORCE

SOME OF 6.2 MILLION HANDICAPPED WOMEN NOT IN LABOR FORCE

(Sources: Social Security Administration and National Center for Health Statistics.)

Mr. McCAHILL. In this kit is the American profile, which lists what the States we work with have done. This hasn't been done before. It was accomplished over 25 years and we try definitely not to take credit for anything except up here. We try to pass the credit on to the volunteers and staff people. The whole climate tremendously has changed.

Mr. SHRIVER. I think the President's Committee on Employment of the Handicapped has had a big part to play in it. I don't see anything wrong with your taking some credit.

Mr. McCAHILL. We will be happy to supply a summary for you.

HANDICAPPED EMPLOYED BY FEDERAL GOVERNMENT

Mr. SHRIVER. I know there is a long road to go. But much has been done. In one area alone the Federal Government has hired over 7,000 people who are mentally retarded.

Mrs. SPAIN. The Federal Government has lead the way in hiring handicapped and demonstrating to employers it is a good business.

Mr. FLOOD. We have seen these pamphlets and documents showing how you attack this. You certainly have a topflight organization in planning an attack on this thing and actually attacking it. You know what you are doing.

Mr. McCAHILL. Many of those were paid for by our friends.

Mr. FLOOD. It is certainly no amateur attack.

Mrs. SPAIN. We are fighters.

Mr. FLOOD. Mr. Conte.

RELATIONSHIP WITH NEW TOWNS

Mr. CONTE. What new town developers, aside from those in Columbia, Md., will you be working with regarding the testing and specifications and building codes suitable to the handicapped?

Mrs. SPAIN. Our partnership with the American City Corp., the social planning arm of the Columbia developer, has the potential of bringing us in contact with virtually every new town developer in the country. Through the educational seminars conducted at Columbia, between 300 and 400 developers last year were exposed to the planning experience of that successful new town. Developers are drawn to these Columbia conferences because it is regarded as a proven experiment in new town planning and because they are desperately in search of new ideas to make their prospective investments successful.

In addition to the educational seminars at Columbia, we plan to work with the American City Corp., the American Institute of Architects, and possibly the National Council on Aging, in cosponsoring four or five regional workshops in different areas of the country where new towns will be developed. To these workshops we hope to draw not only developers, but planning and code officials, architects, engineers and designers—and through publicity, arouse the interest of the consumer in demanding the construction of barrier free housing and community environments.

It is interesting to note the proliferation of new town development in the United States. Of those which are dependent upon Federal funding through the Department of Housing and Urban Development under title VII of the Housing Act, 10 projects to date have been approved. Yet 154 applications are pending. Several other new towns are rising without Federal assistance.

These new towns, even where planning and construction are partially federally funded, do not come under the provisions of Public Law 90–480, the act that provides that all facilities constructed with Federal funds must be designed so as to be accessible to and usable by the physically handicapped. Only publicly owned residential structures are included within the regulations to the act. This type of housing amounts to less than 1 percent of all housing construction. Hence the urgency to win over the private developers.

ADDITIONAL POSITIONS

Mr. CONTE. Why are you requesting two additional positions for next year?

Mrs. SPAIN. The two additional positions are a GS–7 management assistant to help the assistant executive secretary (public information) in connection with the expansion of committee responsibility in the areas of transportation, recreation, and housing for the handicapped as these items impinge mightily on a man or woman's ability to work, and a GS–4 to assist the Director's office in the heavy overload experienced the last few years in matters connected with the planning and management of the annual meeting which annually brings some 4,000 people to the Washington Hotel for the annual meeting.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you very much.

FRIDAY, APRIL 14, 1972.

DEPARTMENTAL MANAGEMENT

WITNESSES

FRANK G. ZARB, ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT
TOM KOUZES, DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT
WILLIAM L. CARPENTER, DIRECTOR, OFFICE OF EXECUTIVE SERVICES
JAMES M. TRENT, CHIEF, DIVISION OF BUDGET AND FISCAL SERVICES, OFFICE OF EXECUTIVE SERVICES
ALFRED G. ALBERT, DEPUTY SOLICITOR
EDWARD PERSONS, ASSOCIATE DEPUTY UNDER SECRETARY FOR INTERNATIONAL AFFAIRS
HERBERT N. BLACKMAN, DEPUTY ASSISTANT SECRETARY FOR TRADE AND ADJUSTMENT POLICY, BUREAU OF INTERNATIONAL LABOR AFFAIRS
MICHAEL H. MOSKOW, ASSISTANT SECRETARY FOR POLICY, EVALUATION, AND RESEARCH
RICHARD E. MILLER, ASSOCIATE SECRETARY FOR ADMINISTRATION (FINANCIAL MANAGEMENT)
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

DEPARTMENTAL MANAGEMENT

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	12,549	14,529	16,725
Positions other than permanent	266	156	262
Other personnel compensation	109	38	38
Special personal services payments	36	38	38
Total personnel compensation	12,960	14,761	17,063
Personnel benefits: Civilian	1,047	1,227	1,452
Benefits for former personnel	3	49	51
Travel and transportation of persons	633	705	1,170
Transportation of things	15	42	88
Rent, communications, and utilities	226	363	499
Printing and reproduction	132	164	191
Other services	1,718	2,392	4,023
Supplies and materials	151	118	134
Equipment	182	1,728	476
Total costs, funded	17,067	21,549	25,147
Change in selected resources	2,106	−1,618	
Total obligations	19,173	19,931	25,147

PERSONNEL SUMMARY

Total number of permanent positions	889	947	1,088
Full-time equivalent of other positions	26	16	26
Average paid employment	782	915	1,038
Average GS grade	10.5	10.6	10.6
Average GS salary	$15,833	$16,389	$16,396

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Executive direction	2,937	3,634	5,124
2. Legal services	6,137	6,950	7,456
3. International labor affairs	1,627	1,875	3,174
4. Administration and management	5,487	8,076	8,385
5. Appeals from determination of Federal employee claims	175	194	194
6. Promoting employment of the handicapped	704	820	814
Total program costs, funded [1]	17,067	21,549	25,147
Change in selected resources [2]	2,106	−1,618	
Total obligations	19,173	19,931	25,147
Financing:			
Receipts and reimbursements from:			
Federal funds	−96		
Trust funds	−772	−772	−772
Unobligated balance lapsing	124	1,078	
Budget authority	18,429	20,237	24,375
Budget authority:			
Appropriation	18,440	20,257	24,375
Transferred to other accounts	−11	−20	
Appropriation (adjusted)	18,429	20,237	24,375
Distribution of budget authority by account:			
Office of the Secretary, salaries and expenses	10,740	10,901	
Office of the Solicitor, salaries and expenses	6,049	7,340	
Bureau of International Labor Affairs, salaries and expenses	1,640	1,996	
Departmental management, salaries and expenses			24,375
Relation of obligations to outlays:			
Obligations incurred, net	18,305	19,159	24,375
Obligated balance, start of year	732	3,070	2,083
Obligated balance, end of year	−3,070	−2,083	−3,109
Adjustments in expired accounts	3		
Outlays	15,970	20,146	23,349

See footnotes at end of table.

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)—Continued

	1971 actual	1972 estimate	1973 estimate
Distribution of outlays by account:			
Office of the Secretary, salaries and expenses	8,369	11,539	
Office of the Solicitor, salaries and expenses	5,959	6,743	
Bureau of International Labor Affairs, salaries and expenses	1,642	1,864	
Departmental management, salaries and expenses			23,346

[1] Includes capital outlay as follows: 1971, $182,000; 1972, $1,728,000; 1973, $470 000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $210,000; 1971, $2,316,000; 1972, $698,000; 1973, $698,000.

Note: Includes $382,000 in 1973 for activities previously financed from:

	1971	1972
Employment Standards Administration, salaries and expenses	160	182
Labor-Management Services Administration, salaries and expenses	347	200

Mr. FLOOD. Now we have "Departmental management." The presentation will be made by Mr. Frank G. Zarb, Assistant Secretary for Administration and Management.

BIOGRAPHICAL SKETCHES OF WITNESSES

(The biographical sketches follow:)

BIOGRAPHICAL SKETCH OF FRANK G. ZARB, ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT

Mr. Zarb was sworn in as Assistant Secretary of Labor for Administration in April 1971.

Mr. Zarb left the post of executive vice president of CBWL-Hayden, Stone, Inc., to join the Federal Government.

Before joining that firm in September 1970, Mr. Zarb served as senior vice president of the investment banking firm of Cogan, Berlind, Weill & Levitt, Inc.

From 1962 to March 1969, he was an official with the New York investment banking firm of Goodbody & Co.

Mr. Zarb worked in the Industrial Relations Department of the Cities Service Oil Co. from 1957 until joining Goodbody in 1962.

He served briefly as assistant dean of students, Hofstra University, prior to entering active duty with the U.S. Army in May of 1957.

He received a B.B.A. degree (1957) and an M.B.A. degree (1962) from Hofstra University.

Mr. Zarb is a member of the board of arbitrators, National Association of Securities Dealers, and the board of advisers, New York Institute of Finance, and has been an allied member of the New York Stock Exchange and a member of the Chicago Board of Trade and the Chicago Mercantile Exchange.

He has served as chairman of the Joint Securities-Bank Industry Committee on Securities Protection.

Mr. Zarb, born on February 17, 1935, in New York City, is married to Patricia Koster of Hempstead, N.Y. They have two children, Krista Ann and Frank, Jr.

BIOGRAPHICAL SKETCH OF CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET

Mr. Conrad M. Jones has served as Director, Office of Budget, Office of the Assistant Secretary for Administration, since August 1968. From July 1965 to August 1968 he served as Deputy Director.

Prior to his service in the Department of Labor, he served as a supervisory budget analyst at the Federal Aviation Agency from 1960 to 1965. Mr. Jones served as a fiscal management officer from 1957 to 1960 with the Housing and

Home Finance Agency. He entered Government service in 1939 with the National Capital Housing Authority holding increasingly responsible positions in the field of financial management, including Comptroller from 1953 until 1957.

Born on December 30, 1916, in Little Rock, he attended public schools in Joplin and Kansas City, Mo., and received a B.C.S. in 1942 and a M.C.S in 1943 from Benjamin Franklin University in Washington, D.C.

Mr. Jones interrupted his civilian employment to serve for 2 years in the U.S. Army in World War II, participating in three European campaigns.

He and his wife, the former Catherine L. Dent, reside in Rockville, Md., and have three children: Conrad M., Jr., Mrs. Michael L. Hemmis, and Mrs. Stephen Shaw.

BIOGRAPHICAL SKETCH OF MICHAEL H. MOSKOW, ASSISTANT SECRETARY FOR POLICY, EVALUATION AND RESEARCH

Michael H. Moskow has been the Assistant Secretary for Policy, Evaluation and Research since February, 1972.

Mr. Moskow served as Deputy Under Secretary of Labor from February 1971 until February 1972.

Mr. Moskow served as executive director of the Construction Industry Collective-Bargaining Commission from September 1970 until February 1972.

Prior to this appointment, he had served as senior staff economist with the Council of Economic Advisors (CEA) since August 1969.

Before joining CEA, Mr. Moskow, who has a broad background in collective bargaining in the public sector, taught college economics for 6 years. From 1967 to 1969, he taught at Temple University where he also directed the institution's bureau of economic and business research.

For 6 months in 1967, Mr. Moskow served as a consultant with the Rockefeller Brothers Fund.

Born in Paterson, N.J., on January 7, 1938, he received an A.B. degree in economics from Lafayette College in 1959 and an M.A. and Ph. D. in economics from the University of Pennsylvania in 1962 and 1965, respectively.

Mr. Moskow has published several books on labor-management relations, including Collective Bargaining in Public Employment (1970); Labor Relations in the Performing Arts (1970); Teachers and Unions (1966), and Collective Negotiations for Teachers (1966). He has also published over 20 articles in professional journals.

Mr. Moskow and his wife, the former Constance Bain of Woodmere, N.Y., have two sons, Robert and Eliot. They live in Washington, D.C.

BIOGRAPHICAL SKETCH OF EDWARD B. PERSONS, ASSOCIATE DEPUTY UNDER SECRETARY FOR INTERNATIONAL AFFAIRS

Mr. Persons was appointed to his present position in October 1971. He came to the Department from the Department of State, where he had served since 1963 as Officer in Charge of ILO Affairs. He received State Department's Meritorius Honor Award in 1968.

From 1956 to 1963 he was with the Department of HEW as Chief, Management Analysis Staff, Office of Management Policy; and later as Assistant Director of Personnel. He was also a member of HEW's Patents Board.

From 1948 to 1956 Mr. Persons was Chief, ILO Division, Office of International Labor Affairs, Department of Labor. He received the Labor Department's Meritorius Service Award in 1953, and National Civil Service League Merit Citation in 1955.

He served as Assistant Coordinator, International Cooperation Programs, Department of Commerce from 1946 to 1948.

From 1943 to 1946 he was on active duty with the U.S. Navy. Prior to 1943, Mr. Persons served for 1 year with the Bureau of the Budget; and 2 years with Civilian Personnel Division, Office of the Secretary of War.

Mr. Persons was born in New Rochelle, N.Y., on May 3, 1916. He attended Antioch College, where he received a B.A. degree with honors (1938). He was awarded a fellowship in Public Administration at Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University (1938–40).

He is married and the father of three daughters.

Mr. FLOOD. How do you want to proceed?

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Mr. ZARB. I have a brief statement which I would propose to deliver if that is alright with you.

Mr. FLOOD. We will do it your way.

GENERAL STATEMENT

Mr. ZARB. Mr. Chairman and members of the committee, the budget request for fiscal year 1973 is for $25,147,000 which is an increase of $4,834,000 over the 1972 comparable appropriation of $20,313,000.

The request this year proposes a consolidation of the Office of the Secretary, the Office of the Solicitor, and the Bureau of International Labor Affairs into one appropriation entitled Departmental Management. This appropriation provides for executive direction, legal services, international labor affairs, administration and management, appeals from determination of Federal employee claims, and promoting employment of the handicapped.

Mandatory increases total $554,000, partially offset by decreases of $123,000 for two nonrecurring extra days of pay and $56,000 annualization of 1972 economy actions in 1973.

A financing change of $1,292,000 is proposed to provide for auditing of manpower contracts by in-house staff in lieu of contracting out to private firms. It is estimated that 50 positions will be required for this purpose.

Requested program increases total 66 positions and $3,193,000, offset by nonrecurring items of $20,000.

EXECUTIVE DIRECTION

The program increases requested under executive direction is for $1,368,000 and 43 positions of which 20 positions and $500,000 will be used to strengthen the regional organization and improve the Department's ability to decentralize and be more sensitive and responsive to local needs. Three additional positions and $94,000 will be used to augment the staff of hearing examiners. Fourteen positions and $524,000 will be used to support the staff of the Construction Industry Stabilization Committee. The balance of $250,000 and six additional positions will be used to provide additional staff to the Assistant Secretary for Policy, Evaluation, and Research to give him the capability (*a*) to determine the kinds of data and information systems which will support high level policy decisions; (b) to help the A. & O.'s improve the analytic basis of their planning; and (*c*) for policy development in the areas of welfare reform and workmen's compensation.

INTERNATIONAL LABOR AFFAIRS

The program increases under International Labor Affairs are two broad areas—research and Federal administration of adjustment assistance. For the research area, 5 positions and $1,100,000 are requested to develop and collect data on the employment aspects of the growth of multinational companies; domestic employment impact of imports; and the price and income effects of foreign trade and measuring the effectivenes of the adjustment assistance program.

Research directed at determining the manpower and employment impact of the actions of multinational companies is essential in that it is a subject of major concern to the U.S. labor movement.

Research on proposed domestic employment impacts would focus on the identification of imports which enjoy competitive advantage only because of exploitative labor practices.

Research on the price effects of foreign competition will try to determine the competitiveness of U.S. manufacturers and the extent to which imports serve as an antiinflationary device or improve the real incomes of consumers.

Research on trade adjustment assistance would focus on how the program is being operated in order to ascertain whether delivery of the benefits is made in the most efficient manner, and what changes in the program should be considered and what they might cost.

In addition to the research program on trade adjustment assistance, an additional eight positions and $185,000 for improvement of Federal administration is requested. This request would permit the Department to assist workers meet the complexities of filing petitions with the Tariff Commission. It would help reduce the time lag between injury to the workers and the delivery of authorized benefits so that reemployment opportunities would be increased. To some extent, such assistance would also help eliminate filing of petitions which are not justified when the facts are brought together.

ADMINISTRATION AND MANAGEMENT

For administration and management, we are requesting program increases totaling eight positions and $520,000 for the following activities:

Four positions and $100,000 are needed to provide additional staff for the new associate assistant secretaries in the office of the Assistant Secretary for Administration.

Many important labor and union historical records and papers in the Department's library which are not available elsewhere have deteriorated so badly that they are almost irretrievable. We, therefore, plan to microfilm or microfiche such materials to preserve them and also to free needed space. The Department's records, forms and directives management programs and the security of the executive offices need to be strengthened. These efforts will require four positions and $84,000.

Thirty-six thousand dollars is requested to pay the increased cost of health service coverage for Department of Labor employees. This increase is due to rising medical costs.

Both the size and relative importance of the Department's field components have increased as a result of our decentralization efforts, and this trend will continue. The field components submit data for computer programs which are run at the Departmental Data Processing Center. When errors are discovered in the data, the correction must

be performed in the field. The entire Department is spending in excess of $1 million annually to perform manual data handling, transcribing, mailing, and keypunching of data for entry into computer systems. The Department has a critical need for more efficient means of processing data for entry into computer systems, which could be achieved by locating remote terminals in the national and regional offices. Three hundred thousand dollars is the estimated cost for teleprocessing equipment.

1972 ECONOMY ACTIONS

Mr. FLOOD. How many jobs were actually eliminated in the offices covered by the appropriation request as a result of the President's economy action in 1972?

Mr. ZARB. I expect the best way to answer that, sir, is in terms of ceiling. We had originally a ceiling level of over 12,000.

Mr. JONES. 12,800.

Mr. ZARB. We are now authorized 11,800. So if that is correct, we are approximately 1,000 under where we anticipated being.

(The following information was submitted later:)

While the President's economy action required us to reduce our expenditures for departmental management by $1,078,000 in 1972, it did not require a reduction in the number of authorized positions.

ADDITIONAL 1973 POSITIONS

Mr. FLOOD. You are asking for 116 more in 1973. Here is exhibit A again. We just went through that bit with the Bureau of Labor Statistics. And now here you are charging up the hill and down the hill. What about it?

Mr. ZARB. There is not a very heavy concentration in any one organization for the spaces we request. We propose 20 to be distributed at the regional level, six to be provided to our Assistant Secretary for policy evaluation and research, three to go to hearing examiners, 14 to go to the Construction Industry Stabilization Commission. In the international area eight go to trade assistance, five for research in that area. In my office, the Office of Assistant Secretary for Administration, we are proposing 50 auditors without an increase in dollars because we are transferring contract dollars; also, four in my immediate office, and four miscellaneous.

So there isn't just one area there that I can get into substantively on that question.

TRAVEL AND TRANSPORTATION OF PERSONS

Mr. FLOOD. You are asking an increase of $445,000, an increase of over 60 percent, for travel and transportation of persons. Why? Sixty percent overnight in travel and transportation. Are you aware of how

that looks to us? What did you think when they came to you? You are Assistant Secretary.

Mr. ZARB. I asked the same question, Mr. Chairman.

Mr. FLOOD. I will bet. What response did you get?

Mr. ZARB. A fairly satisfactory response.

Mr. FLOOD. Fairly satisfactory response for a half a million?

Mr. ZARB. As you can see, we have asked for 50 additional auditors These audits require a substantial amount of travel.

The general thrust toward decentralization, Mr. Chairman, for example, takes me out more frequently. I have been out twice to all of our regional offices in the last year. The presence of Washington people in the field, to visit with field people, is a pretty important part of our program.

Mr. FLOOD. That is it? That is all there is?

Mr. ZARB. That is it, sir.

Mr. FLOOD. Sixty percent, and that is it, three paragraphs to the Appropriations Committee.

Mr. ZARB. The major portion will be utilized by these 50 auditors who will be on the road practically all the time.

Mr. FLOOD. It will pay off, you hope.

Mr. ZARB. We have some evidence it will pay off in several ways. One, of course, is it costs the U.S. Government a little bit less each time we use an in-house auditor. That isn't a critical factor. The critical factor is that when we utilize our people, we get substantive input as well as financial input. That is what we hope to achieve in this area.

REGIONAL OFFICES

Mr. FLOOD. On page 6 you want 20 more jobs, 500,000 more dollars for the department's regional offices. You would think—of course we know better, but we are a very optimistic crowd here. You would think if you add 20 people in the regions you would cut down a little in Washington. Of course that doesn't happen. There is no such decrease—or have I missed it?

Mr. ZARB. Testifying on departmental management is somewhat difficult in that we don't have a product, we have just our overhead. So we have to really defend our existence in terms of overhead. May I respectfully point out that we have added our occupational safety and health program.

Mr. FLOOD. The whole concept of the regional idea was that this is what was going to happen but it didn't happen.

Mr. ZARB. But we have added so many new programs in the past year-and-a-half, Mr. Chairman, it makes a difference. The implementation of the Occupational Safety and Health Act has put additional strain on all of the administration facilities we have. If things had been static and we decentralized, I think probably more of the movement would have been away from Washington.

Mr. FLOOD. It is like the old League of Nations, sound in theory, but it didn't work. When we started this regional office buildup, you should have heard the testimony for years—this was going to cut down this huge Washington employment. They were going to put the employees out in the regions.

Mr. ZARB. It has changed the ratio of people in Washington to the field. We have improved substantially in that area. We are over 50 percent now in the field which is a long way from where we started.

REQUEST FOR "OTHER SERVICES"

Mr. FLOOD. We are talking about audits. I see you are asking for a big increase here, $1,607,000 for what you call other services. That is safe enough. What in the world are other services? You are cutting down on contract auditing. Isn't that the heading under which contract auditing would specifically fall?

Mr. ZARB. Contract auditing, Mr. Chairman, is provided for in the programs we are auditing. The Manpower Administration, for example, has the appropriation for its own contract audits. In our auditing activity we would propose a transfer of those dollars which will permit us to delete from contract funds and add the Federal staff to do the same task. So in that particular area we are not asking an increase in dollars.

Mr. FLOOD. That is what I said. That being so, what under the sun is the increase of $1,607,000 for?

Mr. ZARB. The additions that we are proposing are partly for the Assistant Secretary for Policy, Evaluation and Research for the work he will be doing in helping to pull together the research activities of the Department. The additions that the Bureau of International Labor Affairs has proposed for on the impact of exports and imports and effects of foreign trade on multinational companies is the largest portion—$1 million—of that. And we can get into either one of those areas if you wish.

Mr. FLOOD. The record will have to show a breakdown on this.

Mr. ZARB. We will provide it.

(The information follows:)

	1972	1973	Change
Health room services	$250,000	$286,000	+$36,000
Evaluation contracts	525,000	675,000	+150,000
Official entertainment	7,500	7,500	
Contractual services	174,000	1,334,000	+1,160,000
Security investigations	15,000	21,000	+6,000
Press clippings	3,500	3,500	
Miscellaneous repairs and services	37,000	49,000	+12,000
Training programs	65,000	80,000	+15,000
Working capital fund	1,339,000	1,567,000	+228,000
Total	2,416,000	4,023,000	+1,607,000

Note: The estimate includes an increase of $1,607,000 for program expansion and will provide the above.

CONSTRUCTION INDUSTRY STABILIZATION COMMITTEE

Mr. FLOOD. You are requesting 14 jobs and $500,000—there seems to be something sacred about a half a million with you people—$524,000 to provide staff for the Construction Industry Stabilization Committee established by Executive Order 11588. When was that order issued? Who is on the committee? Give us a little biography information on

them. What are they supposed to do? Why does it need a full-time staff of 14? Here is another one of these temporary things I suppose.

Mr. ZARB. May I ask Assistant Secretary Moskow to respond to that?

Mr. FLOOD. I don't blame you.

Mr. MOSKOW. This committee was established in March of last year, Mr. Chairman, by the Executive order you mentioned. It was a committee to stabilize wages in the construction industry, a tripartite group.

Mr. FLOOD. I have heard of tripartite.

Mr. MOSKOW. Wage increases in the construction industry were going up at an annual rate of over 15 percent in 1970. Greatly as a result of this committee's efforts, those wage increases were brought down to about 11 percent. Now that committee is part of the economic stabilization program of the administration and is still a tripartite committee, chaired by John Dunlop who is a dean at Harvard University.

The staff of the committee is only 14 people which we think is quite small considering the enormity of the job they have. This year they estimate they will review approximately 2,000 to 3,000 collective bargaining agreements. The reason their staff is so small is that they have craft dispute boards, 18 boards, which are bipartite, labor representatives and management representatives, and they are not paid for by the Government. The parties pay for them themselves. These boards were established in the President's Executive order.

Mr. FLOOD. That is something.

Mr. MOSKOW. Most of the work is done in the craft dispute boards. So we think that the staff of this committee is quite small, and the committee has really done an excellent job, we feel, in the past year. We can supply additional information you may need for the record, of course.

Mr. FLOOD. You look at the record and see what you think.

(The information follows:)

The Department of Labor plans to continue its efforts in fiscal 1973 to help stabilize wages in the construction industry in the following ways:

(1) Through administrative support of the Construction Industry Stabilization Committee. That committee has been assigned the task of reviewing all collective bargaining agreements involving new or deferred wage increases in the unionized segment of the construction industry to insure that they are consistent with the broad objectives of the President's stabilization program.

(2) Through support and membership on the Construction Industry Collective Bargaining Committee which conducts studies and other undertakings oriented toward long-range structural reform of the construction industry. In particular, the committee's work in the areas of seasonality, regional bargaining, preproject consultation and construction productivity should tend, in the long run, to mitigate existing problems in the industry, including wage stabilization.

(3) Through programs of the Manpower Administration to improve the supply of skilled labor. Programs like the Job Corps and the support of home town solutions provide preapprenticeship and orientation training to minority and disadvantaged persons. Research has also begun in the area of management information systems which will help in the identification and effective utilization of scarce resources among the skilled construction trades. This research will be carried on in a small number of selected geographic areas.

(4) Through new statistical programs to develop better information on wages, hours, and conditions of work, industrial relations practices and productivity levels, being undertaken by the Bureau of Labor Statistics, as well as general efforts by the Labor Management Services Administration to improve the climate of labor-management relations.

MEMBERSHIP OF THE CONSTRUCTION INDUSTRY STABILIZATION COMMITTEE

PUBLIC MEMBERS

John T. Dunlop, chairman, Dean, College of Arts and Sciences, Harvard University.
Clarence D. Barker, Member of the Department of Labor Wage Appeals Board, Santa Barbara, Calif.
Albert Rees, Chairman, Department of Economics, Princeton University.
Stuart Rothman, attorney and member of the Department of Labor Wage Appeals Board, Washington, D.C.

LABOR MEMBERS

Hunter P. Wharton, general president, International Union of Operating Engineers.
S. Frank Raftery, general president, International Brotherhood of Painters & Allied Trades.
John H. Lyons, general president, International Association of Bridge, Structural & Ornamental Iron Workers.
Charles H. Pillard, international president, International Brotherhood of Electrical Workers.
William Sidell, first general vice president, United Brotherhood of Carpenters & Joiners of America.
Martin J. Ward, general president, United Association of Journeymen & Apprentices of the Plumbing & Pipe Fitting Industry.

MANAGEMENT MEMBERS

John E. Healy II, president, Associated General Contractors of America.
Robert L. Higgins, executive vice president, National Electrical Contractors Association.
George A. Miller, executive vice president, Mason Contractors Association of America.
John E. Quinn, executive vice president, National Constructors Association.

ALTERNATES

James H. Ferguson, director of industry relations, Sheet Metal & Air Conditioning Contractors National Association, Inc.
Edward W. Pratt, National Association of Home Builders.
Dr. Quinn Mills, assistant professor of economics, Massachusetts Institute of Technology, is the secretary of the committee and Millard Cass, previously Deputy Under Secretary of Labor, is the administrative director.

Mr. FLOOD. Your justification on page 14 says "This is financed from the Labor-Management Services appropriation in 1972 to the extent of $422,000." We look at the summary of changes in your justifications for that appropriation, and we don't see this decrease in their expenses shown anyplace.

Mr. JONES. That is right. This is absorbed out of ongoing resources in 1972, within the overall levels that were appropriated to the Labor-Management Services Administration. It was not specifically provided for in the appropriation.

Mr. FLOOD. On the surface it looks like you are asking for an increase for "Departmental Management" because you are taking over this expense from Labor-Management Services, but you are not showing Labor-Management being relieved of the expense.

Where is the minus that should go with the plus?

Mr. JONES. It was never provided for in their appropriation. They did not do other things that they should have done in order to pay for this, and in 1973 we are asking for it here.

TRADE ADJUSTMENT ASSISTANCE

Mr. FLOOD. On page 19, regarding International Labor Affairs, you are requesting eight additional jobs because of "additional adjustment assistance caseload," but on page 17 the narrative indicates the reverse. In 1971, 42 certifications covering over 81,000 workers were issued, and thus far in 1972, seven trade adjustment assistance certifications covering approximately 8,000 workers have been issued. That is a contradiction in spades.

Mr. ZARB. I will ask Mr. Persons to respond to that.

Mr. PERSONS. Mr. Chairman, there are two factors in this situation. You will note on page 17 also that approximately 20 groups representing more than 20,000 workers are currently being assisted in preparation of petitions for imminent submission to the Tariff Commission.

Our workload reflects two factors: First, the preparation of petitions to the Commission. The requirement for the submission of petitions is a very complicated matter. The Commission will not accept petitions or will not act favorably on petitions which do not meet the complexity of the requirements of the information to be supplied. Labor representatives seek assistance in putting together petitions that are valid and accurate, and we provide this kind of assistance for them. This is a big workload for our staff whether or not the Tariff Commission then reaches findings of injury that enables them to be eligible to apply for trade adjustment assistance.

In rendering that service we do find in working with them that sometimes they don't have a case and consequently they don't file their petition. In other cases the petition they do file is filed in proper form and the chances of consideration by the Tariff Commission on the facts are improved.

Then the second area that affects our workload is when the Tariff Commission does have a finding of injury and establishes the right of the workers to apply for trade adjustment assistance.

This requires our staff then to go in and investigate the specifics of the finding in terms of when the injury began, what workers actually are involved, and are thus eligible.

Mr. FLOOD. You are not mixed up with the Safety Board?

Mr. PERSONS. No, sir.

Mr. FLOOD. You are using the term "injury" in the economic sense of loss of jobs?

Mr. PERSONS. Right. This is loss of jobs which are caused by imports, and the Tariff Commission has determined that imports have threatened employment in the United States.

Mr. FLOOD. We spent some time on this with the Bureau having jurisdiction the other day.

You did better than I thought you would.

Mr. PERSONS. Thank you.

MINORITY BANKING AND BUSINESSES

Mr. FLOOD. What are "minority banking and minority enterprise programs in the Department"? You have that on page 22. What is that all about?

Mr. ZARB. The Treasury Department has coordinated the activities of all Federal agencies over the last year, Mr. Chairman, in a program

that would have Federal funds available for commercial deposit placed in minority banking institutions.

Mr. FLOOD. What is a minority banking institution as distinguished from any other banking institution?

Mr. ZARB. This is a banking institution that is owned and operated, all or primarily, by minority interests.

Mr. FLOOD. Will you give us an example of two or three in different geographic areas?

Mr. ZARB. Yes.

(The information follows:)

MINORITY BANKS

Industrial Bank of Washington, 4812 Georgia Avenue NW., Washington, D.C.
The Independence Bank of Chicago, 7936 South Cottage Grove Avenue, Chicago, Ill.
Douglass State Bank, 1314 North Fifth Street, Kansas City, Kans.

Mr. ZARB. In any case this was something of a new assignment for us in terms of determining what funds we did control in this way so that we could, in fact, encourage the movement of the funds.

Mr. FLOOD. What is a minority enterprise? We would like some examples of those geographically. Don't pick Washington.

Mr. ZARB. We will supply that for the record.

(The information follows:)

Minority business enterprises are small business concerns which are at least 50 percent owned and managed by individuals from minorities that are underrepresented in the free enterprise system. The major eligible minority groups are blacks, Indians, Eskimos, Aleuts, and Americans of Mexican descent, Puerto Rican, Cuban, Filipino, or oriental extraction.

EXAMPLES OF MINORITY ENTERPRISES

Company and product/service:

Banneker Systems—Info. Systems, Chicago, Ill.
ASRI—Complaint Module, Arlington, Va.
Lucas Tucker & Co.—Audit Services, New York.

Mr. FLOOD. Mr. Shriver.

Mr. SHRIVER. Thank you, Mr. Chairman.

MULTINATIONAL COMPANIES

On page 2 of your statement you mention "For the research area, $1,100,000 is requested to develop and collect data on the employment aspects of the growth of multinational companies." Would you explain what you have in mind on this project?

Mr. PERSONS. Mr. Congressman, there is a great deal of general information and presumption about the effect of the rapid growth of multinational corporations on U.S. employment.

Mr. SHRIVER. Will you explain what you mean by that?

Mr. PERSONS. You will hear from many union leaders in the United States that what U.S. industry is doing is exporting jobs by deciding to move a production operation from the United States to a foreign country, and they claim that this is a net export of U.S. employment, that no longer do U.S. workers find employment in that industry but the jobs are given to foreign workers in the country in which that plant is located.

You hear other claims from the other side of the fence that the net result is really an increase in U.S. employment because, for example. the exportation of capital equipment by that industry provides employment for U.S. employees in the United States that are making this capital equipment for export, et cetera.

We have an awful lot of information in general terms but we don't actually have the facts on what the impact of the operations of multinational corporations—which are getting into more and more product lines—is on U.S. employment. We need more specific information by product, what does the experience show, what is the net impact in the United States in that particular situation. And then when we get enough of that information we will be able perhaps to come to some general conclusions that are based on facts rather than on assumptions.

Mr. SHRIVER. How did you decide on five positions and $1,100,000?

Mr. PERSONS. We do not plan to ourselves employ a research staff on this. This is the beginning of an effort.

Mr. SHRIVER. What are the five positions then?

Mr. PERSONS. The five positions are to monitor and to establish research methodology and specific objectives to be contracted out.

May I use some examples?

At Harvard University, for example, there now is research going on with respect to multinational corporations. This research effort already has established contact with a number of industries that are involved in multinational operations. They are researching in other aspects than the employment effect in the United States. If we can develop it with this small staff, we hope to have a research model that is directed to the employment effects and ride piggyback on this other research effort that is now going on. We think it is a more economical and a faster way to proceed because that research already has established a kind of contact with the companies that are essential to the access of information—this doesn't have to be started from scratch. We also can have the benefit of results of their other research that has a relationship to the employment impact. But the primary research now in this area, and there is a lot of it going on, is related more to the financial and the legal and trade aspects—the balance-of-payments aspect. It hasn't been focused on the domestic impact of U.S. employment.

Mr. SHRIVER. Is this figure of $1,100,000 a speculation? Why not $1 million or $1,200,000?

Mr. PERSONS. Most of this money will be the research money we can contract out. The $100,000 is to pay the salaries of the small staff on our rolls.

Mr. SHRIVER. You figure the contract you farm out would be $1 million?

Mr. PERSONS. Yes.

INTER-AMERICAN LABOR MINISTERS CONFERENCE

Mr. SHRIVER. I notice on page 17 what you were commenting about a little while ago, that the department will have a major role in the fourth triennial Inter-American Labor Ministers Conference. What is that conference?

Mr. PERSONS. This is a triennial conference that was established 12 years ago under the OAS.

Mr. SHRIVER. Where will it be held?

Mr. PERSONS. In Buenos Aires. The last conference was held here in Washington, D.C., 3 years ago.

This is an effort through the machinery of the OAS, the regional international organization, to bring into that international organization's activities questions in the labor field that are important in a regional as well as the total continental way for Latin America. And the labor ministers themselves——

Mr. SHRIVER. You mean from the countries in this hemisphere?

Mr. PERSONS. Correct. They get personally involved in this.

Mr. SHRIVER. Thank you.

Mr. FLOOD. Mr. Conte.

AUDITING OF MANPOWER CONTRACTS

Mr. CONTE. Why are you proposing to provide for the auditing of manpower contracts by in-house staff in lieu of contracting out to private firms? How much money, if any, will this save?

Mr. ZARB. The extensive use of CPA firms to audit manpower training contracts was an emergency measure to supplement the Department's audit staff in dealing with the rapidly expanding manpower programs. We now propose to do a larger part of the auditing through Federal auditors. Because of the specialized training and knowledge of the Department's audit staff, they can provide better and more valuable audit service. We are accordingly reducing the funds expended for public accountant services and using those funds for Federal auditors. We believe this will provide more economical and more effective audit service. We will continue to use CPA firms to audit the smaller contracts where the primary need is for a cost audit.

Net savings resulting from this change will be $123,000. However, gross savings in the superior quality of the audit service will far exceed that figure.

SECURITY OF WASHINGTON OFFICES

Mr. CONTE. What serious problems in the security of the executive offices are you experiencing and how are you proposing to solve them?

Mr. ZARB. The Department has experienced some unforeseen physical security problems at its various locations in the Washington metropolitan area. This was one of the reasons for establishing an Office of Investigations and Security in 1970. The executive offices at 14th and Constitution Avenue have been the main target for demonstrators and protestors who sometimes are intent on conducting a sit-in.

Certain electronic and mechanical devices have been installed to alleviate the potential dangers and a few temporary physical security aids have been employed to supplement the GSA building guards in our various buildings.

The Department has requested GSA to provide additional security but has been informed that recent budgetary reductions will not allow them to provide additional manpower. Accordingly, we have requested one additional position in the administrative support area to permit the establishment of a roving internal patrol in the Main Labor Building.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENTAL MANAGEMENT

Salaries and Expenses

Amounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate.....	$21,029,000 1/	$25,147,000 1/
Transfer from:		
Employment Standards Administration, Salaries and Expenses for provision of legal services associated with Wage Garnishment, Coal Mine Safety, and Equal Employment.....	182,000	---
Labor-Management Services Administration, Salaries and Expenses for provision of legal services associated with Executive Order 11491.....	200,000	---
Non-recurring rental costs transferred to General Services Administration.....	-20,000	---
Sub-total budget authority.....	21,391,000	25,147,000
Reserve, President's Economy Actions of 8/15/71.....	-1,078,000	---
Total available for obligation.....	20,313,000	25,147,000

Obligations By Activity

	1972 Appropriation Revised		1973 Estimate		1973 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Executive direction..	137	$ 3,634,000	180	$ 5,124,000	+43	+$1,490,000
2. Legal services.....	391	7,332,000	391	7,456,000	---	+ 124,000
3. International labor affairs.....	87	1,876,000	100	3,174,000	+13	+ 1,298,000
4. Administration and management.....	309	6,457,000	367	8,385,000	+58	+ 1,928,000
5. Appeals from determination of Federal employee claims....	8	194,000	8	194,000	---	---
6. Promoting employment of the handicapped.	40	820,000	42	814,000	+2	- 6,000
Total obligations by activity.....	972	20,313,000	1,088	25,147,000	+116	+ 4,834,000

1/ Includes $772,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

DEPARTMENTAL MANAGEMENT

Salaries and Expenses

Obligations By Object

	1972 Appropriation Revised	1973 Estimate	1973 Change
Total number of permanent positions	972	1,088	+116
Positions other than permanent	16	26	+10
Average number of all employees	937	1,038	+101
Personnel Compensation:			
Permanent Positions	$14,809,000	$16,724,000	+$1,915,000
Positions other than permanent	156,000	262,000	+106,000
Other personnel compensation	76,000	76,000	---
11 Total personnel compensation	15,041,000	17,062,000	+2,021,000
12 Personnel benefits	1,249,000	1,452,000	+203,000
13 Benefits for former personnel	49,000	51,000	+2,000
21 Travel and transportation of persons	721,000	1,170,000	+449,000
22 Transportation of things	51,000	88,000	+37,000
23 Rent, communications, and utilities	375,000	500,000	+125,000
24 Printing and reproduction	164,000	191,000	+27,000
25 Other services	2,416,000	4,023,000	+1,607,000
26 Supplies and materials	119,000	134,000	+15,000
31 Equipment	128,000	476,000	+348,000
Total, obligations by object	20,313,000	25,147,000	+4,834,000
Working Capital Fund items included above	(1,339,000)	(1,633,000)	(+294,000)

DEPARTMENTAL MANAGEMENT

Salaries and Expenses

Summary of Changes

	Direct Appropriation		Trust Fund		Available	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1972 Enacted Appropriation...	923	$20,257,000	24	$772,000	947	$21,029,000
Transfer from:						
Employment Standards Administration, Salaries and Expenses for provision of legal services associated with Wage Garnishment, Coal Mine Safety, and Equal Employment.....	13	182,000	--	---	13	182,000
Labor-Management Services Administration, Salaries and Expenses for provision of legal services associated with Executive Order 11491.....	12	200,000	--	---	12	200,000
Non-recurring rental costs transferred to General Services Administration.....	---	-20,000	--	---	---	-20,000
1972 Appropriation, revised..	948	20,619,000	24	772,000	972	21,391,000
Reserve, President's economy actions of 8/15/71.....	---	-1,078,000	--	---	---	-1,078,000
1972, Available for obligation.....	948	19,541,000	24	772,000	972	20,313,000
1973 Estimate.....	1,064	24,375,000	24	772,000	1,088	25,147,000
Total Change.....	+116	+4,834,000	--	---	+116	+4,834,000
Mandatory Items:						
Increases:						
Net additional costs of within-grade promotions effective for part-year in 1972.....	---	+120,000	--	---	---	+120,000
Net cost of within-grade promotions becoming effective in 1973.....	---	+193,000	--	---	---	+193,000
Net additional cost of Federal Telecommunications System Service....	---	+21,000	--	---	---	+21,000

	Pos.	Amount	Pos.	Amount	Pos.	Amount
To provide for net increase in penalty mail payments to the Postal Service.....	---	+$29,000	--	---	---	+$29,000
To provide for a net increase in contributions to the Federal Employees' Compensation Fund.....	---	+58,000	--	---	---	+58,000
To provide for increases in the cost of centralized services.....	---	+45,000	--	---	---	+45,000
To provide for Department of Labor share of costs of GSA operated Federal Information Centers.....	---	+88,000	--	---	---	+88,000
Sub-total, increases..	---	+554,000	--	---	---	+554,000
Decreases:						
Two extra days of pay in 1972 non-recurring in 1973.....	---	-123,000	--	---	---	-123,000
Non-recurring equipment costs for new positions in 1972 ($6,000 non-labor) (Page DM-11, 23, 28).....	---	-6,000	--	---	---	-6,000
Annualization of the 1972 reductions under the President's economy actions of 8/15/71.....	---	-56,000	--	---	---	-56,000
Sub-total, decreases....	---	-185,000	--	---	---	-185,000
Total, Mandatory Items..	---	+369,000	--	---	---	+369,000
Financing Items:						
To change from contract audit to audit by in-house staff ($790,000 personnel costs; $502,000 non-labor) (Page DM-22).....	+50	+1,292,000	--	---	+50	+1,292,000
Total, Financing Items.	+50	+1,292,000	--	---	+50	+1,292,000
Program Items:						
Increases:						
To provide for Regional Directors in each of the Department's regions. ($404,000 personnel costs; $96,000 non-labor) (Page DM-11).	+20	+500,000	--	---	+20	+500,000

	Pos.	Amount	Pos.	Amount	Pos.	Amount
To provide for increased staff and contractual services ($83,000 personnel costs; $167,000 non-labor) (Page DM-12)...	+6	+$250,000	--	---	+3	+$250,000
To provide for additional Hearing Examiners ($71,000 personnel costs; $23,000 non-labor) (Page DM-13).....	+3	+94,000	--	---	+6	+94,000
To provide staff for the Construction Industry Stabilization Committee ($286,000 personnel costs; $238,000 non-labor)(Page DM-14).....	+14	+524,000	--	---	+14	+524,000
To provide for administrative costs relating to adjustment assistance, work certification, and statistical information ($132,100 personnel costs; $52,900 non-labor) (Page DM-18).....	+8	+185,000	--	---	+8	+185,000
To provide for research on the domestic employment impact of exports and imports and price and income effects of foreign trade on multinational companies ($152,300 personnel costs; $947,700 non-labor) (Page DM-18).....	+5	+1,100,000	--	---	+5	+1,100,000
To provide additional staff necessary for the Office of the Assistant Secretary for Administration ($89,000 personnel costs; $11,000 non-labor) (Page DM-23).....	+4	+100,000	--	---	+4	+100,000
To improve records and access management and to provide budget, personnel and management support ($50,000 personnel costs; $34,000 non-labor) (Page DM-24).....	+4	+84,000	--	---	+4	+84,000
To provide for increased cost of health services ($36,000 non-labor) (Page DM-24).....	---	+36,000	--	---	---	+36,000

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	Pos.	Amount	Pos.	Amount	Pos.	Amount
To purchase teleprocessing equipment to support the Departmental programs and efforts to implement the Federal Assistance Review Plan ($300,000 non-labor) (Page DM-25)	---	+$300,000	--	---	---	+$300,000
To provide staff to handle increased workload associated with Architectural Barriers in transportation, recreation, and housing ($15,000 personnel costs; $5,000 non-labor) (Page DM-28)	+2	+20,000	--	---	+2	+20,000
Sub-total, increases	+66	+3,193,000	--	---	+66	+3,193,000
Decreases:						
Non-recurring cost connected with the twenty-fifth commemoration anniversary of the President's Committee on Employment of the Handicapped ($20,000 non-labor) (Page DM-28)	---	-20,000	--	---	---	-20,000
Total, Program Items	+66	+3,173,000	--	---	+66	+3,173,000
Total Change	+116	+4,834,000	--	---	+116	+4,834,000

Activity 1. EXECUTIVE DIRECTION (1972, $3,634,000, Pos. 137; 1973, $5,124,000, Pos. 180)

Narrative Description of Program

This activity covers the functions of the top executive staff involved in the formulation of governmental policy in the field of labor and manpower and in the overall direction of all programs and functions assigned to the Department.

Included here are provisions for the Secretary and his staff, the Under Secretary and his staff, the Assistant Secretary for Policy, Evaluation, and Research, the Office of Legislative Liaison, the Office of Information, Publications, and Reports, the Regional Directors and staff, and the Office of Hearing Examiners.

In 1971, the Office of the Assistant Secretary for Policy, Evaluation, and Research carried out a broad program in the field of planning and developing policy for the Department, stimulating and coordinating its research and evaluation, and participating in the development of legislative initiatives.

Policy planning activities included: Planning for public service employment; programs to help the blue-collar worker; strategies for stimulating further growth of cooperative education; and the rehabilitation of offenders. In addition, staff support was provided to the National Commission on Productivity.

The office worked with Congress on welfare reform and assisted the Ways and Means Committee in writing H.R. 1, the welfare reform measure. The office, in conjunction with the Manpower Administration and the Bureau of Labor Statistics, prepared the pamphlet, "U.S. Manpower in the 1970's: Opportunity and Challenge," which was designed to describe the important changes to be expected during the present decade.

Several contract evaluation studies were initiated. These included evaluations of Federal contract compliance activity on minority employment patterns and of several cooperative education projects. Other studies included the problems of young blue-collar workers; career entry jobs for youth; drug abuse in the labor force; offender rehabilitation; job satisfaction as reflected by absenteeism and turnover rates; and public service employment.

Further progress was made in coordinating the extensive research and statistical activities of the Department. The Office, working with a recently established Departmental Research Policy Committee, developed and placed in operation a Department-wide research programming system.

The Office of Legislative Liaison accomplishments for 1971 included: advance notifications to members of Congress on projects under the Manpower Development and Training Act, and other programs assigned to the Department of Labor under the Economic Opportunity Act; handling telephone and written inquiries from Members of Congress, committees and staff, and congressional written inquiries to the Secretary; arranged for congressional appearances by the Secretary and other officials of the Department; and handled the Department's responsibilities with regard to legislative proposals of the Administration and of the Department.

The Office of Information's major accomplishments include: increased press coverage of manpower programs for the unemployed and underemployed and the wider use of films and television to explain these programs; through press stories, interviews and articles. An intensified effort was undertaken to help the public better understand the need for equal employment opportunities and the broad thinking behind the various construction plans; through speeches, press conferences and convention exhibits, the office has tried to promote a better understanding of the Occupational Safety and Health Act by business and labor.

In addition, an effort was initiated to encourage the employment of returning veterans.

In 1972, the Office of the Assistant Secretary for Policy, Evaluation, and Research has expanded its role in leading and coordinating the forward planning process of the Department. Particular attention was given to the exploration of new developments in areas bearing on the well-being of the American worker, and recommending alternative policies and programs to meet these new needs.

This Office is required to represent the Department in a wide variety of interdepartmental planning groups and task forces. Several of these are ad hoc groups under the auspices of the Domestic Affairs Council, but Office representatives also play a coordinating and advisory role in others such as the White House Conference on Aging.

This Office has also assisted evaluation functions in the major operating offices of the Department in drawing up their annual work programs and in designing and carrying out specific studies. The Office has itself undertaken several studies, and has identified a number of others to be contracted. It has also insured that the results of important studies undertaken elsewhere in the Department are brought to the attention of top Departmental management.

Continued emphasis is being placed on integrated planning and coordination of the Department's research programs. Assistance will be given to the Research Policy Committee in developing a comprehensive interrelated research plan for the Department focusing on a results oriented program.

The Office of Legislative Liaison anticipates that the Departments' increased program responsibilities will result in additional activity involving Congressional notifications and response to inquiries on the status of individual programs. The enactment of legislation creating new areas of Department responsibilities in occupational safety and health, emergency employment, and welfare reform will reflect increased workload for the Office of Legislative Liaison.

The Office of Information is focusing special informational emphasis on Manpower programs for the unemployed and underemployed, equal employment opportunity, areas of occupational safety and health, employment service referrals to jobs and training, veterans' assistance, vocational education, emergency employment, and welfare reform.

The Department's field organization has been modified during the year by creating the position of Regional Director for each of the Department's ten regions. The Regional Directors will be the Secretary's representatives for all regional matters. The phasing in of Regional Directors will begin in the latter part of the year, with all Directors on board in early fiscal year 1973. The Directors' responsibilities will emphasize coordination and communication. Establishing Regional Directors will contribute to the decentralization effort by strengthening the Department's regional organization and its ability to be more responsive to local needs.

The Office of the Hearing Examiners was transferred from the Office of the Solicitor to the Office of the Under Secretary. This transfer of function removes the conflict of interest between the Solicitor and the Hearing Examiners function.

The Construction Industry Stabilization Committee was established by Executive Order 11588 dated March 29, 1971, for the purpose of stabilizing wages and prices in the construction industry. Funds in the amount of $422,000 have been provided from various sources in the Department to provide for the 14 support staff of the Committee.

Modification of the field organization of the Department is being accomplished during this fiscal year with funds in the amount of $374,000 provided from various sources within the Department.

In 1973, the Office of the Assistant Secretary for Policy, Evaluation, and Research, with the proposed program increase will be able to exercise a more significant role in the program evaluation area, and provide additional support to the Research Policy Committee. Additional staff work in developing the employment

aspects of the proposed new welfare reform legislation is expected.

The Office of Legislative Liaison will continue the same activities as in 1972.

The Office of Information plans to explore the use of new technological devices for meeting the anticipated increase in amount of clerical workload. This problem is especially acute in handling correspondence from the public which continues to increase greatly. It is also planned to continue concentrating on the use of the electronic media and improving Administration and Office Information activities initiated in 1972.

The Construction Industry Stabilization Committee, funded from various sources in the Department during fiscal year 1972, will require $524,000 for continued operations this fiscal year.

Modification of the field organization begun in 1972, with the addition of 20 positions and $500,000, will enhance the Department's capability to decentralize and be more sensitive and responsive to local needs.

The Office of Hearing Examiners with the addition of 3 positions and $94,000, will process and hear an increasing number of cases.

Changes for 1973

Mandatory changes amount to	+$ 122,000
Program changes amount to	+$1,368,000
Positions	+43

Mandatory changes consist of $17,000 for the cost of within-grade promotions effective for part year in 1972; $30,000 for within-grade promotions effective in 1973; $3,000 for increased cost of Federal Telecommunications Systems services; $5,000 for a net increase in penalty mail payments to the Postal Service; $19,000 for a net increase in contributions to the Federal Employees' Compensation Fund; $7,000 for increased cost of centralized services; and $88,000 to provide for the Department of Labor's share of the cost of GSA-operated Federal Information Centers. Offsetting these increases are reductions of $18,000 for two non-recurring extra days of pay in 1973; $26,000 for annualization of the 1972 reductions under the President's economy actions of August 15, 1971; and $3,000 for non-recurring costs of equipment for new positions in 1972.

Program changes consist of $1,368,000 as follows:

Proposal: To strengthen the regional organization to improve the Department's ability to decentralize and to be more sensitive and responsive to local needs.

The Need: The Department's field organization has been modified by the creation of the positions of Department Regional Director and staff for each of the Department's ten regions. The establishment of these positions was a major objective in decentralization. Having Regional Directors will contribute to the decentralization effort and to sound management in general.

The Program: The Regional Director will be the Secretary's representative in each region. He will have the following responsibilities:

Coordinate the implementation of the new safety and health program among the various Departmental units involved, e.g. OSHA, BLS, and SOL.

Represent the Secretary in dealing with senior state and local officials. Coordinate regional contracts between the Department and elected heads of state and local governments insofar as these contracts relate to Departmental programs. Our experience with OSHA demonstrated the need for one top-level contact for the Department. This contact is not intended to disrupt normal working relationships

established through program channels such as those between Mayors, Governors, and Labor Commissioners by Regional Manpower and OSHA Administrators.

Further responsibilities include: Help in communicating and interpreting policy from the Secretary to all Departmental units and to the public within his region with particular reference to policy matters which affect interrelationships between programs; Help in insuring the most efficient use of available resources by encouraging coordination and working to assure an atmosphere of mutual assistance between regional Department units, such as an effective and coordinated approach to implementation of the new safety act; Evaluation of overall Department performance in his region on specific matters delegated by the Secretary. Provide a regular separate and independent communication channel to the Secretary on Department performance and make such reports as are required; Assure consistency of regional planning by helping to achieve program integration where practicable. Authority will be delegated to him to help resolve conflicts in his region among program and support elements; Help in insuring consistency of Departmental Labor relations. Maximum authority for the disposition of labor grievances and other matters at a local level will be delegated to the Regional Director; Meet regularly and maintain liaison with the program Assistant Secretaries and Administrators so as to be fully informed on progress and problems relating to Departmental programs; Develop sensitivity to local needs with a view toward Department assistance in servicing these needs, insuring that proper coordination of various Department resources is effected where appropriate; Coordinate the Secretary's Equal Employment Opportunity Program at the regional level.

Twenty positions and $374,000 were provided in 1972 from various sources within the Department to strengthen the field organization. The amount requested for 1973 will provide full-year costs of the Regional Directors in each of the ten regions.

Additional Cost:
Positions: 20 Man-Years: 18.0 Estimated Cost: $500,000

Proposal: To increase the effectiveness of the research and evaluation capabilities in the Office of the Secretary; establish and maintain a capability to collect and analyze comprehensive basic information on the problems of the American worker.

The Need: The research and related statistical activities of the Department provide the basic data on the employment, working conditions and welfare of our labor force and, in addition, provide studies and techniques designed to improve the effectiveness of the Department's policies and programs. This research effort must be carefully planned and coordinated to avoid duplication and to make sure that Departmental research priorities are reflected in research plans and projects. This is a major need to have research plans and projects focus on those issues and problems which affect the American worker and the economy and which will permit informed policy decisions to be made on the basis of valid and reliable research studies.

The expansion of the Department of Labor efforts in the Occupational Safety and Health, in Federal Contract Compliance, Trade Adjustment Assistance, and the new responsibilities under the Emergency Employment Act together with current responsibilities require a limited expansion of our evaluation activities. This will permit more comprehensive coverage and analysis of our current and expanded activities and enable the Secretary to better reach judgements about the relative effectiveness of the programs for which he is responsible.

The Program: Additional staff is needed to give the Assistant Secretary for Policy, Evaluation and Research (ASPER) the capability: to determine the kinds of data and information generating systems which will supply the information necessary to support high level policy decisions; to help the A&O's improve the analytic basis of their planning; and for policy development in the areas of welfare reform and workmen's compensation. Analytic studies will be continued under contract in FY 1973 to aid in policy decisions. Six positions will be recruited at a cost of $100,000.

In addition, $150,000 in contract funds, will be required to utilize available people who are employed outside the Department but who possess the highly specialized skills and experience needed to appraise the effectiveness of our research programs, and to provide for contract analytical studies.

Base:
Positions: 45 Estimated Cost: $1,568,000

Additional Cost:
Positions: 6 Man-Years: 5.7 Estimated Cost: $ 250,000

Proposal: To provide for additional Hearing Examiners for a greater range of case hearings.

The Need: Because of the difficulty of the problems encountered, the impact on the economy, it is of utmost importance that immediate attention be given to requests for case hearing. It is imperative that additional personnel be provided to augment the current staff to absorb the greatly increased workload which is anticipated in 1973. The principal thrust of duties relate to the conduct of hearings and adjudication functions and the rendering of decisions under the Walsh-Healey Public Contracts Act, the McNamara-O'Hara Service Contracts Act, the Longshoremen's and Harbor Workers' Compensation Act, the Farm Labor Contractor Registration Act, and the Contract Work Hour Standards Act, as these statutes involve minimum wage, overtime payment, and/or health and safety violations. The Office of Hearing Examiners is also responsible for the hearings and adjudication functions and the rendering of decisions in cases involving unfair labor practices and objections to elections under Executive Orders 11491 and 11636 which encompass all Labor-Management relations throughout the entire Federal Government. In the area of Federal Labor-Management relations the Office of Hearing Examiners also adjudicates all cases involving the Standard of Conduct for Labor Organizations under Executive Order 11491.

The Program: The Office of Hearing Examiners conducts all hearings and adjudicates cases under the Davis-Bacon and other related wage rate statutes.

In the relatively new area of the Occupational Safety and Health Act, the Office of Hearing Examiners is responsible for the conduct of hearings resulting in the setting of certain safety and health standards in various industries and also conducts hearings and adjudicates cases involving petitions for tolerances and variances from established and promulgated safety and health standards. Operating officials confirm that the workload in both types of hearings will drastically increase during the next fiscal year.

The Department is also in the process of adding the additional function of acting as the Department's Board of Contract Appeals to the Office of Hearing Examiners and Rules and Regulations to that effect are being presently prepared for publication in the Federal Register. The proposed Rules and Regulations establish a Departmental Board of Contract Appeals whose chairman will be the Department's Chief Hearing Examiner who, in turn, will appoint two additional Board members to serve with him as a Board panel. In addition thereto, the Rules and Regulations provide that the original hearings in Board of Contract Appeals cases may be heard and adjudicated by a hearing examiner appointed by the Chief Hearing Examiner.

In addition to the foregoing, the Hearing Examiners also preside over hearings held preliminary to the issuance of other Departmental regulations and orders and conduct hearings under a number of other statutes or regulations, e.g. hearings dealing with claims of labor organizations to the right to participate in the election of the labor members of the National Railroad Adjustment Board under the Railway Labor Act.

Another important function, and one that is anticipated to grow measurably, which has added to the work of the Office of Hearing Examiners is in the sensitive

area of civil rights and deals with cases emanating from the Office of Federal Contract Compliance under Executive Order 11246. These cases eminate not only from the Department of Labor, but may be referred to the Office of Hearing Examiners from all Departments in the Federal Government.

Base:
Positions: 11 Estimated Cost: $350,000

Additional Cost:
Positions: 3 Man-Years: 2.8 Estimated Cost: $ 94,000

Proposal: To provide for the Construction Industry Stabilization Committee established by Executive Order 11588.

The Need: Wages and prices in the construction industry have tended in recent years to increase at a greater rate than that for the economy as a whole and the Congress has expressed its concern over the unrestrained rise through the enactment of the Economic Stabilization Act of 1970 (89 Stat. 799 as amended). Labor and management, equally concerned, are unable to reach voluntary agreement, but have indicated willingness to participate with the Government in fair measures to achieve greater wage and price stability.

The Program: During this fiscal year, the Committee will continue to review the recommendations of craft disputes boards to consider the acceptability of proposed wage and salary increases in the construction industry. The Committee will continue to issue policy decisions and will promulgate its rules and regulations.

The Committee will also assure the effective operation of craft disputes boards and provide for the resolution of impasses within those boards.

As required by the Executive Order, the Committee will make public its determinations and will submit reports to the Secretary of Labor regarding its operation.

In further implementation of the Executive Order, the Committee will make an examination of the effectiveness of the Executive Order and will recommend to the Secretary of Labor whether further measures are required to effectuate the stabilization of wages and prices in the construction industry.

The Construction Industry Stablization Committee of 14 positions was financed in 1972 for $422,000 by the Labor Management Services Administration appropriation. The amount requested for 1973 will provide continuing financing by Departmental Management.

Positions: 14 Man-Years: 13.3 Estimate Cost: $524,000

Activity 2. LEGAL SERVICES (1972, $7,332,000, Pos. 391
1973, $7,456,000, Pos. 391)

Narrative Description of Program

The Office of the Solicitor provides the full range of legal services required by the Secretary and Departmental program officials in achieving the Department's mission. These include supervision of enforcement of Federal labor statutes and legal services related to the statutes administered by the Department. The Solicitor also provides legal advisory, legislative, and litigation services under the Labor-Management Reporting and Disclosure Act, the Welfare and Pension Plans Disclosure Act, Executive Orders 10988, 11246, and 11491, and Title VI of the Civil Rights Act of 1964. Field attorneys provide legal services to departmental field officials and provide assistance to the public with regard to programs administered by the Department. In addition, field attorneys assist the Department of Justice in the preparation and conduct of various legal actions for which the Department has program responsibility.

In 1971, in the area of Fair Labor Standards, the Office of the Solicitor filed five Supreme Court briefs, 43 briefs in the United States courts of appeals, presented 25 oral arguments in appellate courts and prepared 41 appeal recommendations. Special note may be taken of the record $3.1 million saved the Government in employees' compensation costs under FECA by the services performed in third-party litigation. In fiscal year 1971, major legal efforts were devoted to the implementation of manpower programs and meeting increased demands for assistance to the Department of Justice in the defense of legal challenges in the manpower services and unemployment insurance areas. Substantial effort was devoted to the preparation and revision of the various acts administered by the Department.

There was major litigation under the Labor-Management Reporting and Disclosure Act, including the action challenging the maintenance of trusteeships over its Districts by the United Mine Workers of America. Substantial legal assistance was provided to the Department of Justice in dealing with cases involving labor relations problems. Notably, this office assumed complete responsibility, with the permission of the Attorney General, for the preparation and trial of U.S. versus Florida E. Coast Ry., one of the largest labor relations cases to proceed to litigation. This case took over one year to prepare and dispose of preliminary motions.

During 1971, Field legal services filed a total of 1991 court actions. Included in this figure were 1750 Fair Labor Standards Act cases, 101 of which involved violations of the Act's equal pay provisions, and 37 Age Discrimination in Employment actions. Almost 1400 lower court decisions were received, the overwhelming majority of which were favorable. Some $10.9 million in unpaid wages were recovered for employees under various Acts administered by the Department. The latter half of the year saw extensive "tooling up" activity in preparation for enforcement of the Occupational Safety and Health Act which was in effect during the last two months of the fiscal year. Extensive advisory services were rendered to Manpower administrators in the field.

In 1972, this office plans to have filed six Supreme Court briefs, between 50 and 60 appellate court briefs, make approximately 30 oral arguments before courts of appeals, and prepare from 25 to 30 appeal recommendations by the year's end. This office is experiencing an increased workload in litigation cases in the Manpower Services area. Legal support services have been and will continue to be rendered to Departmental officials and the Congress in securing passage of legislation of interest to the Department. Assistance is also being provided in connection with the President's economic stabilization program. The demand for legal services continues to increase as the Office of Federal Contract Compliance develops new compliance techniques and enforcement procedures pursuant to its broad equal employment opportunity responsibilities and the Department's enforcement of its new regulations for equal employment opportunities intensifies. At the same time, the demand for labor relations expertise continues to increase as the Office of Federal Labor-Management Relations refines its procedures and Government agencies and the representatives of their employees gain familiarity with the program.

Field legal services will institute court actions and handle administrative proceedings at an unprecedented rate. Projected on the basis of such activity during the first half of the year, a total of some 2600 cases of all kinds will be brought. An increase of 20 to 25 percent in the number of Equal Pay Act and Age Discrimination in Employment filings is expected. Activity under the new Garnishment law likewise trends upward. About 2200 trial or other court appearances may be expected. Between $11.5 and $12 million in unpaid wages will be recovered for employees.

In 1973, appellate activity is expected to be maintained at approximately the same level as in fiscal 1972. Appellate activity in Age Discrimination cases is expected at a higher level. The office expects to undertake a comprehensive review and revision of the Interpretative Bulletins issued under the Labor-Management Reporting and Disclosure Act, particularly the part pertaining to elections of union officers. An increased volume of enforcement activity under Executive Order 11491 is anticipated. It is also anticipated that one or more of the pending legislative proposals for amendments of the Welfare and Pension Plans Disclosure Act may be enacted into law, resulting in an increased demand for opinions and increased enforcement activity.

In our Field legal services, Equal Pay and Age Discrimination court cases and Occupational Safety and Health administrative proceedings will doubtless demand a larger percentage of available attorney time at the expense of more traditional Fair Labor Standards Act litigation, which must, of necessity, decrease. Manpower advisory services will probably continue to absorb a disproportionate amount of attorney time. Miscellaneous litigation activity may be expected to continue at current levels. Monetary recoveries (back wages) should also approximate those of the current year.

In the area of occupational safety and health, the demand for legal services may be expected to rise sharply. There will be an increased use of OSHA for the setting of standards. The increase in standards is expected to prompt an increase in requests for variances requiring the holding of formal hearings. State experience in this area supports the validity of this assumption. There will be a submission of a large number of State plans before December 28, 1972, the approval or disapproval of which will turn upon the conduct of administrative proceedings. Many of these proceedings will be formal.

Changes for 1973

Mandatory changes amount to	+$124,000
Program changes amount to	None

Mandatory changes consist of $46,000 for cost of within-grade promotions effective for part year in 1972; $62,000 for within-grade promotions effective in 1973; $5,000 for increased cost of Federal Telecommunications Systems Service; $8,000 for a net increase in penalty mail payments to the Postal Service; $37,000 for a net increase in Contributions to the Federal Employees' Compensation Fund; and $17,000 for increased cost of centralized services. These increases are offset in part by decreases of $45,000 for two non-recurring extra days of pay in 1973 and $6,000 for annualization of the reductions under the President's economy actions of August 15, 1971.

Activity 3. INTERNATIONAL LABOR AFFAIRS (1972, $1,876,000, Pos. 87
1973, $3,174,000, Pos. 100)

Narrative Description of Program

Provide staff services required by the Secretary for functions under the Trade Expansion Act of 1962 and Executive Orders 11052, 11075, and 11254; for administration of the Adjustment Assistance Program and Participation on the Interagency Trade Organization on U.S. Foreign Economic Policy; United States participation in the International Labor Organization, the Organization for Economic Cooperation and Development, the United Nations and other intergovernmental organizations; participation in management of the Foreign Service, particularly the Labor Attache Program, and developing programs advancing U.S. foreign policy objectives in labor areas; and mobilizing and making available the Department's technical knowledge and resources in the labor and manpower fields in support of overseas programs.

In 1971, in the area of adjustment assistance, 42 certifications covering over 18,000 workers were issued, compared to only 7 in 1970 for 2,500 workers.

The Department's activity concerned with intergovernmental organizations, and the Department of State in the area of Foreign Service, included international situation responses totaling 1,135 more than estimated. Included were more than 400 Foreign Service support and assignment actions.

Senior labor specialists were provided for 72 overseas technical assistance assignments in 32 countries.

In 1972, thus far, 7 trade adjustment assistance certifications covering approximately 2,000 workers have been issued. Approximately 20 groups representing more than 20,000 workers are currently being assisted in petition preparation for imminent submission to the Tariff Commission. Inquiries from the Congress and from workers on obtaining benefits under adjustment assistance continue high.

The activity of the Department concerned with international organizations, including international situation responses and Foreign Service support and assignment actions, is estimated at the 1971 level. Additionally, arrangements are in process to assure substantially improved feedback of foreign experiences for domestic program benefits.

The Bureau of International Labor Affairs jointly with the Manpower Administration, as part of the President's "Jobs for Veterans" Program, assigned 17 counselors overseas to provide predischarge employment counseling to U.S. military personnel overseas. In the first two and one-half months of operations these counselors provided group briefings to 51,000 servicemen and 7,800 individual interviews.

In 1973, in the area of foreign economic policy, it is planned: to give increased consideration to U.S. manpower interests in the administration of U.S. international trade and investment policy; to deliver a more effective adjustment assistance package to workers displaced because of increased imports; to take steps aimed at protecting American workers against imports produced under grossly substandard wages and working conditions in foreign countries; and to take initiatives to utilize the Foreign Service to obtain better data relevant to U.S. domestic problems. It is estimated the Departmental activity with international organizations will continue at current levels. Additionally, the Department will have a major role in the Fourth Triennial Inter-American Labor Ministers' Conference.

In the area of technical assistance, priority will be given to expansion of collaboration with multinational organizations, as a result of de-emphasis on bilateral technical assistance. On the basis of reports and other evaluations, improvements and refinements in the overseas military counseling program, jointly with the Manpower Administration, are planned.

Changes for 1973

Mandatory changes amount to	+$	13,000
Program changes amount to	+$	1,285,000
Positions	+ 13	

Mandatory changes consist of $10,000 for the cost of within-grade promotions effective for part-year in 1972; $11,000 for the net cost of within-grade promotions becoming effective in 1973; $4,000 for increased cost of Federal Telecommunications Systems services; $2,000 for a net increase in penalty mail payments to the Postal service; $2,000 for a net increase in contributions to the Federal Employees' Compensation Fund. Offsetting these increases are reduction of $12,000 for two non-recurring extra days of pay in 1973 and $4,000 for annualization of the 1972 reductions under the President's economy actions of August 15, 1971.

Proposal: A significant program of research to develop data on the impact of changing international trade patterns upon the U.S. employment and economic situation.

The Need: The growth in the industrial capabilities of our principal competitors in world markets (Japan and the expanded European Community), coupled with the speedup in the transfer of resources and technical knowledge brought about by the rapid development of the multinational corporation poses great adjustment problems for U.S. workers. The period when adjustment could be handled by attrition, and was often unnecessary because of our unique position with respect to the development of new products, is no longer with us. We need sound case studies of workers, firms, and communities where the adjustment assistance program has operated in order to ascertain whether maximum returns on the investment have been realized and whether delivery of the benefits is made in the most efficient manner. We need hard facts on the impact of multinational corporations on domestic manpower in the plants of the corporation, and in the plants of their suppliers of both capital equipment and parts. We need hard facts on the costs of restrictive trade actions on prices and on incomes of American consumers. We need facts and procedures to insure that particular goods being imported are not trading largely on low costs resulting from the exploitation of human beings.

The Program: The Bureau of International Labor Affairs does not intend to perform the research itself. Rather, it will contract with other Government agencies with expertise in the field and with private research organizations or universities. Our activity will be limited to developing and testing specific proposals, determining the appropriate research group, and monitoring the progress of the work. Five additional positions are requested for this purpose. The estimate for research and the positions for development and monitoring relate directly to the cost of research projects in the foreign economic policy area within the time frame most meaningful for utilization in connection with manpower planning on the domestic scene.

Base:
Positions: 0 Estimated Cost: 0

Additional Cost:
Positions: 5 Man-years: 4.5 Estimated Cost: $1,100,000

Proposal: A small increase in staff is required to process the continuing growth in adjustment assistance actions and requests for help in preparing adequate petitions for this assistance.

The Need: The adjustment assistance program has been given high priority by the Administration as a possible solution to many of the problems of trade-generated dislocations. The program is still small in comparison with the other activities which require the attention of the State Employment Security agencies. Each case requires close supervision and constant review and analysis from the national office, particularly since the very nature of the program requires that a substantial portion of the assistance be given to workers who were laid off weeks or months before they were certified eligible for this program.

The Program: The additional adjustment assistance caseload, including establishing project officers to be responsible for all facets of each adjustment assistance case from the beginning of each case through overseeing the delivery of services to the affected individual, will require eight additional positions. The additional positions, coupled with the staff now already involved, are estimated as essential to provide quality delivery of services to workers in as short a time interval as possible.

Base:
Positions: 8 Estimated Cost: $166,000

Additional Cost:
Positions: 8 Man-years: 7.2 Estimated Cost: $185,000

Activity 4. ADMINISTRATION AND MANAGEMENT (1972, $6,457,000, Pos. 309; 1973, $8,385,000, Pos. 367)

Narrative Description of Program

This activity, under the direction of the Assistant Secretary for Administration and Management plans, manages, and evaluates administrative support operations and renders central services to all Administrations and Offices of the Department and to the Office of the Secretary. This responsibility provides for the full range of administrative support for Departmental activities and for creating the capability to effectively and economically administer the Department's expanding programs. Included are the activities of administrative support services; financial management; review of actual against planned program results; personnel management; the Department Library; budget policy and review; organization and administrative management; equal employment opportunity; and centralized audit.

In 1971, the Office of Executive Services initiated training for Office of the Secretary staff in the area of budget execution and fund control to promote better management of financial and staff resources. Greater emphasis was given to the management of activities within the Office of the Secretary through increased involvement in the areas of planning development, program review, budget execution, and the conduct of studies and surveys performed to improve organizational and functional effectiveness.

The Office of Personnel: provided improved Department-wide supervisory effectiveness by training 60 supervisors in the 40-hour Supervisory Practices Institute; 348 supervisors in the recently developed course Management Techniques for Supervisors; 156 supervisors in workshops for increasing the awareness problems of minority employees; 250 supervisors in labor management relations and equal employment complaint procedures; improved the competence of professional personnel staff by training 37 employees in the consultative skills course; increased equal employment efforts and results through minority recruiting, upgrading, and development programs and worked with Administrations and Offices in implementing affirmative action plans.

The Library received more requests for loans due to the planned expansion of the accessions list. Changes in the circulation procedures enabled the Library to absorb the extra workload.

The Office of Budget implemented the planned strengthening of the financial management analysis function to provide Departmental management, the Office of Management and Budget, and the Congress with more timely and comprehensive information on budgetary and fiscal operations of the Department.

The Office of Organization and Management placed continued emphasis on the improvement of the Department's management processes to adapt to changes in planning goals, program objectives, and management requirements. This Office provided assistance in the management processes to individual program managers at all levels in the Department.

The Office of Program Review and Audit continued efforts to refine the quarterly review and analysis system to increase its usefulness to top management. Internal audits were conducted concerning the effectiveness of decentralization throughout the Department, the effectiveness of administrative control of funds in the Department, and the effectiveness of selected aspects of the Manpower Administration programs.

The Office of Investigations and Emergency Preparedness developed a program to enhance the integrity of the Department through the investigation of alleged violations of criminal statutes and other irregularities which may adversely affect Departmental operations or programs.

In 1972, the Office of Executive Services is continuing the same activities as indicated last year, to increase staff capability for greater in-depth analysis, and, to strengthen coordination between all functions of the Office of the Secretary.

The Office of Personnel's increased efforts are being devoted to improving equal employment opportunities in the Department and insuring that all supervisors are trained in their responsibilities under union management contracts. Development and reorientation of professional personnel staffs to a consultant role is being continued. Health services to employees are being maintained at a high level.

The Office of Budget is continuing the same activities initiated in 1971 and increased the staff capability for greater in-depth analysis and strengthened coordination. Continued emphasis is being placed on development of comprehensive financial management data. Leadership and guidance to the Administration and Office budget staffs and other officials were strengthened to further improve the consistency and effectiveness of budgetary presentations and the soundness of budget operations.

The Office of Organization and Management continues to improve and maintain the management processes of the Department through major studies of management and systems problems. Assistance was rendered to individual program managers and Administrations and Offices at headquarters, and in the field, to improve program management through an integrated management system.

The Office of Equal Employment Opportunity was recently organized under the Assistant Secretary for Administration. The establishment of this office has improved and strengthened the Department's equal employment opportunity effort.

The Office of Program Review and Audit continues to improve on the review and analysis efforts carried on in 1971. It conducted selected internal audits and personnel management evaluations throughout the Department with emphasis placed on areas of greatest management concern as well as on the major organizations, programs, and activities of the Department. In the Contract and Grants audit area, emphasis continued on audits in the largest metropolitan areas.

The Office of Investigations and Emergency Preparedness initiated a field program for detecting embezzlement and fraud; broadened its scope of operations in problem areas with contractors and employees.

In 1973, the Office of Executive Services will provide staff assistance to units served in establishing planning goals, determining resource requirements, executing program activities, and reviewing accomplishments. The office will develop and prepare budget requests for units serviced, prepare periodic financial reports; direct a management analysis program; direct a program of personnel management; assist units served in acquiring secretarial and clerical assistance; and provide other administrative services as required by units serviced.

The Office of Equal Employment Opportunity will provide overall equal employment opportunity advice and assistance to the Secretary and the Assistant Secretary for Administration in the formulation and management of equal employment opportunity policy for the Department.

The Office of the Assistant Secretary for Administration was recently reorganized into four major areas. One of the four new Associate Assistant Secretaries supervises Working Capital Fund (WCF) activities, and his immediate office is funded through the WCF. The other three subordinate components are as follows:

The Associate Assistant Secretary for Financial Management will provide overall financial management advice to the Assistant Secretary for Administration and other senior officials of the Department. Emphasis will be placed on providing leadership and guidance to the Administrations' and Offices' budget staffs to further improve the consistency and effectiveness of budget formulation, presentation and execution. It is planned to provide leadership and guidance in the area of procurement through the formulation of Department-wide policy, standards, and controls to be applied in the administration of contracts, grants, or other instruments by which the Department obtains goods and services or provides financial support to private or other governmental programs. In the area of financial policy and systems efforts will be directed towards the formulation of improved Department-wide financial management and accounting policy and standards, and towards monitoring the design, redesign and maintenance of all accounting systems. Major efforts will be directed towards improving the operation of the centralized accounting systems for appropriation accounting, cost accounting, property accounting, grants accounting, payroll, and voucher payment functions. Continued leadership will be provided in monitoring the minority banking and minority enterprise programs in the Department.

The Associate Assistant Secretary for Personnel and Organization will provide management staff support and technical assistance to program managers of the Department through planning, conducting or coordinating, guiding and evaluating the organization and management, personnel management, organization development and analysis, investigations and security and mobilization programs of the Department, and by maintaining the Department of Labor Library. Increased efforts and resources will be devoted to improving equal employment opportunities in the Department and to insuring that all supervisors are trained in their responsibilities under union-management contracts. Supervisory training will be emphasized through both internal and external management courses. Health services to employees will be maintained at a high level. The development of improved management teams will be continued through the organizational development program.

The Associate Assistant Secretary for Program Review and Audit will provide Department management with information, analyses, and recommendations regarding program accomplishments and effectiveness and for providing feedback to program administrators to insure consideration of the findings and recommendations of program analyses, audits, and inspections in the planning and operation of the Department's programs.

In the Contract and Grant Audit area, emphasis will continue on audits in the largest metropolitan areas with more areas being audited by in-house staff. We anticipate a measurable change in the number of audits made over 1971 and 1972 due primarily to OSHA and EEA.

Changes for 1973

Mandatory changes amount to	+$ 116,000
Financing changes amount to	+$1,292,000
Program changes amount to	+$ 520,000
Positions	+58

Mandatory changes consist of $45,000 for the costs of within-grade promotions effective for part year in 1972; $82,000 for within-grade promotions effective in 1973; $8,000 for net increase in costs of Federal Telecommunications Systems service; $14,000 increase in penalty mail payments to the Postal Service; and $21,000 for increased cost of centralized services. These increases are offset in part by decreases of $40,000 for two non-recurring extra days of pay in 1973; $12,000 for annualization of the 1972 reduction under the President's economy actions of August 15, 1971; and $2,000 for non-recurring cost of equipment for new positions in 1972.

Financing changes are to provide for a change of financing audits from contractual arrangements with public accounting firms to direct auditing with in-house staff thereby decreasing cost of such audits. Funds will be provided by transfer from Manpower Training Services. The conversion to direct auditing by Government staff will require an additional 50 positions.

In the early years of the emerging manpower programs, insufficient attention was given to the need for audit. Consequently, budgetary requests for audit staff were inadequate and staffing levels moved more out of focus with the workload with each succeeding year. Faced with this situation, the Department resorted in FY 1971 to a substantial use of Public Accounting firms to augment our own audit resources. One result of this has been to stabilize the backlog of unaudited contract dollars remaining at the end of each fiscal year at just over one billion dollars. In the state grants and federal benefit payment audit areas, the backlog more than doubled from 6/30/69 to a projected 6/30/72 figure of 976 million. The results of the use of public accounting firms have not been fully satisfactory in terms of the quality of the audit reports submitted by such firms. In contrast with audits conducted by Department of Labor auditors, far fewer exceptions are taken to contractor disbursements and a much less portion of such exceptions are sustained by the contract officers.

Despite an extensive Audit Guide, considered excellent by the accounting profession, deficiencies frequently occur in the CPA audit reports. These deficiencies require extensive follow-up by the Department of Labor audit staff and/or the contract officers. In addition, because of their greater program knowledge, Departmental auditors regularly perform a programmatic review of the sponsor's performance and provide an analysis of the adequacy of his financial management system which is of great value to the Manpower Administration in its monitorship of contracts.

Proposal: To provide for the Associate Assistant Secretaries who will supervise the various operating components in the Office of the Assistant Secretary for Administration.

The Need: This office was reorganized to provide four Associate Assistant Secretaries to meet the need for day to day operational decisions in their assigned areas and permit a broader range of application to overall Departmental support by the Assistant Secretary for Administration and Management.

The Program: The mission of the Office of the Assistant Secretary for Administration is to provide management staff support and centralized services (WCF) to the operating programs of the Department. Staff support responsibilities heretofore have been carried out by ten subordinate organizational components. The Associate Assistant Secretaries will be relied upon and held responsible for the effective management of the offices reporting to them, thus exerting the necessary influence and direction to achieve the most effective and efficient functioning of the Office of the Assistant Secretary for Administration in the discharge of its responsibilities.

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Base:
Positions: 0 Estimated cost: 0

Additional cost:
Positions: 4 Man-Years: 3.7 Estimated cost: $100,000

Proposal: To provide positions necessary to respond to several newly identified requirements of the Department.

The Need: Administrative support in the area of budget, personnel, and management services for the new positions proposed for the Department.

The Program: Many important labor and union historical records and papers in the Department's Library which are not available elsewhere have deteriorated so badly that they are almost irretrievable. We therefore plan to microfilm or microfiche such materials to preserve them and also to free needed space. Increased workload resulting from expanding programs require additional staff to provide budget, personnel, and management services to these programs.

Base:
Positions: 64 Estimated cost: $1,191,000

Additional cost:
Positions: 4 Man-Years: 3.7 Estimated cost: $84,000

Proposal: To provide health care services for all Department employees. These services will be provided to employees in accordance with the Administration's "Federal Employees Occupational Health Service Program.

The Need: Expanded Department programs such as the Occupational Safety and Health Act, and the Emergency Employment Act plus increased costs of medical services and medical care have added to our costs. The increase of $36,000 requested added to the $250,000 currently available will provide health service coverage to 11,500 employees at an average cost of $24.87 per employee.

The Program: These services are available at or near the worksite to virtually all employees. This has been accomplished through contracts with the Public Health Service; sharing costs of facilities of other Agencies where the Public Health Service does not maintain facilities; and for the relatively few employees that cannot be covered under the foregoing arrangements, the Department has entered into individual contracts with private physicians on a fee basis. Services include treatment of on-the-job illness requiring emergency attention, health maintenance examinations to employees over age forty, referral to private physicians and dentists when necessary and preventative programs relating to health.

Base:
Positions: 0 Estimated cost: $250,000

Additional cost:
Positions: 0 Man-Years: 0 Estimated cost: $ 36,000

Proposal: To locate remote job entry stations and source data teleprocessing terminals in the National Office and regional offices.

The Need: The various field components submit data for computer programs which are run at the Departmental Data Processing Center. A large variety and volume of data is submitted for processing at the Departmental Data Processing Center from the various field installations. These data consist of material on manpower training programs and associated financial management, evaluation, and audit; Bureau of Labor Statistics statistical and economic data; Safety and Health Act data; Labor Union and Labor Standards data; and internal Department administration data. When errors are discovered in the data, the correction

must be performed in the field. The entire Department is spending in excess of one million dollars annually to perform manual data handling, transcribing, mailing, and keypunching of data for entry into computer systems.

The Program: Both the size and relative importance of the Department's field components have increased as a result of decentralization efforts, and this trend will continue as objectives in the Department's decentralization plans are implemented. The Department has a critical need for more efficient means of processing data for entry into computer systems, which could be achieved by locating remote teleprocessing terminals in the National Office and in regional offices. A speed up of submitting and revising data is essential if the Department is to fulfill its mission of providing timely and accurate information.

Base:
Positions: 0 Estimated cost: 0

Additional cost:
Positions: 0 Man-Year: 0 Estimated cost: $300,000

Activity 5. APPEALS FROM DETERMINATIONS OF FEDERAL EMPLOYEE CLAIMS (1972, $194,000, Pos. 8; 1973, $194,000, Pos. 8)

Narrative Description of Program

The Employees' Compensation Appeals Board, a three member quasi-judicial body, hears and decides appeals from decisions of the Bureau of Employees' Compensation and of the Governor of the Canal Zone in cases arising under the Federal Employees' Compensation Act. The jurisdiction includes, among several other special categories, all civil officers and employees of all branches of the Government of the United States, including the Canal Zone Government, Panama Canal Company, and District of Columbia Government, except members of the Police and Fire Department.

Workload Statistics

	Actual 1970	Actual 1971	Estimate 1972	Estimate 1973
Pending cases, beginning of period	65	47	28	28
Appeals docketed	153	131	150	150
Cases closed	-171	-150	-150	-150
Pending cases, end of period	47	28	28	28
Cases in which hearings were held	22	17	20	20
Opinions rendered	128	114	115	115

In 1971, the average time lapse between the filing of an appeal and the closing of the case was approximately 3.9 months. At the end of the fiscal period there were 28 pending cases, of which 24 were not ready for determination since they were in some preliminary stage of processing.

In 1972, it is estimated that the workload will increase slightly and the cases generally will continue to have a high percentage of the non-routine type of issues.

In 1973, it is estimated that the workload will remain essentially the same.

Changes for 1973

Mandatory changes amount to ..... None
Program changes amount to ..... None

Mandatory changes consist of $1,000 for the cost of within-grade promotions effective for part-year in 1972; $1,000 for within-grade promotions effective in 1973; and $1,000 for increased cost of centralized services. These increases are offset by decreases of $1,000 for two days of non-recurring pay in 1973 and $2,000 for annualization of 1972 reductions under the President's economy actions of August 15, 1971.

Activity 6. PROMOTING EMPLOYMENT OF THE HANDICAPPED (1972, $820,000, Pos. 40; 1973, $814,000, Pos. 42)

Narrative Description of Program

Services are provided by the President's Committee on Employment of the Handicapped, to develop and stimulate public and employer acceptance of physically and mentally handicapped persons. The Committee works with all segments of the Nation: Labor, management, health and welfare organizations, governments at all levels, mass media, the professions, and maintains liaison with international rehabilitation organizations.

In 1971, incidence of physical and mental disability among the disadvantaged was four to six times higher than among the rest of the population. Many disadvantaged handicapped persons were not in the labor market, had stopped looking for work, lacked motivation, had not been able to overcome barriers of transportation and architecture, or needed training. The Committee concentrated on their job problems: by preparing encouraging promotional material directed to them; by encouraging establishment of rehabilitation and training facilities in their neighborhoods; and by developing more employer involvement for them.

The President's Committee intensified cooperative promotional campaigns to overcome employer resistance to the handicapped and promoted more realistic training for the mentally retarded.

The Committee's efforts were intensified in establishing workshops which can serve as the first step toward employment of the severely handicapped; in making university campuses more accessible to the handicapped; and encouraged inventors to devote more attention to devices that may improve mobility of the handicapped -- stair-climbing wheelchairs, special buses, and other items.

The President's Committee stimulated formation of rural area committees to promote greater employment of the handicapped on farms and in small towns.

The Youth Committee also engaged in a promotional campaign to urge more young people to take up careers of rehabilitation, special education and other professions which serve the handicapped.

In 1972, special material was prepared for handicapped persons in urban and rural slums, to motivate them to seek rehabilitation services and acquaint them with the world of work.

The Committee took on new cooperative promotional campaigns with additional volunteer health organizations. Parents of the mentally retarded are being encouraged to accept lesser vocational roles and avoid unrealistic aspirations for their young people. The Committee continued to encourage formation of sheltered workshops in newly-developing industrial parks in the suburbs, to bring workshop services to disabled veterans and all handicapped in suburbia.

Several programs were initiated to educate America's designers as to the roadblocks faced by disabled veterans and civilian handicapped in the architectural barriers that face them every day.

In cooperation with volunteer groups, universities, and government agencies a manual on special clothing for the handicapped was prepared.

Work continued on encouraging more student and youth organizations to adopt projects of serving disabled veterans and all handicapped. The Committee encouraged leading businesses and industries to develop written policy statements favoring equal job opportunities for disabled veterans and all handicapped. Information was distributed to foreign countries about America's program of enlisting volunteers in promoting jobs for the handicapped. Medical schools were encouraged to show greater attention to rehabilitation curricula.

In 1973, the following areas will be emphasized: Special efforts will be made in behalf of the disadvantaged handicapped, to encourage them to prepare for the labor market and to encourage employers to hire them. A new effort will be attempted to modify building codes so that all buildings intended for public use will be accessible to the handicapped. A new campaign will be launched to promote employment of so-called "unemployable" cardiac patients. Encouragement will be given to more innovative ways to motivate disabled veterans to prepare for jobs. More recommendations of the report to the President on mental retardation will be implemented. Mental hospitals will be encouraged to involve more local employers in their affairs, as a means of promoting acceptance of ex-mental patients. Establishment of rural committees will be encouraged to involve more local employers in their affairs, as a means of promoting acceptance of ex-mental patients. Special efforts will be made to involve youth in volunteer activities for the handicapped. A Women-in-Service-to-the-Handicapped program will be expanded, mobilizing volunteers in communities everywhere. Information about America's programs for the handicapped will be disseminated to other nations. The 25th Anniversary of local and state volunteer groups in the "Hire the Handicapped" movement will be celebrated during the year.

Changes for 1973

Mandatory changes amount to	-$6,000
Program changes amount to	NONE
Positions	+2

Mandatory changes consist of $2,000 for the cost of within-grade promotions effective for part-year in 1972, and $5,000 for within-grade promotions effective in 1973. Offsetting decreases are $5,000 for two days non-recurring days of pay in 1973; $2,000 for non-recurring costs of equipment for new positions in 1972; and $6,000 for annualization of the 1972 reductions under the President's economy actions of 8/15/71.

Program changes consist of $20,000 for staff to handle the increased workload resulting from the efforts to eliminate architectural barriers in employment of the handicapped, offset by reductions of $20,000 non-recurring 25th anniversary costs in 1972.

Proposal: To provide additional staff capability to the office so that it can cope with the increased workload associated with the Architectural Barriers Project.

The Need: To relieve the backlog of work connected with the Architectural Barriers Project and provide added support for expansion of the project into transportation, recreation and housing.

The Program: Recent legislation having to do with access to public buildings by the handicapped has given this committee greatly increased coordinating responsibilities. The two new positions are essential in providing added professional and clerical support needed for expansion of the project.

Base:
Positions: 40 Estimated cost: $820,000

Additional cost:
Positions: 2 Man-years: 1.9 Estimated cost: $ 20,000

ACTION ON CONGRESSIONAL RECOMMENDATIONS

Recommendations, House Appropriations Committee

It was recommended (in Report No. H.R. 92-374) that serious consideration be given to setting the President's Committee on Employment of the Handicapped out separately in the 1973 budget.

Action Taken:

The recommendation to set the President's Committee out separately in the 1973 budget was considered but it was determined that this procedure would present administrative difficulties. The President's Committee is satisfied with the current arrangement and would prefer to have it continued. The Chairmen of the Appropriations sub-committee were notified of this determination.

Recommendations, Senate Appropriations Committee:

The Senate concurred in the House recommendation (in Report No. S.R. 92-316).

Actions Taken:

Actions taken are the same as those outlined under the Recommendations of the House.

Recommendations, Joint Conference Committee:

No specific actions recommended.

FRIDAY, APRIL 14, 1972.

SPECIAL FOREIGN CURRENCY PROGRAM

WITNESSES

EDWARD PERSONS, ASSOCIATE DEPUTY UNDER SECRETARY FOR INTERNATIONAL AFFAIRS
WILLIAM L. CARPENTER, DIRECTOR, OFFICE OF EXECUTIVE SERVICES
HERBERT N. BLACKMAN, DEPUTY ASSISTANT SECRETARY FOR TRADE AND ADJUSTMENT POLICY, BUREAU OF INTERNATIONAL LABOR AFFAIRS
RICHARD E. MILLER, ASSOCIATE ASSISTANT SECRETARY FOR ADMINISTRATION
CONRAD M. JONES, DEPARTMENTAL BUDGET OFFICER

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Overseas labor conference support	73	82	350
2. Overseas labor and manpower technical cooperation			9
Total program costs, funded—obligations (object class 21.0)	73	82	359
Financing:			
Unobligated balance available, start of year	−30	−32	−50
Unobligated balance available, end of year	32	50	
Budget authority (appropriation)	75	100	309
Relation of obligations to outlays:			
Obligations incurred, net	73	82	359
Obligated balance, start of year		30	
Obligated balance, end of year	−30		−50
Outlays	43	112	309

Mr. FLOOD. Next is the special foreign currency program. This presentation will be made by Mr. Edward Persons, the Deputy Under Secretary for International Affairs.

How do you wish to proceed?

Mr. PERSONS. I have a statement, Mr. Chairman, I would like to read.

BIOGRAPHICAL SKETCH OF MR. PERSONS

Mr. FLOOD. We will place your biographical sketch in the record and you may proceed.

(The biographical sketch follows:)

BIOGRAPHICAL SKETCH OF EDWARD B. PERSONS, ASSOCIATE DEPUTY UNDER SECRETARY FOR INTERNATIONAL AFFAIRS

Mr. Persons was appointed to his present position in October 1971. He came to the Department from the Department of State, were he had served since 1963 as Officer in Charge of ILO Affairs. He received State Department's Meritorious Honor Award in 1968.

From 1956 to 1963 he was with the Department of HEW as Chief, Management Analysis Staff, Office of Management Policy; and later as assistant director of personnel. He was also a member of HEW's Patents Board.

From 1948 to 1956 Mr. Persons was Chief, ILO Division, Office of International Labor Affairs, Department of Labor. He received the Labor Department's Meritorious Service Award in 1953, and National Civil Service League Merit Citation in 1955.

He served as assistant coordinator, international cooperation programs, Department of Commerce from 1946 to 1948.

From 1943 to 1946 he was on active duty with the U.S. Navy. Prior to 1943, Mr. Persons served for 1 year with the Bureau of the Budget; and for 2 years with Civilian Personnel Division, Office of the Secretary of War.

Mr. Persons was born in New Rochelle, N.Y. on May 3, 1916. He attended Antioch College, where he received a B.A. degree with honors (1938). He was awarded a fellowship in public administration at Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University (1938–40).

He is married and the father of three daughters.

General Statement

Mr. Persons. Mr. Chairman and members of the committee, the budget request for fiscal year 1973 is for $309,000, which is an increase of $209,000 over the 1972 comparable appropriation of $100,000.

I speak for the Department and I feel sure for officials in the Department of State, in expressing appreciation for the appropriation of excess foreign currencies in the past for regional labor attaché conferences. The appropriation has made possible a series of Foreign Service labor conferences permitting the opportunity for joint discussions of policies and problems between Labor and State Department officials and the relevant Foreign Service officers overseas. We plan to hold such a conference again in 1973. It will be attended by relevant Foreign Service officers stationed in Africa and Europe. In 1972 the conference was in Asia.

Our proposals for expansion of our special foreign currency programs for 1973, however, include additional activities to those discussed with you for fiscal year 1972, and relate more directly to U.S. domestic needs.

First. Officials of the Departments of Labor and Commerce believe there is potential for assisting the expansion of exports through the use of excess foreign currencies for a series of seminars for the improvement of servicing and maintenance of U.S. products abroad.

Such seminars would be arranged on a regional basis, primarily using U.S. foreign currencies, in countries including Tunisia, India, and Yugoslavia. U.S. exporters and skilled American craftsmen in specific product fields will participate with the relevant foreign nationals in an effort to stimulate improved training of foreign workers in the installation and servicing of American products. It is expected that these efforts will contribute toward improving our balance of payments and employment situations by expanding U.S. exports.

Second. We also propose to have a functional Foreign Service conference with carefully selected Foreign Service officers from posts where data relevant to our priority domestic labor and manpower problems are needed. Examples of subjects on which improved information concerning foreign experiences is needed are: public sector collective bargaining, transition of youth from school to work, rehabilitation of prisoners and exconvicts through employment, and productivity bargaining.

Third. Our estimate for 1973, also includes a proposal for a containerization seminar and exhibition. This proposal is being resubmitted because of the growing number of American built and manned container ships that are sailing abroad and encountering unloading difficulties. The modest investment of excess foreign currencies for a seminar and training program could help modify the negative

attitudes of Asian and African longshore unions toward handling our ships.

Fourth. Our final proposal for expansion in 1973 is responsive to a Presidential foreign policy initiative. On a pilot basis only, we propose to arrange for an interchange between the United States and Yugoslavia of four senior officials from the Department of Labor and four officials from the Labor Ministry of Yugoslavia. The interchange could provide for closer ministry ties and develop a basis for continued technical cooperation between both countries on common problems.

Thank you, Mr. Chairman.

LABOR ATTACHÉ CONFERENCE

Mr. FLOOD. How much would you need in this appropriation to just conduct the same type of labor attaché conference in 1973 as you have been conducting each year for the last 3 years? How much in this appropriation?

Mr. PERSONS. $100,000, Mr. Chairman.

Mr. FLOOD. Where do you plan to hold the regular Foreign attaché regional conference for 1973?

Mr. PERSONS. That probably will be in Tunisia and will include participation by our officers stationed in Africa and in Europe.

CONTAINERIZATION CONFERENCES

Mr. FLOOD. The part of your request that is for other than these regular conferences sounds very much to us like the activities for which Congress denied funds last year. What additional arguments do you have this year?

Mr. PERSONS. I think the Congress did hear our request for funds for a containerization conference. I think the other additional things were not included last year.

On the containerization conference, sir, the additional information we have is the fact that the use of containerized ships, the building of containerized ships, is proceeding apace, and this is becoming a more acute problem as time passes.

We have had the opportunity to include something like this in connection with conferences that were sponsored by other people. In 1971, the Maritime Administration had 3-day seminar arranged on the question of containerized ships and we were able to bring in the labor aspects. We found that this was exceedingly helpful. We had 37 participants from 20 countries participating in that and then going to—I think they went down to New Orleans—to the docks and seeing the equipment in operation.

They had consultations with the unions on how they are making adjustments to protect their interests in this, because the use of these ships obviously reduced the number of job. What are unions doing in their collective bargaining to get their interests taken care of; the adjustments that are necessary, the retraining that they need? The foreign country unions have not had experience with this in their particular context, and they found it very helpful.

Mr. FLOOD. What about the physical facilities at the ports of entry?

Mr. PERSONS. Overseas?

Mr. FLOOD. Yes; don't you have physical problems other than just the labor problems?

Mr. PERSONS. You have got me on a weak point. I will have to provide this for the record, Mr. Chairman, but the LASH ships carry on their own decks smaller ships used for the unloading and you don't have this massive unloading, electronic unloading equipment.

Mr. FLOOD. You better develop the record on this.

(The information follows:)

Existing ports are capable of handling regular ships that carry containers. However, physical problems arise when full container ships that require specialized equipment begin to arrive. In Africa and Asia the only ports equipped at the present time to handle these fully containerized ships are: Japan (all main ports), Singapore, Australia (all main ports), Hong Kong, Taiwan (two ports), Korea (Pusan), and Manila. Some ports have facilities for off-loading containers but lack a land-transport system that would permit delivery of the goods to their ultimate destination in the original container.

This physical limitation is apparently of short-term significance. The United States is engaged in a $300 million shipbuilding program that will concentrate on two kinds of ships—large oil tankers and container ships. The container ships now under construction are largely barge-carrying ships (LASH and SEABEE) that can load and unload barges at roadsteads or estuaries away from docks and piers. While this will overcome the lack of physical facilities, the problem is that foreign longshoremen at some of the ports may refuse to handle these containerized ships, as the Japanese portworkers did in Yokohama last year when the first LASH ship arrived.

Mr. PERSONS. The problem is that containerized ships that had arrived at ports of entry, where it was possible to unload them if the longshoremen would unload them, had been met with resistance from the foreign longshoremen. There have been strikes and other demonstrations that have held up the unloading of these ships. It is that particular problem we wish to approach through these conferences.

Mr. FLOOD. Mr. Shriver.

INTERNATIONAL LABOR ORGANIZATION

Mr. SHRIVER. I notice from your biographical sketch that you last served as officer in charge of ILO affairs in the State Department.

Mr. PERSONS. Yes.

Mr. SHRIVER. What is the present situation, which has nothing directly to do with this item, relative to the ILO and the U.S. position? I am asking this because I attended one of these labor conferences in Morocco a couple of years ago with Mr. Casey from this committee and there was quite a discussion at this labor attaché conference about ILO.

Mr. PERSONS. What is the present situation? If I talk about things you know about, tell me and I will go off on some other angle.

The present situation is that at the moment the United States is in arrears in payment of its dues by an amount of $11.6 million, and that it owes for this current calendar year dues in addition of $8.7 million.

Mr. FLOOD. That is something new for a change.

Mr. SHRIVER. I remember the discussion on the floor of the House.

Mr. PERSONS. The appropriation requests have been submitted by the Department of State to the Congress, a supplemental appropriation to cover the arrears of $11.6 million, and this year's fiscal year 1973 regular appropriation for the Department of State contains a request for

$8.7 million for our current dues. And the status of that is that the House and Senate subcommittees are holding hearings—I think Mr. Rooney's committee is hearing further witnesses today.

FOREIGN SERVICE OFFICERS CONFERENCE

Mr. SHRIVER. What is this Foreign Service Officers Conference you are requesting funds for and where would it be held, the functional Conference?

Mr. PERSONS. The actual site of it has not been set yet because until, in consultation with the administrations and offices in the Labor Department we can determine the issues of most urgent concern to them, we can't decide the location. But it would be in a county where we have excess currencies.

Mr. SHRIVER. It would be for the purpose of further education for those Foreign Service officers?

Mr. PERSONS. No. This basically is for the purpose of getting to our officials back here in Washington more information on the experience overseas in their handling of questions that are important to us.

Mr. SHRIVER. What would they be having to do with rehabilitation of prisoners and ex-convicts overseas?

Mr. PERSONS. He could find out what the country in which he is stationed is doing about this problem.

Perhaps this will be a little more to the point, Mr. Congressman—one area that we are very much concerned about here in the United States now is the transition of youth from school to work. This is a serious problem in the United States. It is a problem which has been confronting some countries in Europe for sometime, and they have developed approaches to the handling of this on which we would like to have more information.

Mr. FLOOD. In England it is becoming increasingly a problem.

Mr. PERSONS. Yes, and Scandinavia.

EXCESS FOREIGN CURRENCIES BY COUNTRY

Mr. SHRIVER. In connection with this specific hearing there ought to be a listing shown in the record of the amount of foreign currency available and the various countries where it is available. I think we had it before.

(The information follows:)

AMOUNTS OF EXCESS FOREIGN CURRENCIES OWNED BY THE UNITED STATES

[In thousands of dollars]

Country:	*Balance as of Dec. 31, 1971*
Burma	$15,000
Guinea	18,000
India	1,025,000
Israel	1,000
Morocco [1]	13,000
Pakistan	250,000
Poland	372,000
Tunisia	20,000
UAR	270,000
Yugoslavia	44,000
Total	2,029,000

[1] Ceases to be excess as of July 1, 1972.

Mr. SHRIVER. That is all, Mr. Chairman.
Mr. FLOOD. Mr. Conte.

ASIAN LABOR ATTACHÉ CONFERENCE

Mr. CONTE. What significant development, if any, emerged from the Asian Labor Attaché Conference held last month?

Mr. PERSONS. The most significant feature of this Conference was the emphasis given to developments in international trade and investment that have an impact on U.S. employment. A full day of the 4½ day meeting was devoted to this issue. For the first time a number of economic officers were invited to the labor attaché conference to participate in consideration of this subject. Four issues were dealt with in some depth: Multinational companies, import-vulnerable industries, fair labor standards, and adjustment assistance. Special consideration was given to improved field reporting on these economic issues. It was agreed that major requirements are better field coordination of the contributions of labor and economic officers, and better definition of priorities and points of emphasis by the Washington agencies. The Departments of State and Labor are now following up on these points.

Mr. CONTE. How many U.S. officials participated in the Conference?

Mr. PERSONS. Fifty-five U.S. officials. One representative from organized labor participated in the discussion of trade union activities in Asia.

CONTAINERIZATION SEMINAR

Mr. CONTE. When and where do you propose to hold the containerization seminar and exhibition?

Mr. PERSONS. Tunisia, December 1972 or January 1973.

OVERSEAS MILITARY COUNSELING

Mr. CONTE. What steps are you planning to take to improve the overseas military counseling program?

Mr. PERSONS. We are taking steps to improve the amount and currency of information on employment and training opportunities, and on services available to veterans, which can be provided to servicemen during their group and individual counseling. For example:

Current labor market information from 41 major job markets will be made available to counselors by the end of April. This information will be updated every 30 days and other labor markets will be added to the system.

Information kits are being assembled and will be sent to counselors for use in presenting an outline of training and employment options available to servicemen. The kit includes materials containing information on local employment services, unemployment insurance for ex-servicemen, new careers, how to get a job, veterans' reemployment rights, special preferences to Vietnam era veterans seeking civil service jobs, civil service announcements of openings, apprenticeship skills training, and employment rights of veterans.

We are taking steps, in collaboration with the OE and the VA, to improve the scheduling system so that counseling conducted by DOL, OE and VA will afford to servicemen a more effective and

parallel range of information and guidance on education, veterans' benefits, training, and employment.

Other steps will be taken to tie our overseas counseling to "Job Fairs" conducted by American employers at overseas bases. We tried this at a "Job Fair" in Germany in which our counselors participated, and found that it was an effective counseling vehicle.

A referral card program was recently initiated in the overseas counseling service. Through this means, individual records are maintained which provide information on overseas counseling received, agency referrals, and training or employment placement. This will provide much more complete information than is now available on the effectiveness and accomplishments of the counseling program, from the counseling received overseas, to followup counseling and training or employment after return to the United States.

Administrative arrangements are now being completed to improve the logistical support to counselors, making possible greatly improved mobility. Improved travel support and interservice liaison will allow services to be provided to a wider dispersal of troops than is now possible.

An interagency team comprised of DOD–OE–VA–DOL has just completed a review and preliminary evaluation of the counseling activities throughout the Far East. On the basis of its findings, we expect to be able to identify and take additional steps to further improve the on-site counseling services provided to returning servicemen.

Mr. FLOOD. Thank you very much.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENTAL MANAGEMENT

Special Foreign Currency Program

Ammounts Available for Obligation

	1972 Appropriation	1973 Estimate
Appropriation or estimate.....	$100,000	$309,000
Balance available, start of year.....	32,000	50,000
Balance available, end of year.....	-50,000	---
Total available for obligation.....	82,000	359,000

Obligations By Activity

	1972 Appropriation Revised	1973 Estimate	1973 Change
1. Overseas labor conference support.....	$82,000	$350,000	+$268,000
2. Overseas labor and manpower technical cooperation.....	---	9,000	+ 9,000
Total, obligations by activity (object class -21, travel and transportation of persons).	82,000	359,000	+ 277,000

DEPARTMENTAL MANAGEMENT

Special Foreign Currency Program

Summary of Changes

	Amount
1972 Enacted appropriation	$100,000
Balance available, start of year	32,000
Balance available, end of year	-50,000
1972 Available for obligation	82,000
1973 Estimate	309,000
Balance available, start of year	50,000
1973 Estimate, adjusted	359,000
Total Change	+277,000

Program Items:

Increases:

Overseas labor conference support (page SFC-5,6).	+268,000
Overseas labor and manpower technical cooperation (page SFC-7)	+ 9,000
Total Change	+277,000

Activity 1. OVERSEAS LABOR CONFERENCE SUPPORT (1972, $ 82,000, 1973, $350,000)

Narrative Description of Program

This program provides support for overseas conferences of labor attaches and other relevant Foreign Service officers, training seminars to promote the maintenance and servicing of American products overseas, and overseas efforts to assist the U. S. containerized shipping industry.

In 1971, a joint European-African labor attache conference was held at Rabat, Morocco.

In 1972, an Asian Foreign Service labor conference was held at New Delhi, India in March, 1972.

In 1973, a joint European-African Foreign Service labor conference is proposed. This would continue the biennial schedule of such regional conferences.

Changes for 1973

Mandatory changes amount to..... $ None

Program changes amount to..... +$268,000
Positions..... None

Proposal: In 1973, in addition to continuing the biennial Foreign Service regional labor conferences, it is proposed to hold a functional conference to provide U. S. Foreign Service officers with detailed guidance on economic and labor reporting needs of the Department of Labor.

It is also proposed to provide support for a containerization seminar and exhibition for Asian and African longshore union and port authority officials.

We also plan a series of training seminars, jointly sponsored with the Department of Commerce and U. S. exporters to promote training of foreign craftsmen in the maintenance and servicing of U. S. products.

The Need: The overseas conferences of labor attaches and other relevant Foreign Service officials are essential for the Department's current efforts to stimulate a redirection of U. S. Foreign Service labor and economic reporting. The efforts of the Labor Department and other agencies, which are attempting to minimize the negative impact of foreign economic developments upon employment in the U. S., are seriously hampered by the unavailability of reliable information from abroad. To cope intelligently with this problem, it is necessary that the U. S. Foreign Service provide data and analyses in such difficult areas as labor cost factors in foreign industries which export to the U. S.; foreign and domestic employment effects of multinational companies; and the degree to which the wages and working conditions in foreign exporting firms are substandard. Through these overseas conferences with U. S. Foreign Service personnel, there will be structured consultations between the overseas information gatherers and the Washington "end users" without which the required information cannot be efficiently provided.

A vital element in the U. S. efforts to compete effectively for world trade are the competitive advantages that can be gained from the efficiency of U. S. mechanized and containerized shipping. Major threats to the U. S. containerized shipping industry are: the hostility (already evidenced by strikes and demonstrations in foreign posts) by foreign longshore unions towards the technologically advanced loading and unloading techniques; and the shortage of workers in foreign ports who are adequately trained to work with the sophisticated equipment and machines involved in containerized shipping. To minimize these threats, we plan overseas training conferences with key foreign union and Government officials aimed at increasing foreign acceptance and understanding of containerized shipping.

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These overseas programs will be carried on in close collaboration with: the U. S. Maritime Administration; the U. S. manufacturers of containerized shipping equipment; and the American longshore and shipping unions.

A major impediment to the efforts on U. S. industries trying to compete in foreign markets is the shortage of foreign craftsmen, maintenance and installation workers who are trained specifically to work efficiently with American products such as refrigeration equipment, electrical appliances, earth moving equipment, and machine tools. In close cooperation with U. S. industry representatives and skilled American craftsmen in specific product fields, we plan to institute training programs in selected foreign locations aimed at stimulating improved training of foreign workers. This will often entail redirecting existing foreign vocational training institutions and stimulating more effective cooperative relationships between them and U. S. industry. It is hoped and expected that this will assist in expanding U. S. exports, improving our balance of payments, and increasing employment in U. S. export industries.

The Program: The functional Foreign Service conference would concern officers from selected posts and would follow an agenda designed to arrange for specific types of information required for the U. S. Department of Labor to meet its needs for foreign information that can be useful in achieving U. S. domestic employment and labor administration goals.

The overseas containerization seminar and exhibition would illustrate the new technology and indicate trends and their technological impact on employment. After the overseas seminar, the trade union participants would come to the U. S. for a program to be conducted with relevant representatives of organized labor (such as the International Longshoremen's Association, AFL-CIO); relevant Government representatives (such as Maritime Administration); and appropriate industry representatives.

The seminars for promotion of training in maintenance and servicing of U. S. products would be conducted in close cooperation with U. S. industry representatives and skilled craftsmen and often through existing vocational training institutions. The seminars would concentrate on U. S. products having a potential for expansion with improvement in servicing facilities.

This estimate provides for a functional Foreign Service conference at $68,000, to be funded partially from an anticipated carryover from 1972. It also provides for a containerization seminar and exhibition, including round trip travel of U. S. and foreign participants at $100,000; and 10 regional seminars at $10,000 each or a total of $100,000.

Base:					
Positions:	None			Estimated Cost:	$100,000
Additional Cost:					
Positions:	None	Man-Years:	None	Estimated Cost:	$268,000

Activity 2. OVERSEAS LABOR AND MANPOWER TECHNICAL COOPERATION

(1972, $ -0-
1973, $9,000)

Narrative Description of Program

This activity provides for a pilot project for broadening technical contacts in the labor/manpower field.

In 1972, excess foreign currencies were not available for this activity.

Changes for 1973

Mandatory changes amount to..... $ None

Program changes amount to..... +$9,000
Positions..... None

Proposal: A pilot project is proposed for the interchange of four U. S. senior officials from the Department of Labor and their counterparts from Yugoslavia to provide for ministry-to-ministry relationships at a high level and to identify potential areas for continued technical interchange in future years.

The Need: A need has been expressed by the President for utilization of excess foreign currencies for expansion of technical and scientific contacts with Yugoslavia, for the improvement of institutional relationships, and for furtherance of U. S. foreign policy objectives overall.

The Program: The senior officials from the Department of Labor, representing various labor ministry functions including data collection, manpower planning, productivity, safety and hygiene, and other, would visit the Federal Ministry and Yugoslavia's recently decentralized State Provincial Labor Ministries.

Following the U. S. Department of Labor visit, a group of senior officials from Yugoslavia would visit the United States for consultation and observation of programs and activities in the United States to provide the basis for a continuing program of interchange and improvement of institutional ties.

It is estimated that transportation and miscellaneous expenses for eight round trips (four United States and four Yugoslavian) would require an approximate $5,000. Subsistence and other miscellaneous costs for U. S. officials in Yugoslavia is estimated at $4,000.

Base:
Positions: None Estimated Cost: $ None

Additional Cost:
Positions: None Man-Years: None Estimated Cost: $ 9,000

ACTION ON CONGRESSIONAL RECOMMENDATIONS

Recommendations, House Appropriations Committee

No specific actions recommended

Recommendations, Senate Appropriations Committee

No specific action recommended

RAILROAD RETIREMENT BOARD

WITNESSES

HOWARD W. HABERMEYER, CHAIRMAN
WYTHE D. QUARLES, JR., MANAGEMENT MEMBER
SAMUEL CHMELL, CHIEF EXECUTIVE OFFICER
MICHAEL RUDISIN, DIRECTOR, BUDGET AND FISCAL OPERATIONS

PAYMENT FOR MILITARY SERVICE CREDITS

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities: Payment to Railroad retirement account (costs—obligations) (object class 41.0)	19,969	20,757	21,645
Financing: Budget authority (appropriation)	19,969	20,757	21,645
Relation of obligations to outlays: Obligations incurred, net	19,969	20,757	21,645
Outlays	19,969	20,757	21,645

LIMITATION ON SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimated	1973 estimated
Personnel compensation:			
Permanent positions	13,010	13,419	13,223
Positions other than permanent	98	100	100
Other personnel compensation	848	948	699
Total personnel compensation	13,956	14,467	14,022
Personnel benefits: Civilian	1,108	1,158	1,148
Travel and transportation of persons	270	280	280
Transportation of things	30	31	31
Rent, communications, and utilities	1,409	1,288	1,681
Printing and reproduction	64	60	60
Other services	1,366	1,296	1,520
Supplies and materials	230	210	210
Equipment	447	48	48
Total costs, funded	18,880	18,838	19,000
Administrative expenses included in schedule for fund as a whole	−18,849	−18,838	−19,000
Change in selected resources	−31		
Total obligations			

PERSONNEL SUMMARY

Total number of permanent positions	1,406	1,350	1,350
Full-time equivalent of other positions	19	19	19
Average paid employment	1,244	1,234	1,219
Average GS grade	7.4	7.4	7.4
verage GS salary	$10,752	$10,820	$10,873

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Maintenance of earnings accounts	370	356	347
2. Processing claims	11,102	11,583	11,643
3. Maintenance of beneficiary rolls	5,744	5,212	5,299
4. Administration	1,664	1,687	1,697
Total program costs, funded [1]	18,880	18,838	19,000
Change in selected resources [2]	−31		
Total obligations	18,849	18,838	19,000
Financing: Unobligated balance lapsing	311		
Limitation	19,160	18,838	19,000

[1] Includes capital outlay as follows: 1971, $447,000; 1972, $48,000; 1973, $48,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $81,000; 1971, $50,000; 1972, $50,000; 1973, $50,000.

Mr. FLOOD. We now have before us the appropriations for fiscal year 1973 for the Railroad Retirement Board, the presentation will be made by Mr. Howard W. Habermeyer, the chairman.

BIOGRAPHIES OF WITNESSES

Will you supply for the record, Mr. Habermeyer, biographical sketches of yourself and those members of your staff who are present with you?

(Biographical sketches follow:)

BIOGRAPHICAL SKETCH OF HOWARD W. HABERMEYER, CHAIRMAN, RAILROAD RETIREMENT BOARD

Howard W. Habermeyer, son of William G. and Marie (Schneider) Habermeyer, was born March 26, 1915, in Aurora, Ill., was a student in public schools of Aurora married Helen Lorraine Braithwaite, July 2, 1938, was electrician's helper Chicago, Burlington & Quincy Railroad Co., served successively as messenger, clerk, and supervisor, Railroad Retirement Board, 1936–47, was assistant director bureau of wage and service records 1947–52, and was director bureau of wage and service records 1952–56. He served with Army of the United States, 1944–46.

Mr. Habermeyer has served as chairman of the Railroad Retirement Board since November 1956. He was originally appointed by President Eisenhower and reappointed in 1962 by President Kennedy.

In 1955, Mr. Habermeyer was cited for his exceptional administrative ability, judgment, leadership, and personal progress by the U.S. Junior Chamber of Commerce. He was one of the 10 outstanding young men in the Federal Government to receive the Arthur S. Flemming Award in that year. Also, in 1955, he was selected as one of eight outstanding executives in the Federal Government to receive a scholarship to the management school sponsored by the American Management Association.

Over the years, Mr. Habermeyer has been very active with the Chicago's Crusade of Mercy Campaign at the citywide level. In 1962, he served as vice chairman of the governmental, educational, and professional division, winning special recognition for his outstanding work in the drive.

Mr. Habermeyer and his wife live in Aurora, Ill., and have two sons, Howard William, Jr., a lieutenant commander in the Navy and a graduate of the U.S. Naval Academy, and Kent Leigh, an ensign in the Navy who has completed flight training and now has his wings.

BIOGRAPHICAL SKETCH

Mr. Wythe D. Quarles, Jr., was appointed carrier member of the Railroad Retirement Board in June 1971.

Mr. Quarles was born in Richmond, Va., February 13, 1916. He attended the University of North Carolina. He worked in several positions with the railroads before assuming administrative responsibilities, including engineman, fireman instructor, and road foreman for engines. Also, he was director of labor relations for the Atlantic Coastline Railroad Co., Jacksonville, Fla., and later assistant vice president for personnel and labor relations before joining the Conference. From February 1966 to the time of his appointment he was Vice Chairman of the National Railway Labor Conference in Washington, D.C.

Mr. Quarles is married, the father of three children, and resides in Chicago, Ill.

BIOGRAPHICAL SKETCH OF SAMUEL CHMELL, CHIEF EXECUTIVE OFFICER, RAILROAD RETIREMENT BOARD

Mr. Samuel Chmell was born in Chicago, Ill. on February 20, 1918. He received his B.A. degree in economics from Roosevelt University. Mr. Chmell's Federal service dates back to 1941 when he joined the Immigration and Naturalization Service, U.S. Department of Justice, in Chicago. In June 1942, he entered military service, serving as a cryptographer in Africa for 3 years. Following the war, he returned to Federal service as a statistician for the Veterans' Administration.

In 1949, Mr. Chmell transferred to the Board as a statistician and within 11 years advanced himself to the position of director of research. Since 1967 he has been the Board's chief executive officer.

Mr. Chmell and his wife, Elsie, live in Elmwood Park, Ill., and have three children. Sam Jr., an honor student, on the dean's list, is a sophomore at Notre Dame University.

BIOGRAPHICAL SKETCH OF MICHAEL RUDISIN, DIRECTOR OF BUDGET AND FISCAL OPERATIONS RAILROAD RETIREMENT BOARD

Michael Rudisin was born October 7, 1919, in Pittsburgh, Pa. He graduated from David B. Oliver High School, Pittsburgh, Pa. and attended Columbus University. George Washington University, and Northwestern University.

Mr. Rudisin worked briefly as a maintenance-of-way employee for the Pennsylvania Railroad. He then started to work in May 1939 for the Railroad Retirement Board where he served successively as messenger, typist, bookkeeping machine operator, account clerk, accountant, budget examiner, budget and fiscal assistant, director of fiscal accounts, and director of budget and fiscal operations in which position he has served from July 1956 to date.

Mr. Rudisin has received a number of commendations from the Railroad Retirement Board for outstanding job performance. He was selected as the outstanding supervisory employee from 65,000 Federal employees in the Chicago area in Chicago's 1962 Federal employee-of-the-year awards program.

Mr. Rudisin lives at 6325 North Sheridan Road, Chicago, Ill.

Mr. FLOOD. Please proceed with your statement.

Mr. HABERMEYER. Yes, sir.

GENERAL STATEMENT

Mr. Chairman and members of the committee, before discussing the specifics of our 1973 budget requests, I would like to furnish some general information regarding the Railroad Retirement Board.

The Railroad Retirement Board administers a regular retirement system for the payment of retirement and disability annuities to railroad employees, annuities to their spouses, and benefits to their survivors. The Board also administers a system for the payment under certain conditions of supplemental annuities, in addition to regular annuities, to career railroad employees. The Board also administers a system for the payment of unemployment and sickness benefits to qualified railroad workers, and it participates in the administration of the medicare program for persons covered by the Railroad Retirement Act.

The Railroad Retirement Board is administered by a three-member Board appointed by the President, by and with the advice and consent

of the Senate—one member upon the recommendation of representatives of employees, one upon recommendation of representatives of carriers, and one, the chairman, without designated recommendation.

FINANCING THE RAILROAD RETIREMENT PROGRAM

The railroad retirement system is financed by taxes paid by railroad employees and employers into trust funds. The amounts needed for benefit payments and administrative expenses are derived from these trust funds. Congress must authorize the amounts to be spent for administrative expenses.

PAYMENT FOR MILITARY SERVICE CREDITS

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions.

An appropriation of $21,645,000 is requested for payment to the Railroad Retirement Trust Fund for military service credits authorized under the Railroad Retirement Act. This appropriation is to pay the ninth of 10 annual payments due the railroad retirement account for creditable military service by railroad workers through June 30, 1963.

Mr. MICHEL. Do you mean 1963 there?

Mr. HABERMEYER. Yes. We had a dispute with the Bureau of the Budget for years on how much we were entitled to in military service credits. This was finally resolved in 1963. Instead of paying us all the money at one time, they agreed to pay it in 10 yearly installments.

Mr. FLOOD. What concerned Mr. Michel is the terminology in your presentation which is through June 30, 1963, which would indicate ahead. What you mean is, you go back and pick up.

Mr. HABERMEYER. Pick up, yes, sir.

Mr. MICHEL. There is one more payment due?

Mr. HABERMEYER. Yes.

Mr. MICHEL. Would that be in that same amount of $21 million?

Mr. HABERMEYER. It would be slightly larger. In fact, in the justifications we have the 10th installment shown.

Mr. MICHEL. They would not get the credit.

Mr. HABERMEYER. The railroad people would still get the credit, but the Government people would have finally paid off. When the act was amended giving credit to railroad men in military service, the Government agreed to pick up those costs.

Mr. MICHEL. But now we are keeping current?

Mr. HABERMEYER. Yes. As a matter of fact, as of next year when we get our last installment, everything will be on a current basis.

LIMITATION ON SALARIES AND EXPENSES

The Board is requesting a $19 million limitation on the use of trust fund moneys for the administrative expenses of the railroad retirement system for fiscal year 1973.

For fiscal year 1972, the regular limitation is $18,838,000. However, the $18,838,000 does not provide for the cost of added work created for the Board by the 1971 amendments to the Social Security and Railroad Retirement Acts and for the cost of the increase in postage rates that

became effective in May 1971. Total added costs for which no provision was made in the regular limitation are $800,000. However, stringent economy actions will produce savings in regular operations of $380,000 to reduce the supplemental request to $420,000. The enactment of this supplemental request would make a total of $19,258,000 available for 1972.

In fiscal year 1972, we expect to complete all of the work created by the 1971 amendments to the Social Security and Railroad Retirement Acts; service the monthly benefit roll which is expected to increase from 1,064,000 monthly payments at the start of the year to 1,078,000 at the end of the year; and process 301,000 claims dispositions. The 301,000 claims dispositions would enable the Board to keep the pending load of 21,000 claims at the start of the year at the same level at the end of the year.

In fiscal year 1973, we will have the work of servicing the monthly benefit roll which is expected to increase to 1,089,000 by the end of the year; we will make some reduction in backlogs of work requiring review of cases identified as potential overpayments; and process 301,000 claims dispositions to reduce the load of pending claims to 17,000 by the end of the year. The pending load has been too high in recent years and should be reduced.

The decrease of $258,000 in the limitation on salaries and expenses from the $19,258,000 needed for 1972 to the $19 million requested for 1973 is the net change of decreases and increases in several areas of costs. The decreases from 1972 to 1973 consist of a decrease of $105,000 because the number of compensable days decreases from 262 in 1972 to 260 in 1973, a decrease of $478,000 because of the completion of amendment work in 1972, and a decrease of $153,000 from further economy in operations, for total decreases of $736,000. These decreases are offset in part by increases totaling $478,000. The increases consist of an increase of $289,000 for the rental of a critically needed computer, an increase of $71,000 for within-grade salary advancements, an increase of $44,000 in the cost of office space, an increase of $35,000 for increased costs to the Board for the use of the Federal Telecommunications System, and other increases of $39,000.

With reduced employment levels for 1972 and 1973, stringent economy actions are being taken in all areas of operation to enable us to process claims on a reasonably timely basis with the manpower resources available.

The 1973 request, of course, is based on existing legislation (except that the request does not provide for the pay increases authorized in January 1972). If there are no added workloads in 1973 because of new legislation, it would be the first time such a situation prevailed since 1965.

Key data relating to the budget estimates are as follows:

	1971 actual	1972 estimate	1973 estimate
Benefit payments	$1,908,171,000	$2,095,000,000	$2,072,000,000
Limitation on administrative expenses, including supplemental request for 1972	19,160,000	19,258,000	19,000,000
Number of monthly payments, end of year	1,064,000	1,078,000	1,089,000
Claims dispositions	306,000	301,000	301,000
Pending load end of year	21,000	21,000	17,000

PUBLIC CONFUSION

Mr. FLOOD. From time to time, we get complaints in the form of letters from retired employees and their dependents, widows, and so on. They are greatly confused and concerned about supposed or alleged conflicts between the social security system, the railroad retirement system, and/or any other State or Federal or private systems of any kind which they feel affect the payments they receive from the railroad retirement system.

Are you aware of these problems?

Mr. HABERMEYER. Yes. I am aware of the complexities of the law that we administer.

Mr. FLOOD. Will you direct some comments to this?

I get a letter from Mrs. A in such and such a town in my district. She is a widow. This poor soul is obviously sitting out in the kitchen in an old mining town, at night—I do not think they even have the coal oil lamps as we used to call them. That kind of letter written in pencil on a 10-cent pad—always gets attention from me.

Here she is 70 years of age sitting in the kitchen of her house in a small mining town, facing all these high-level bureaucrats, with such and such regional office of the social security, then the district office in Scranton of your agency, then the district or regional office of some alphabet sop agency somewhere else, and something still different comes from Harrisburg. She does not know where she is, so she writes to Flood.

The funny thing is, neither does Flood. I bounce that to some of your minions. Sometimes I hear from them, depending on the caseload or if they are paying attention that week.

So will you comment for the record for the benefit of the members and the people you serve. Direct an important part of your comment to the complicated nature of your program.

Mr. HABERMEYER. In order to be complete, could I furnish that for the record?

Mr. FLOOD. Yes.

(The information follows:)

Description of Complications Inherent in
Administering the Railroad Retirement Program

Computation of Benefits

The regular annuity under the railroad formula is actually a four-part benefit. The basic RR annuity for an employee is based on the RR service and compensation. A 1968 table increase based on the employee's average earnings, a 1970 15% increase and a 1971 10% increase are each added to the basic annuity in separate layers (there is also a RR minimum which is used if this produces a higher benefit).

If the employee is entitled to social security benefits, the table increase is reduced by 17.3% of his 1967 social security rate (there is also a special minimum computation). If the employee did not become entitled to social security benefits until after 1967, we have to convert his current social security rate to the 1967 rate that would have been payable.

The 15% increase is reduced by 13% of his 1969 social security rate but not less than $10.00. If the 15% increase is less than $10.00, there is no offset in the 15% increase. If the employee became entitled to social security benefits after 1969, we have to convert his current social security benefits to the 1969 rate for purposes of the 13% offset and to the 1967 rate for purposes of the 1968 offset in the table increase.

The 10% increase is added after all these reductions have been made and it is not reduced for social security entitlement.

If the employee is entitled to a supplemental annuity, his annuity is calculated entirely differently and if he is entitled to both social security benefits and a supplemental annuity there is still another method of calculating his annuity.

We also have to consider what his benefits would have been under the special guaranty (O/M) and apply this rate if it produces a higher family benefit. An explanation of the complications that results from the application of the O/M is given below.

There are similar computations for spouses' annuity and survivor benefits except for the adjustment relating to the supplemental annuity.

General background about the special guaranty (O/M)

One of the most complicating aspects of the RRA is the close tie-in with Social Security through the overall minimum guaranty (O/M), and the offsets in regular railroad retirement benefits because of an annuitant's entitlement to social security benefits. Railroad retirement benefits under the O/M are calculated using both railroad earnings and SS wages in the same way as they would have been under the SSA, and then increased by 10%.

There are many difficulties in trying to determine the amounts that would be payable under SSA. One of the biggest problems is the fact that direct benefits are available to certain persons who are not eligible under RRA. In life cases these include children, wives of employees under age 65, and divorced wives, and in survivor cases divorced and remarried widows and parents, if there are other eligible survivors. In applying the O/M the benefits for these individuals are included with the amount paid to the annuitant. (We refer to such ineligible persons as IPI's.) However, if any of these persons are entitled under the SSA, their O/M rate is reduced by the amount of such benefits. In the great majority of dual entitlement cases, benefits are paid under the regular formula because this produces a higher benefit.

For purposes of the O/M, an application filed for railroad retirement benefits is also deemed to be an application for social security benefits. Thus, if any of the beneficiaries included under the O/M are insured on the basis of wages even though they are not actually drawing social security benefits, we are required to reduce the O/M guaranty by the amount of their potential benefits. This means that we reduce the railroad retirement benefits under the O/M even though the individual is not receiving benefits and may never do so.

Policing of Benefits Paid Under the O/M

The policing of benefits is a difficult problem because in many cases, the divorced wives or not-living-with spouses, or divorced or remarried widows who are included under the O/M are not living in the same household as the annuitant. The benefits payable to such ineligible persons are made to the annuitants, whereas, under social security, the individuals are paid direct. Often the annuitant is either uncooperative about furnishing information about his divorced wife or he does not know whether she is working or remarried.

Computation of Spouse's Annuity

The maximum spouse's annuity ($151.70) is now based on the highest corresponding amount that would be payable to a wife under the Social Security Act plus 10%. For this purpose, we calculate a social security benefit for an employee who has retired because of disability. We assume that he recovers from his disability, returns to work and earns maximum earnings for 2 years and then retires again. This permits use of the current maximum taxable wages under the Social Security Act for as little as 2 years. For example, when the Social Security Act changes in 1972 from $7,800 tax base to a $9,000 tax base, we will calculate a primary insurance amount based on the average from combining $7,800 and $9,000 or $8,400 a year. The maximum will go up to $157.00 for 1973. The following year when an employee theoretically could have worked for 2 years at $9,000 each, the spouse maximum changes again based on a $9,000 average which produces a spouse maximum of $162.50 in 1974.

Under H.R. 1 the tax base will be raised to $10,200 starting with 1972. Subsequent increases are tied into increases in wages. The $10,200 tax base will raise our spouse maximum to $170.70 for 1973 and to $182.20 for 1974. The tax base could be increased $300 a year or more every year after 1974, depending on economic conditions. This means that every time the tax base goes up about $300 or more, we would have to recompute the spouse maximum and test spouse annuities which may be increased to the higher maximum.

Reduction in O/M Benefits

Under the O/M, we must reduce the O/M rate by the amount of benefits the individual is potentially entitled to even though he is not receiving such benefits. The reason for the reduction for potential entitlement is that an application filed with RRB is also deemed to have been one filed with Social Security. Consequently, if the individual does not file at Social Security, he loses the amount by which we have reduced his annuity. In some cases, the person may not realize that he is entitled to SS benefits or does not want to file for a reduced benefit. We have other cases where the person has actually been denied benefits at SSA but we still consider him potentially entitled.

We sometimes have to reduce the O/M by an amount other than the actual amount the person is receiving. The complications come about mainly because we must reproduce what the social security system would have done under the same conditions.

Example of computations involved in reducing O/M benefits

FACTS: A. Railroad employee has wife entitled to a reduced SS benefit based on her own PIA of $70.40. Her husband's annuity at RRB begins 5 months after her SS entitlement.

B. She is receiving $57.90 from SSA ($70.40 reduced 33/144).

C. Employee O/M rate before 10% is $194.40.

D. Spouse's rate (½ of $194.40) is $97.20.

1. Change reduction months from 33/144 to 28/144.

2. $70.40 reduced 28/144 = $59.50

3. $70.40
   -59.50 (Step 2)
   $10.90

4. $97.20 (Item D)
   -70.40 (Item A)
   $26.80

5. $26.80 reduced by 28/144 = $5.20

6. $10.90 (Step 3)
   + 5.20 (Step 5)
   $16.10

7. $97.20 (Item D)
   -16.10 (Step 6)
   $81.10

8. $81.10 (Step 7)
   -59.50 (Step 2)
   $21.60

9. $194.40 (Item C)
   + 21.60 (Step 8)
   $216.00
   + 27.55 (10% (194.40 + 81.10))
   $243.55 (O/M rate before rounding)

Effect of Changes in Types of SS Benefits on Regular Annuities

If an annuitant who is getting an SS benefit gets a different type of social security benefit, we must change the offset in his annuity. We have to review thousands of cases where the rate at SSA changes in order to identify when this is caused by a change in type of benefit rather than an automatic recomputation by SSA.

The explanation to our beneficiaries and the reason for the reductions in benefits particularly in the case of entitlement to Social Security benefits are difficult to understand. The case of a man who retires in 1972 and files for benefits under both systems is a case in point. In explaining how his annuity is calculated you have to tell him that his annuity is being reduced for a 1967 and 1969 Social Security benefit. It is impossible for him to understand this because he never received Social Security benefits for those years.

Many beneficiaries are of the opinion that since they have paid taxes under both systems they are entitled to full benefits from both agencies. Furthermore, if they fail to notify us promptly of their entitlement to Social Security benefits, a large overpayment may result. It is very difficult to justify to them our actions in reducing the annuity and recovering overpayments.

Mr. HABERMEYER. I can understand the confusion with the Social Security System, the Railroad Retirement System, medicare, supplemental benefits.

Mr. FLOOD. Right.

Mr. HABERMEYER. It just is an unavoidably complex situation. Here is what we try to do.

INFORMATIONAL CONFERENCES

We have been holding since 1957 every year a series of informational conferences wherein we try to get the message across to the railroad labor organizations as to just what this Railroad Retirement System is there for and what it is to do. We hold 1-day and sometimes 2-day sessions. The groups vary in size from 20 to something like 80 railroad labor organization people who attend these meetings to get information about our system. They, we hope, will spread it out to the people.

Mr. FLOOD. That is very good insofar as the men who are now employed and their wives are concerned. We hope they are still talking to their wives. They go home and say, "I was in such and such a town, here is some important information.

"All the union leaders were there. At the local meeting we got this information, Mary, which I think you would like to know."

PERSONAL SERVICE TO INDIVIDUAL CITIZENS

Mary says "Fine." But this does not get down to that old lady sitting in that kitchen I was telling you about. What are you doing about her?

Mr. HABERMEYER. We have to find her first and know she is confused. If she writes you, we know about it, we will contact her.

Usually we will send a man out to see her or tell her a man will be in her town at a certain spot and ask her to meet him there. We have itinerant service.

Mr. FLOOD. That is good.

Mr. HABERMEYER. If the individual is incapacitated, we make it a point to go to their home.

Mr. FLOOD. All the regional offices do that?

Mr. HABERMEYER. Yes, sir.

Mr. FLOOD. Nothing new about this?

Mr. HABERMEYER. No.

Mr. FLOOD. You send the man, you put it on the radio, TV, in the newspapers, that he will be at 14 South Main Street on May 9?

Mr. HABERMEYER. We will get letters from you saying you have this widow, and we will write her or call her and say, "We will be at your house."

Mr. FLOOD. That is fine. When this guy shows up at that time, do you put something in the media? Does not this man issue a press release to all the news media saying "I am so-and-so, district manager of the Railroad Retirement Board office in such and such a town, and I am going to be on my circuit on such and such a day as part of the service of the Railroad Retirement Board for service to widows," et cetera?

Mr. HABERMEYER. We have difficulty in getting the press, especially

in big cities, to pick up anything like this. We do use that outlet in the smaller towns.

Mr. FLOOD. You do?

Mr. HABERMEYER. Yes.

Mr. FLOOD. Will you have somebody review the operation to be doubly sure that you do?

Mr. HABERMEYER. Yes.

Mr. FLOOD. Do the best that you can.

Mr. HABERMEYER. Certainly I will.

Mr. FLOOD. There is not much more that you can do. I am sure "Mary" receives that paper or sees it on TV and sends one of the kids down or finds out from somebody. But I did not know of that myself, I never heard of it. I did not know about these attempts to contact people. Mary, I am sure, does not know about this.

Of course you cannot make the news media publish your releases, but you do the best you can.

Mr. HABERMEYER. That is right.

Mr. FLOOD. And try, because you are not getting through to these people, believe me.

Mr. HABERMEYER. We have done some other things, too, to help bring this to their attention.

We have certain areas where there is a considerable number of railroad people, not enough to establish an office, but we have a phone in Chattanooga that rings—anybody dialing that number in Chattanooga gets our office in Nashville. I will furnish for the record a more complete description of the type of service we provide.

(The information follows:)

Itinerant Service

The Railroad Retirement Board has regular scheduled itinerant service at 255 points throughout the country where there are heavy concentrations of railroad employment, as an extension of the service provided at 81 district offices. This itinerant service is advertised through yearly schedules (samples attached) which are distributed to railroad and union officials, unemployment claims agents, social security and state employment service offices and other interested government offices, and are also given to any individuals who inquire. At many of the itinerant points, the service is regularly advertised through radio and television spot announcements and/or newspaper items. In some cases, posters advertising itinerant service are placed in railroad offices or other public areas. In advance of trips to itinerant points, appointment letters or cards are sent to anyone who would have reason to contact us, or contacts are scheduled in advance by phone. Most itinerant point meeting places are arranged so that the representative will have access to a phone so he can receive calls from constituents in that area.

In addition to the scheduled itinerant service points, our representatives also make visits to other points on a planned basis depending on the need for our services. Such visits are advertised in advance to individuals and to railroad and union officials.

Some of our local office managers and contact representatives participate regularly in local public service radio or television programs, particularly in smaller cities.

Service to Beneficiaries

As an extension of the regular itinerant service, Board offices provide other services for our beneficiaries to assure the prompt handling of applications and inquiries.

1. Telephone Service

The Federal Telecommunications System (FTS) phone service permits our offices to answer many inquiries, and obtain applications or information promptly without waiting for correspondence or a personal contact at an itinerant point. We encourage our offices to use the telephone whenever possible to complete interviews and obtain information.

A TelPac system has been installed at several major points (Chattanooga, Tennessee; New Haven, Connecticut; and Rochester, New York) which provides a direct line for calls to the district office handling that area. In this way, persons can call the nearest RRB office as a local call. A similar arrangement involving the use of an answering service is in effect at Aurora, Illinois and Escanaba, Michigan.

2. Appointment Cards

Many of our offices distribute pre-addressed appointment cards (samples attached) to railroad and union officials, social security offices and other locations for the use of persons who wish to arrange to contact us.

3. Personal Contacts

In cases where a person wishes to contact us personally but is unable to do so because of an infirmity or some other valid reason, we will arrange to have a representative visit that person at home, in the hospital, etc.

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4. Informational Conferences

Each of our regions schedules Informational Conferences for the benefit of representatives of railroad labor organizations, to acquaint them with the benefits available under the Railroad Retirement and Railroad Unemployment Insurance Acts. During 1971, 68 such conferences were held in 64 different cities attended by 3,134 railroad union officials. At these meetings, Board representatives review the services provided by our local offices, and distribute copies of the itinerant schedule applicable to that area.

Because of these various means of advertising our itinerant service, we believe that our constituents are very well informed about where and what services are available to them. A recent report on an inspection of this agency by the Civil Service Commission commented favorably on our field organization, stating that the Board representatives contacted were ". . . service-minded . . ." and exhibited ". . . a strong concern for RRB clientele and the expedious payment of benefits to them . . . . The manner in which the RRB uses the telephone represents an achievement in economy, productivity and expedious service to the clientele which, in our opinion, would be hard to match in Federal service."

Itinerant Service - Pennsylvania

The State of Pennsylvania is serviced by the following full-time offices:

Altoona	Pittsburgh
Harrisburg	Scranton
Philadelphia	

In addition, the following itinerant service is provided at locations in Pennsylvania:

ALLENTOWN, PA. Central Railroad Co. of N. J. Passenger Station 9:00 AM	First and third Wednesday of every month
BLAIRSVILLE, PA. P. C. Freight Station 1:00 PM	First Tuesday of every month
BROWNSVILLE, PA. Monongahela Ry. Station Room 501 9:30 AM to 11:30 AM	Second and fourth Thursday of every month
CHAMBERSBURG, PA. Penn Central Railroad Freight Station Grant Street 10:00 AM	Second Wednesday of every month
CONNELLSVILLE, PA. Baltimore & Ohio YMCA 9:30 AM to 11:30 AM	First, second and fourth Tuesday of every month
DUBOIS, PA. PSES Office 107 North Brady Street 10:00 AM	Second and fourth Mondays of every month - following Wednesday if Monday a holiday
ERIE, PA. U. S. Court House 9:00 AM	Second and fourth Wednesday of every month
GREENVILLE, PA. Room 14 Transportation Bldg. B. & L.E. RR Corner State & South Race Sts. 9:30 AM	Fourth Thursday of every month

INDIANA, PA. PSES Office 30 North Fifth Street 9:30 AM	First Tuesday of every month
JERSEY SHORE, PA. New York Central YMCA Allegheny Avenue 10:00 AM	First Tuesday of every month (except July 4 changed to July 6)
JOHNSTOWN, PA. P. C. Station, First Floor 10:00 AM	First and third Mondays of every month - following Wednesday if Monday a holiday
KANE, PA. Post Office Building Second Floor 10:00 AM to 12:30 PM	Third Thursday of every month
LATROBE, PA. State Employment Office 324 McKinley Street 9:30 AM to 11:30 AM	First and third Thursday of every month
LEHIGHTON, PA. U. S. Post Office Building 10:00 AM	First and third Tuesday of every month (except Tuesday, July 4 changed to Monday, July 3)
MEADVILLE, PA. U. S. Post Office Side Entrance 296 Chestnut Street 10:30 AM	Second and fourth Monday of every month
NEW CASTLE, PA. State Employment Office 102 Margaret Street 9:30 AM	First and third Wednesday of every month
OIL CITY, PA. State Employment Office 275 Elm Street 10:30 AM	Second Thursday of every month
POTTSVILLE, PA. Schuylkill County Courthouse Basement Floor 2nd and W. Minersville Sts. 10:00 AM	Second and fourth Thursday of every month (except Nov. 23 changed to Nov. 21)

PUNXSUTAWNEY, PA. Room 253 Post Office Building 10:00 AM	Second and fourth Tuesdays of every month
READING, PA. U. S. Post Office Building Room 218 Tuesday: 10:30 AM Wednesday: 8:30 AM	First, second and fourth Tuesday and Wednesday of every month (except July 4)
RENOVO, PA. U. S. Post Office Building 4th and Huron Streets 9:00 AM	First Wednesday of every month
ROCHESTER, PA. State Employment Office 351 Rhode Island Avenue 9:30 AM to 11:30 AM	First, second and fourth Wednesday of every month
SAYRE, PA. Council Room, Boro Bldg. 110 West Packer Avenue 9:30 AM	Fourth Thursday of every month (except Nov. 23, changed to Nov. 16)
SUNBURY, PA. Penn Central Railroad Passenger Station, First Floor 10:00 AM	Second and fourth Tuesday of every month
SUSQUEHANNA, PA. Borough Building 10:00 AM	Second Wednesday of every month
TAMAQUA, PA. American Legion Post 173 206 West Broad Street 12:30 PM	Fourth Wednesday of every month
WILKES BARRE, PA. Veterans Administration Bldg. First Floor 9:30 AM	Second and fourth Thursday of every month (except Thursday, Nov. 23, changed to Friday, Nov. 24)
WILLIAMSPORT, PA. U. S. Post Office Building 2nd Floor - Courtroom No. 2 245 West Fourth Street 9:00 AM	Second and fourth Wednesday of every month

U. S. Railroad Retirement Board
Region 4 - Chicago
List of Full Time Field Offices and Schedule of
Regular Itinerant Service
For Calendar Year 1972

STATE OF ILLINOIS

Aurora, Illinois Post Office Building Room 2 18 West Benton Street Telephone: 892-0816 8:00 AM to 12:00 Noon	Serviced by: Chicago District Office	Every Monday			
Bloomington, Illinois Illinois State Employment Service Ofc. 405 West Washington St. 9:30 AM to 11:30 AM	Serviced by: Decatur District Office	Jan Feb Mar Apr May Jun	10 14 13 10 8 12	Jul Aug Sep Oct Nov Dec	10 14 11 10 13 11
Cairo, Illinois Illinois State Employment Service Ofc. 1007 Washington Street 8:15 AM to 12:00 Noon	Serviced by: East St. Louis District Office	Jan Feb Mar Apr May Jun	11 8 14 11 9 13	Jul Aug Sep Oct Nov Dec	11 8 12 10 14 12
Carbondale, Illinois Assembly Room Illinois Central Railroad Division Offices 10:00 AM to 2:00 PM	Serviced by: East St. Louis District Office	Jan Feb Mar Apr May Jun	25 22 28 25 23 27	Jul Aug Sep Oct Nov Dec	25 22 26 24 28 19
Carlinville, Illinois Red Cross Rooms County Court House 9:00 AM to 12:00 Noon	Serviced by: East St. Louis District Office	Jan Feb Mar Apr May Jun	6 3 2 6 4 1	Jul Aug Sep Oct Nov Dec	6 3 7 5 2 7
Centralia, Illinois Council Chambers City Hall 8:15 AM to 2:00 PM	Serviced by: East St. Louis District Office	Jan Feb Mar Apr May Jun	4, 18 1, 15 7, 21 4, 18 2, 16 6, 20	Jul Aug Sep Oct Nov Dec	5, 18 1, 15 5, 19 3, 17 7, 21 5, 19

Persons who plan to visit any of the itinerant points, or who need assistance but are unable to call in person, can help us give better service if they phone or write the district office in advance. They should always furnish their social security account number and the purpose for the visit. Service can be provided at other points as needed.

Itinerant Schedule for 1972 Continued

STATE OF ILLINOIS

Champaign, Illinois	Serviced by:	Jan	3	Jul	3
Illinois State	Decatur	Feb	7	Aug	7
Employment Service Ofc.	District Office	Mar	6	Sep	5
402 N. Randolph Street		Apr	3	Oct	2
9:30 AM to 11:30 AM		May	1	Nov	6
		Jun	5	Dec	4

Chicago District Office — Monday through Friday
U.S. Customs Building, Room 852
610 South Canal Street
Telephone: 353-4710 (Ret. Cases)
353-4691 (U.I. Cases)
8:00 AM to 4:30 PM

Danville, Illinois	Serviced by:	Jan	4	Jul	5
Illinois State	Decatur	Feb	8	Aug	8
Employment Service Ofc.	District Office	Mar	7	Sep	6
15 West Harrison Street		Apr	4	Oct	3
9:30 AM to 11:30 AM		May	2	Nov	7
		Jun	6	Dec	5

Decatur District Office — Monday through Friday
757 North Water Street
P. O. Box 1291
Telephone: 217-423-9747
8:00 AM to 4:30 PM

East St. Louis District Office — Monday through Friday
Room 101, Federal Building
650 Missouri Avenue
Telephone: 274-2200, Ext. 301
8:00 AM to 4:30 PM

East Moline, Illinois	Serviced by:	Jan	12, 13	Jul	12, 13
U. S. Post Office Bldg.	Peoria		26, 27		26, 27
Room 203	District Office	Feb	9, 10	Aug	9, 10
805 Sixteenth Avenue			23, 24		23, 24
8:30 AM to 4:30 PM		Mar	8, 9	Sep	6, 7
			22, 23		20, 21
		Apr	5, 6	Oct	4, 5
			19, 20		18, 19
		May	3, 4	Nov	1, 2, 15
			17, 18, 31		16, 29, 30
		Jun	1, 14	Dec	13, 14
			15, 28, 29		27, 28

Freeport, Illinois	Serviced by:	Jan	11	Jul	11
Illinois State	Milwaukee	Feb	8	Aug	8
Employment Service Ofc.	District Office*	Mar	14	Sep	12
28 West Main Street		Apr	11	Oct	11
8:30 AM to 10:30 AM		May	9	Nov	7
		Jun	13	Dec	12

Itinerant Schedule for 1972 Continued

STATE OF ILLINOIS

Galesburg, Illinois	Serviced by:	Jan	11, 25	Jul	11, 25
Burlington Northern Inc.	Peoria	Feb	8, 22	Aug	8, 22
Passenger Station	District Office	Mar	7, 21	Sep	5, 19
9:30 AM to 12:00 Noon		Apr	4, 18	Oct	3, 17, 31
		May	2, 16, 30	Nov	14, 28
		Jun	13, 27	Dec	12, 26
Harrisburg, Illinois	Serviced by:	Jan	6	Jul	7
Illinois State	East St. Louis	Feb	3	Aug	3
Employment Service Ofc.	District Office	Mar	9	Sep	7
18-20 West Poplar Street		Apr	6	Oct	5
8:15 AM to 12:00 Noon		May	4	Nov	9
		Jun	8	Dec	7
Joliet, Illinois	Serviced by:	Jan	26	Jul	26
State Employment	Chicago	Feb	23	Aug	23
Service Office	District Office	Mar	22	Sep	27
304 Scott Street		Apr	26	Oct	25
Telephone: 726-4755		May	24	Nov	22
9:30 AM to 11:30 AM		Jun	28	Dec	27
Kankakee, Illinois	Serviced by:	Jan	12	Jul	12
Illinois State Employment	Gary	Feb	9	Aug	9
Service Office	District Office**	Mar	8	Sep	13
280 East Merchant Street		Apr	12	Oct	11
Telephone: 932-6761		May	10	Nov	8
9:30 AM to 11:30 AM		Jun	14	Dec	13
LaSalle, Illinois	Serviced by:	Jan	20	Jul	20
SES Office	Chicago	Feb	17	Aug	17
754 First Street	District Office	Mar	16	Sep	21
Telephone: 224-1400		Apr	20	Oct	19
10:30 AM to 12:00 Noon		May	18	Nov	16
		Jun	15	Dec	21
Mattoon, Illinois	Serviced by:	Jan	17	Jul	17
City Hall, Room 3	Decatur	Feb	22	Aug	21
19th and Prairie Street	District Office	Mar	20	Sep	18
9:30 AM to 11:30 AM		Apr	17	Oct	16
		May	15	Nov	20
		Jun	19	Dec	11
Mt. Carmel, Illinois	Serviced by:	Jan	20	Jul	20
Post Office Building	Indianapolis	Feb	17	Aug	17
Room 211	District Office***	Mar	16	Sep	21
9:00 AM to 12:00 Noon		Apr	20	Oct	19
		May	18	Nov	16
		Jun	15	Dec	21

Itinerant Schedule for 1972 Continued

STATE OF ILLINOIS

Mt. Vernon, Illinois	Serviced by:	Jan	19	Jul	19
Illinois SES Office	East St. Louis	Feb	16	Aug	16
225 South Ninth Street	District Office	Mar	22	Sep	20
8:15 AM to 12:00 Noon		Apr	19	Oct	18
		May	17	Nov	22
		Jun	21	Dec	20

Peoria District Office
Jefferson Building - Room 1228
331 Fulton Street
Telephone: 673-9061, Ext. 296-297
8:15 AM to 4:45 PM

Monday through Friday

Savanna, Illinois	Serviced by:	Jan	11	Jul	11
Savanna Public Library	Milwaukee	Feb	8	Aug	8
326 Third Street	District Office*	Mar	14	Sep	12
2:30 PM to 4:30 PM		Apr	11	Oct	11
		May	9	Nov	7
		Jun	13	Dec	12

Springfield, Illinois	Serviced by:	Jan	24	Jul	24
Illinois State UC Office	Decatur	Feb	28	Aug	28
923 South Fifth Street	District Office	Mar	27	Sep	25
9:30 AM to 11:30 AM		Apr	24	Oct	24
		May	22	Nov	27
		Jun	26	Dec	18

Waukegan, Illinois	Serviced by:	Jan	18	Jul	18
SES Office	Chicago	Feb	15	Aug	15
150 South Genesee Street	District Office	Mar	21	Sep	19
Telephone: ON-2-6913		Apr	18	Oct	17
10:30 AM to 12:00 Noon		May	16	Nov	21
		Jun	20	Dec	19

*Milwaukee District Office
135 West Wells Street - Room 320
Milwaukee, Wisconsin 53203
Telephone: 414-224-3961
NEW ADDRESS EFFECTIVE AFTER
FEBRUARY 15, 1972
Continental Plaza Bldg. Suite 1050
735 West Wisconsin Avenue
Milwaukee, Wisconsin 53233
Telephone: 414-224-3961

**Gary District Office
Room 109 Federal Building
610 Connecticut Street
Gary, Indiana 46401
Telephone: 886-2411, Ext. 314-315
8:00 AM to 4:30 PM

***Indianapolis District Office
Century Building - Room 801
36 South Pennsylvania Street
Indianapolis, Indiana 46204
Telephone: 317-633-7630
8:00 AM to 4:30 PM

Dear Sir: Date: _____

Mr.
Mrs. _____ wishes an appointment at the earliest date for the following purpose:

(PLEASE CHECK)

( ) Apply for age and service annuity.
( ) Apply for disability annuity.
( ) Apply for wife's annuity.
( ) Apply for widow's annuity.
( ) To receive information regarding a retirement matter.

Name: _____
Address: _____
City: _____

Place Stamp Here

Railroad Retirement Board
801 Century Building
36 South Pennsylvania Street
Indianapolis, Indiana 46204

616

Please arrange an appointment for me at the earliest date for the following purpose:

(Please Check)

( ) Apply for age and service annuity.
( ) Apply for disability annuity.
( ) Apply for wife's annuity.
( ) Apply for widow's annuity.
( ) To receive information regarding a retirement matter.
( ) To receive information regarding Medicare.

_____ _____
Name SSA Number

_____ _____
Street Address Telephone Number

_____
City

PLACE STAMP HERE

DISTRICT MANAGER
U.S. RAILROAD RETIREMENT BOARD
809 SOUTH CALHOUN STREET, ROOM 803
FORT WAYNE, INDIANA 46801

PROPOSED DECREASES FOR 1973

Mr. FLOOD. Assuming that your supplemental requests for 1972 are approved—you are then actually requesting a decrease for salaries and expenses for 1973. Will this be at all detrimental to the service provided for the beneficiary?

Mr. HABERMEYER. We don't believe so, sir. As a matter of fact we are hoping and planning to reduce the backlog by 4,000 cases in 1973.

Mr. FLOOD. You propose a decrease in the average employment of 51 man-years. Is your workload decreasing?

Mr. HABERMEYER. The regular workload is decreasing slightly but the reason for the reduction in personnel is we don't have this big adjustment workload we were faced with because of the amendments of 1971 to both our act and the Social Security Act.

CASE BACKLOG

Mr. FLOOD. Have your workload estimates changed since this 1973 budget was prepared? What is the status of your pending case backlog at the present time?

Mr. HABERMEYER. It has gone down slightly.

Mr. RUDISON. As of the end of January it was 22,000.

PRODUCTIVITY ESTIMATE

Mr. FLOOD. In last year's budget you projected an average of 322 claims dispositions per man-year for 1972. Now you are saying 351 per man-year for 1972 and 355 for 1973. This is almost a 10-percent rise in your estimate of productivity. What accounts for that?

Mr. HABERMEYER. I would say it is a combination of factors I will insert in the record to be complete. But it is refinement of computer operations, and we have had to recruit and train a lot of new claims examiners that are getting more experience and are able to do the work more quickly and more accurately. It is a combination of things that allow us to project an improvement of this nature.

(The information follows:)

The principal reasons why the productivity now forecast for 1972 is higher than that forecast in the 1972 budget are as follows:

1. There have been some additional manual operations converted to computer processing.
2. Some inspection and audit activities have been curtailed in 1972.
3. There is a reduction in the number of claims examiner recruits in training in 1972.
4. There has been a general tightening up to insure that all employees perform effectively in accomplishing the mission of the agency.
5. The increase in work volume did not require an increase in staff of the same proportion because certain staffing such as in the field remains relatively stable, and because of a change in the mix of claims receipts.
6. Certain computer programers and analysts normally engaged in developing computer programs for claims processing were diverted to work of developing programs for processing amendment work.
7. The productivity estimates in the 1972 budget, which were based on actual 1970 productivity, were too low when related to productivity actually attained in 1971.

CLAIM RECEIPTS

Mr. FLOOD. Do you expect claim receipts to go down in 1973?

Mr. HABERMEYER. Slightly. Almost the same as 1972 I would say.

OVERTIME FUNDS

Mr. FLOOD. How much are you budgeting for overtime in 1973 and how does that compare with 1971 and 1972?

Mr. HABERMEYER. We are budgeting $699,000 for overtime in 1973 compared with $948,000 in 1972 and $848,000 in 1971.

REQUEST FOR ADDITIONAL COMPUTER

Mr. FLOOD. You are proposing to spend $289,000 for rental of an additional computer.

Mr. HABERMEYER. Yes, sir.

Mr. FLOOD. We have been through this computer business for years. I am on the Defense Appropriations Subcommittee and we started with it. If anybody has heard the litany on computers for generation after generation, it is the Defense Subcommittee. In testimony on HEW we hear about it as well. We will hear a lot of questions on this on the floor.

Are you abandoning the position you took here 2 years ago that it is cheaper in the long run to purchase a computer rather than to rent it? How would you propose to save more than $500,000 a year in administrative costs, as stated in your justification, by acquiring the additional computer.

Mr. HABERMEYER. What was the year we picked up the 7070?

Mr. RUDISIN. December of 1960.

Mr. HABERMEYER. We bought our first computer, an IBM type 7070.

Mr. FLOOD. I remember the first one I saw at the Department of Defense was as big as this room. Now they are about as big as the water jug.

Mr. HABERMEYER. This machine has served us well. We have kept it I think longer in use than most agencies do. And in the meantime, of course, improvements have taken place. This old 7070 is quite like a Model T Ford.

Mr. FLOOD. You are not getting stuck with the rhetoric of some slick salesman? You know this Nation at all levels of Government has had cases where warehouses were stacked to the ceiling with generations of obsolete computer hardware. These slick salesmen come in and the boss says we are about to give birth to a new one. You go out and sell this one. He sells you on it, and you buy it and wake up Monday morning and it is obsolete.

Mr. HABERMEYER. I think keeping this computer 12 years is longer than most agencies do. The reason we are asking to rent rather than purchase here, we are not sure we are going to need the new one on a full-time basis. We are going to phase out the 7070 and temporarily rent the additional computer and perhaps we will be able to go back and fit it in with—we have other computers besides the 7070. You authorized us one, I think 2 years ago.

Mr. RUDISIN. We have two, 360–50 systems. One was installed in 1967 and one in 1969.

Mr. HABERMEYER. As I said the reason we are not asking to purchase this one, we are not sure we are going to need it on a permanent basis. If we can do with only having it a few months or a year and take it off rental, it will be cheaper and more economical.

PROSPECTS FOR 1973 SUPPLEMENTAL

Mr. FLOOD. Do you expect to have another supplemental request in 1973?

Mr. HABERMEYER. Not unless legislation is enacted that we don't have at the present time.

EFFECT OF GOVERNMENT-WIDE REDUCTION IN HIRING

Mr. FLOOD. What effect has this Government-wide reduction in hiring had on your operations?

Mr. HABERMEYER. We were affected the same as all other agenies. We didn't think we could take the 5-percent cut that they asked us to take. We went and asked for a hearing and received it and got part of the reduction back. They have asked us, and we have agreed, to reduce by about 3.4 percent, I believe it is. We thought 5 percent was just too much.

EMPLOYEE CAFETERIA

Mr. FLOOD. What is the status of your employee's cafeteria problem? For several years it was a murder case. Last year you told us it was still in doubt, whatever that means. What about today?

Mr. HABERMEYER. I am happy to report that the manager that took over about a year ago is doing fine and is serving good meals and we haven't had to subsidize the operation and we don't think we are going to have to.

Mr. FLOOD. Mr. Michel.

NUMBER OF RAILROAD EMPLOYEES

Mr. MICHEL. Mr. Habermeyer, when you were here testifying in support of the supplemental you mentioned a figure of 620,000 persons. Was that current railroad employees or retirees?

Mr. HABERMEYER. Employees working in the industry as of the end of last month. Our beneficiaries number almost 1 million.

NUMBER OF BENEFICIARIES

Mr. MICHEL. Pursuing that line, your beneficiaries, I see by your testimony here, are increasing from a 1971 actual of 1,064,000 to an estimate of 1,078,000 and then on up several more. In view of the declining number of people in the railroad industry today, how long can we expect that the number of payments will be increasing in the future?

Mr. HABERMEYER. If you are speaking of the number of beneficiaries, we think the actuary says we are about peaking out now. In the next year or two it should start sliding down.

As far as dollars are concerned there is no telling how long the benefits are going to keep increasing.

Mr. MICHEL. Within a few years, do you expect the number of beneficiaries to peak out?

Mr. HABERMEYER. Peak out and start down; yes, sir.

The number of monthly benefits that we paid as of December 1971 was 1,080,000. Now some individuals received two checks as you will see in a minute.

SUPPLEMENTAL BENEFITS

Of the regular employee who retires there were 447,000. Then of those 447,000, 89,000 were entitled to supplemental benefits. So they would get two checks, regular and supplemental.

Mr. MICHEL. Why do they get a supplemental check?

Mr. HABERMEYER. Because of the enactment of the amendment to our law in 1966.

The reason it is put on a supplemental basis is that in this benefit the railroads pay the whole bill. In the regular railroad retirement system the employee and the management split the cost 50–50.

Mr. MICHEL. So there is no real efficient way of consolidating the two.

Mr. HABERMEYER. And another reason, too, is the regular benefit is nontaxable for income purposes and the supplemental benefit is.

There were 213,000 wives on the rolls and 281,000 widows.

Mr. MICHEL. How many widows?

Mr. HABERMEYER. 281,000.

Mr. MICHEL. Do they only get one check?

Mr. HABERMEYER. Yes.

LEVEL OF CLAIM DISPOSITIONS

Mr. MICHEL. You talk about claim dispositions—practically a third of the number of beneficiaries. Why would you require claim dispositions of a third of those? I have a hard time believing there is anything really done with 300,000 claims when you only have a million and some beneficiaries. That means every 3 years you have to go through and count them up again.

Mr. RUDISIN. If the figures were all 3 years on a comparable basis, it does give an indication of what trends are. The 306,000 and 301,000 include not just the new applications but reactivated applications where an individual may have been on the rolls getting a regular railroad retirement annuity but then becomes eligible for social security benefits. If he becomes eligible for social security benefits, we have to readjudicate the case because there are certain reductions that have to be made then in the regular retirement annuity.

Mr. MICHEL. How many of those did you have the last year?

Mr. RUDISIN. I don't have the figures. I could furnish them for the record.

Mr. MICHEL. All right.

(The information is provided on page 622.)

Mr. MICHEL. Do you have any others now? Break them down for me here.

How many of these applications are new people, the first time they have applied for a benefit? How many are you going to have?

Mr. CHMELL. 130,000 applications a year.

Mr. HABERMEYER. 30,000 retirements and 100,000 deaths.

Mr. MICHEL. Is that what it has been running the last few years?

Mr. CHMELL. I would say we would see actual types, widows, children, retirees, in the order of 130,000 new applications per year.

Mr. MICHEL. What we are talking about here is roughly two-thirds of something repeating in some form. So that we don't take up too much time, why don't you fill out the record a little bit. You mentioned the fact they get on social security and you have to go back and recompute or readjust. Fill me out on the balance of those so when I read the record I can justify in my own mind that there are really 306,000 and 301,000 claims dispositions. Some of them may take several hours or several days or weeks and others might not take more than a couple of minutes.

Mr. RUDISIN. That is true on the mix. I will do that.

(The information follows:)

Analysis of Types of Cases Included
in Count of Claims Dispositions and
Description of the Various Types of Reactivated Cases

	Actual 1971	Estimate 1972	Estimate 1973
New applications:			
Final dispositions:			
Retirement applications:	66,000	63,000	62,000
Age and service	(31,000)	(29,000)	(28,000)
Disability	(10,000)	(11,000)	(11,000)
Spouse	(25,000)	(23,000)	(23,000)
Survivor applications	66,000	69,000	71,000
Supplemental annuity applications	23,000	20,000	20,000
Applications from unretired persons to establish eligibility for medicare	15,000	13,000	12,000
Total new applications	170,000	165,000	165,000
Partial awards	35,000	35,000	35,000
Reactivated applications	101,000	101,000	101,000
All dispositions	306,000	301,000	301,000

Reactivated applications in many instances are more difficult to handle than new applications and it is more difficult to satisfy the beneficiary that the adjusted benefit is proper, because in many instances there is a reduction in the regular annuity previously being paid. If there is a delay in the reporting of an event which requires the reactivation of a case, a retroactive overpayment must also be recovered. The principal reasons for reactivating an application are as follows:

1. Entitlement to a social security benefit after the award of a regular railroad retirement benefit may require a reduction in the railroad retirement benefit previously being paid. The amount of the reduction in the regular railroad retirement annuity is different for a person also entitled to a supplemental railroad retirement annuity than it is for a person entitled only to a regular railroad retirement annuity.

2. Certain persons retiring on reduced age annuities or disability annuities may become eligible for a supplemental railroad retirement annuity upon attainment of age 65. When this occurs, a reduction must be made in the regular railroad retirement annuity.

3. A return to employment with a railroad after a person had retired and been awarded both a regular railroad retirement annuity and a supplemental railroad retirement annuity causes a suspension of the regular annuity during the period of such service and may cause a permanent forfeiture of any future rights to a supplemental annuity. The reinstatement of the regular annuity after cessation of such service, however, would be in a different amount because of loss of entitlement to a supplemental annuity.

4. A widowed mother's annuity must be reduced when a dependent child attains age 18, if the child is not a full-time student at an accredited school. Even if the child is a full-time student, the portion of the annuity formerly paid directly to the mother is then paid directly to the student and the mother's annuity is reduced by that amount.

5. Other changes in the family of an annuitant on the rolls, e.g., wife dies, child dies, marries, etc.

6. A change in or establishment of a negotiated private pension plan of a railroad employer may require a change in supplemental annuity paid by the Railroad Retirement Board and a change in the supplemental annuity may require a change in the regular annuity.

7. A change in type of social security benefit or change in type of RR benefit so that we have to obtain the current social security rate from SSA.

8. A change from RR formula to O/M formula (or vice versa).

9. Attainment of age 65 by the beneficiary and he is enrolled for supplemental medical insurance (also changes in rate because a State "buys-in" to pay premiums for the beneficiary).

10. Excess earnings by a person paid under the O/M or in the case of any survivor (annuity is suspended and then later reinstated).

11. A conversion of a wife's benefit to an interim amount after notice is received of her husband's death and then the final award of the widow's annuity is made.

12. Recovery from disability or earnings by a beneficiary indicates a possible recovery from disability.

13. Disability annuitant's physical condition worsens and he applies for disability freeze.

As indicated in the tabulation, the total work count includes partial awards. Some cases must be paid on a partial basis to give the beneficary some income if it appears that there will be delays in obtaining all information needed for final award. After the person is placed on

the monthly benefit roll for receipt of partial monthly amounts, the case must be handled again when the delayed information is received and a new monthly benefit rate and a retroactive accrual amount must be calculated and paid. The situations in which partial awards are typically made are as follows:

1. Beneficiary has filed with Social Security or indicates that he will file with Social Security--we have to wait for the social security data.

2. Employee claims military service and we have to wait for the VA to verify such service.

3. Employees claiming service before 1937 (prior service) and we have to wait for it to be verified by the employers.

4. Employee is entitled to a supplemental annuity but we can't pay the regular annuity at the proper rate until we have the private pension data from the railroad.

5. Delay by employer in reporting the current year's earnings (lag money).

Mr. MICHEL. That is all, Mr. Chairman.
Mr. NATCHER. Mr. Hull.
Mr. HULL. No questions.
Mr. NATCHER. Mr. Shriver.

PAY INCREASES

Mr. SHRIVER. You say your 1973 request would not provide for the pay increases authorized last month.
Mr. HABERMEYER. It does not provide for them.
Mr. SHRIVER. Why not?
Mr. HABERMEYER. We didn't anticipate there would be a pay increase. We didn't know how much it would be and couldn't anticipate it at the time we prepared the budget.
Mr. SHRIVER. Are you making a request?
Mr. HABERMEYER. It will be on the supplemental that comes in for all Government employees.
Mr. RUDISIN. We have submitted to the OMB as all agencies have, estimates of what the pay increases will amount to in 1972 fiscal year and 1973, and the Office of Management and Budget I understand is going to submit an amendment to the 1973 budget to provide for the 1973 costs and a supplemental to provide for the amount needed in fiscal year 1972. And the instructions further were that the agencies direct their testimony and justifications to the unamended amounts if the amendments to the budget were not before Congress by the time the agency hearing was being held; if the amendment had been received by Congress by the time the hearing was being held, then agencies were to direct the testimony to the amended amounts including the pay increase costs.

EFFECT OF PENDING LEGISLATION

Mr. SHRIVER. You also say you have received workloads every year since 1965 because of new legislation.
Mr. HABERMEYER. Because of new legislation; yes, sir.
Mr. SHRIVER. Are any bills now pending before Congress?
Mr. HABERMEYER. Yes, sir; H.R. 1.
Mr. MICHEL. How does that affect you?
Mr. HABERMEYER. If we don't get some help, we will be spinning a lot of wheels. We have some amendments if that bill passes we are going to have to get passed in order to get relief.
Mr. SHRIVER. It is almost certain some parts of that bill will pass.
Mr. HABERMEYER. Yes. We have our amendments ready.
Mr. SHRIVER. That is all, Mr. Chairman.
Mr. FLOOD. Mr. Robinson.

ACTUAL COST OF PAY INCREASE

Mr. ROBINSON. The question has been raised as to the 1972 pay increase. Exactly how much money would this amount to in your case?
Mr. RUDISIN. The estimate we had submitted to the Office of Management and Budget was $405,000 for fiscal year 1972.
Mr. HABERMEYER. You are talking of 1972. He is talking of 1973.
Mr. RUDISIN. I thought he asked for 1972.

Mr. ROBINSON. And what is it for 1973?

Mr. RUDISIN. I don't have the figure before me but it would be a little bit more than twice that amount, because the $405,000 covers a shade less than half the year. I can submit that.

Mr. ROBINSON. Please.

(The information follows:)

The estimate for fiscal year 1973 is $822,000.

RENTAL OF COMPUTER

Mr. ROBINSON. Does the $289,000 for computer rental in 1973 cover a full year's rental?

Mr. RUDISIN. The $289,000 covers the full year's rental for this appropriation's share of the computer. Now the computer equipment that we have is used not just for retirement program purposes but also for unemployment and sickness insurance programs.

Mr. ROBINSON. So it is on a sharing basis with other people?

Mr. RUDISIN. With other programs financed by different permanent appropriations.

Mr. ROBINSON. Thank you very much.

Mr. FLOOD. Mr. Patten.

PROJECTION OF FUTURE BENEFITS

Mr. PATTEN. One little statement. You know pension funds are going to be one of the biggest problems at all levels of government.

Mr. HABERMEYER. We have a problem right now.

Mr. PATTEN. We have had it in your industry.

Mr. HABERMEYER. Yes.

Mr. PATTEN. In other words, you have a million on the rolls when you only have——

Mr. HABERMEYER. 600,000 paying in.

Mr. PATTEN. Is it down to six?

Mr. HABERMEYER. Yes.

Mr. PATTEN. Do you have any projections of those widows and wives life expectancy? Do you see this phasing out or getting down to size?

Mr. HABERMEYER. We can put something in the record for you.

(The information follows:)

Projection of average number of monthly benefits in current-payment status on the Railroad Retirement Board's rolls and lump sums paid during the year

(All figures in thousands)

Calendar year	Monthly benefits						Lump sums 2/
	Employee 1/		Spouse	Aged widow	Other	Total	
	Regular	Supplemental					
1972	449	92	214	282	49	1,086	20
1973	451	102	215	282	49	1,099	20
1974	453	112	216	281	47	1,109	20
1975	451	119	215	280	44	1,109	20
1976	445	126	211	278	42	1,102	19
1977	433	132	206	276	40	1,087	18
1978	420	137	200	274	39	1,070	17
1979	406	142	194	272	36	1,050	16
1980	390	147	186	270	33	1,026	15
1985	348	151	160	256	30	945	12
1990	306	138	140	225	28	837	9
1995	265	122	120	199	28	734	8
2000	216	102	92	166	28	604	7

1/ All individuals receiving supplemental annuities will also be receiving regular annuities.

2/ Includes insurance lump sums and residual payments which are single payments.

WIDOW'S BENEFITS

Mr. PATTEN. One other thing. The real thing about our older people is the quality of life they are having. Do you ever look at the social side of your beneficiaries? Have you done any work on that basis?

Mr. HABERMEYER. No.

Mr. PATTEN. A railroad widow doesn't have much.

Mr. HABERMEYER. I testified before the House and Senate committees that the widow is the poorest paid beneficiary we have on our rolls.

Mr. PATTEN. Thank you.

Mr. FLOOD. Mr. Conte?

CURRENT MEMBERS OF BOARD

Mr. CONTE. Who are the current members of the Railroad Retirement Board?

Mr. HABERMEYER. The current members of the Railroad Retirement Board are Mr. Howard W. Habermeyer, chairman; Mr. Neil P. Speirs, labor member, and Mr. Wythe D. Quarles, Jr., management member.

EMPLOYMENT SERVICE OPERATIONS

Mr. CONTE. Would you describe for the committee the operations of the unemployment service that the Railroad Retirement Board administers? How successful is it in placing unemployment benefit claimants in jobs?

Mr. HABERMEYER. Claimants for unemployment insurance benefits under the RUI Act file applications for employment service as part of their registration for benefits. They register at railroad offices and facilities where there are railroad employees designated as railroad unemployment claims agents. There are currently approximately 8,000 railroad claims agents in the country. Applications for unemployment and employment service are transmitted to board district offices that service the areas in which claimants reside. There are currently 81 board district offices. These offices retain the employment service applications in the district office and help employees obtain jobs. Board district offices solicit the cooperation and assistance of railroad employment claims agents in helping claimants find jobs. Unemployment claims agents have weekly contacts with claimants when they register for unemployment benefits. Unemployment claims agents advice claimants to apply for work at places where there are known vacancies—railroad and nonrailroad. During the current fiscal year—from May 1, 1971, through January 31, 1972—unemployment claims agents have found jobs for approximately 1,600 claimants.

Board district offices are responsible for conducting interviews with claimants and give priority in the selection for interview (1) to claimants who may be referred to railroad employers who have placed orders for workers with the district office; (2) to claimants who are likely candidates for the development of job openings on the basis of their training, experience, or other job qualifications; and (3) to claimants who appear to need counseling and assistance in their own work-seeking efforts.

District offices maintain contacts with railroad hiring officials for the purpose of determining employer needs and, if workers are needed, to solicit orders for job vacancies. In addition, district offices also main-

tain contacts with nonrailroad hiring officials and State employment service offices for the purpose of obtaining information on job vacancies and refer qualified claimants to such employers or State employment offices to apply for work.

I have a table that shows the number of claimant placements reported by Board district offices for the periods indicated.

(The information follows:)

CLAIMANT PLACEMENTS

	July 1970 through June 1971		July 1971 through January 1972	
	Railroad	Nonrailroad	Railroad	Nonrailroad
By Board offices	1,889	349	818	161
By unemployment claims agents	813	1,411	374	1,226
By State employment offices	6	40	25	36
Total	2,708	1,800	1,217	1,423

SAVINGS IN FISCAL 1972

Mr. CONTE. Why do you expect to achieve a $380,000 savings in regular activities? Is this largely due to the expected decrease in cases requiring manual adjustment?

Mr. HABERMEYER. We expect to achieve a $380,000 savings in fiscal year 1972 in regular activities for several reasons. Some additional manual work is being converted to computer processing. Also, employees have been diverted on a temporary basis from other less essential work to assist in handling the amendment work, which reduced the amount of overtime that otherwise would have been required. The type of work curtailed on a temporary basis includes inspections and audits and certain policing normally performed to assure that beneficiaries continue to remain eligible for benefits. Also, staff support activities have been curtailed with savings applied to help cover the cost of the amendment work.

MANUAL ADJUSTMENT CASES

Mr. CONTE. Could you give us a clearer idea of what "manual adjustment" consists of?

Mr. HABERMEYER. Manual adjustments represent cases which the computer was not able to calculate both the new monthly benefit rate and the retroactive accrual amount due. The problem arises basically because the master benefit tape record does not at present include a complete history of all events that affect the benefits paid from the time the award is first made. Where there is a change in the benefit rate or the status of an individual during the retroactive period, the retroactive amount usually cannot be computed by the computer. Also, errors in the master tape record cause cases to be rejected. In such cases, the claim folders must be located, data extracted from the folder to reconstruct the history of the case, and the retroactive and new monthly amount calculated and certified for payment.

Mr. CONTE. What is the average length of time expended on a case requiring manual adjustment?

Mr. HABERMEYER. The average time it takes to manually adjust a case under an amendment operation is about 1 hour. While this is

the average for the great majority of cases, as many as 10 percent of our amendment adjustment cases involve a great deal of complexity. The reason some of these cases cannot be adjusted mechanically is that there may be something wrong with the annuity rate that we are currently paying. If this is the case, this means going back and making adjustments retroactive for several years. This involves suspension, possible recovery of overpayments, waiving parts of overpayments, correspondence with the beneficiary, etc. Of course, any amendment operation such as we had in 1972 also includes the work of developing programs for use on the computer, performing computer runs, answering inquiries from beneficiaries regarding the amount of the new monthly or retroactive benefit paid, and pulling claim folders for all beneficiaries to file in the claim folders computer print-outs of the new benefit amounts.

Mr. FLOOD. Thank you, Mr. Habermeyer.

JUSTIFICATION OF THE BUDGET ESTIMATES

RAILROAD RETIREMENT BOARD
JUSTIFICATION OF ESTIMATES FOR FISCAL YEAR 1973

SUMMARY OF APPROPRIATIONS AND APPROPRIATION ESTIMATES

Account Title	Estimate 1972	Estimate 1973	Increase or Decrease
General funds:			
Payment for military service credits	$20,757,000	$21,645,000	$+888,000
Trust fund:			
Limitation on salaries and expenses (trust fund)	(18,838,000))	(19,000,000)	(-258,000)
Anticipated supplemental:	)		
Amendments to Social Security and Railroad Retirement Acts	)		
(P.L. 92-5 and P.L. 92-46)	(420,000))		

SUMMARY AND HIGHLIGHTS

Programs Administered by the Railroad Retirement Board

The Railroad Retirement Board administers a regular railroad retirement system which provides monthly benefits to employees who retire because of age or disability, and to the eligible wives of such employees. The disability annuities are payable both to employees not able to do any regular work and to career railroad employees not able to work at their regular railroad job. In addition, the system provides for monthly and lump-sum benefits to widows, children, and parents. Finally, there is provision for a residual payment designed to insure that an employee and his family receive at least as much in benefits as the employee contributes in railroad retirement taxes. For all benefits except the residual payment, a basic requirement is that the employee have at least 10 years of creditable railroad service, including service before 1937.

The Board also administers a program for the payment of supplemental annuities under certain conditions to career railroad employees awarded retirement annuities after June 1966. The supplemental annuity paid to employees is in addition to the regular annuity.

Also, under the provisions of the Social Security and Railroad Retirement Acts and under a delegation of authority from the Social Security Administration, the Board participates in the administration of the hospital and medical insurance programs for persons covered by the Railroad Retirement Act. This combination of statutory and delegated authority places the Board in much the same position in dealing with persons covered by the Railroad Retirement Act with respect to the medicare program as that of the Social Security Administration in dealing with its beneficiaries. Of course, the delegated functions are performed on a reimbursable basis.

The Board also administers a system for the payment of unemployment and sickness benefits to qualified railroad workers, and an employment service for placing unemployment benefit claimants in jobs.

Organizational Structure of the Railroad Retirement Board

The Railroad Retirement Board is administered by a three-member Board appointed by the President, by and with the advice and consent of the Senate--one member upon the recommendation of representatives of employees, one upon recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted by the Board without duplication of facilities or operations.

Means of Financing

The regular railroad retirement system is financed by taxes paid equally by railroad workers and employers. The Railroad retirement account is credited with the taxes and annuity payments are made from the Account.

The supplemental annuity program is financed by a tax paid by employers based on the number of man hours for which they pay compensation. This tax is deposited in a separate trust account titled Railroad retirement supplemental account from which the supplemental annuities are paid.

The amounts needed for administrative expenses of these programs, as authorized by Congress in annual appropriation Acts, are derived from these trust funds.

The unemployment and sickness insurance system is financed by contributions paid wholly by employers. Of the total contributions paid for this purpose, the portion represented by 0.25 per cent of the taxable payroll is permanently appropriated to the Board to cover the administrative costs of the system, with the remainder being credited to the Railroad unemployment insurance account in the unemployment trust fund for the payment of benefits.

Payments to Railroad Retirement Account for Military Service Credits

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. An appropriation of $21,645,000 is requested to pay the ninth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963.

Limitation on Salaries and Expenses

For the last several years the Railroad Retirement Board has been operating under emergency conditions because legislation has been adding workloads beyond the Board's capacity to handle them on a timely basis. The Board is affected not only by legislation which amends the Railroad Retirement Act but also by legislation which amends the Social Security Act. When increases in benefits are provided social security beneficiaries, increases automatically must be provided to some 250,000 of the 990,000 railroad retirement beneficiaries. The increases are required because these 250,000 beneficiaries are paid under a special provision in the Railroad Retirement Act which guarantees that railroad retirement benefits cannot be less than 110% of the amount that would be paid under the social security system if railroad service had been covered by that system. Because of very complex benefit formulas under the Railroad Retirement Act, amendments providing rate increases require manual development of significant numbers of cases that cannot be processed mechanically on computer equipment.

The regular limitation on salaries and expenses enacted for fiscal year 1972 is $18,838,000. However, the $18,838,000 does not provide for the cost of added work created for the Board by the 1971 amendments to the Social Security and Railroad Retirement Acts and for the cost of the increase in postage rates that became effective in May 1971. Total added costs for which no provision was made in the regular limitation are $800,000, consisting of $550,000 for the cost of handling work created by the amendments and $250,000 for the added postage costs--mostly for mailing benefit checks. However, stringent economy actions will produce savings in regular operations of $380,000 to apply against these added uncontrollable costs. A supplemental increase in the limitation of $420,000 is being requested to cover the remainder of these costs. The enactment of this supplemental estimate would make a total of $19,258,000 available for 1972 for the administrative costs of the railroad retirement program. The amount requested for 1973 is $19,000,000, or $258,000 less than the amount needed for 1972.

The $19,258,000 needed for 1972 would provide for average employment of 1,234 employees plus overtime equivalent to 93 employees, representing 1,327 man years.

The $19,000,000 requested for 1973 would provide for average employment of 1,219 employees plus overtime equivalent to 57 employees, representing 1,276 man years.

In fiscal year 1972, we expected to complete all of the work created by the 1971 amendments to the Social Security and Railroad Retirement Acts, service the monthly benefit roll which is expected to increase from 1,064,000 monthly payments at the start of the year to 1,078,000 at the end of the year, and process 301,000 claims dispositions. The 301,000 claims dispositions would enable the Board to keep the pending load of 21,000 claims at the start of the year at the same level at the end of the year. Benefit payments in 1972 will amount to $2,095,000,000.

In fiscal year 1973, we will have the work of servicing the monthly benefit roll which is expected to increase from 1,078,000 monthly payments at the start of the year to 1,089,000 at the end of the year, we will make some reduction in backlogs of work requiring review of cases identified as potential overpayments, and process 301,000 claims dispositions. The 301,000 claims dispositions would enable us to reduce the 21,000 load of pending claims at the start of the year to 17,000 claims by the end of the year. The pending load has been too high in recent years and should be reduced. Benefit payments in 1973 will amount to $2,072,000,000. Payments in 1972 are greater than in 1973 because they include a 10% increase in rates retroactive to January 1971.

The decrease of $258,000 in the limitation on salaries and expenses from the $19,258,000 needed for 1972 to the $19,000,000 requested for 1973 is the net change of decreases and increases in several areas of costs. The decreases from 1972 to 1973 consist of a decrease of $105,000 because the number of compensable days decreases from 262 in 1972 to 260 in 1973, a decrease of $478,000 because of the completion of amendment work in 1972, and a decrease of $153,000 from further economy in operations, for total decreases of $736,000. These decreases are offset in part by increases totalling $478,000. The increases consist of an increase of $289,000 for the rental of a critically-needed computer, an increase of $71,000 for within-grade salary advancements, an increase of $44,000 in the cost of office space, an increase of $35,000 for increased costs to the Board for the use of the Federal Telecommunications System, and other increases of $39,000.

With reduced employment levels for 1972 and 1973, stringent economy actions are being taken in all areas of operation to enable us to process claims on a reasonably timely basis with the manpower resources available.

The 1973 request, of course, is based on existing legislation (except that the request does not provide for the pay increases authorized in January 1972). If there are no added workloads in 1973 because of new legislation, it would be the first time such a situation prevailed since 1965.

JUSTIFICATION OF ESTIMATES

PAYMENT FOR MILITARY SERVICE CREDITS

For payments to the railroad retirement account for military service credits under the Railroad Retirement Act, as amended (45 U.S.C. 228c-1). [$20,757,000.] *$21,645,000.*

	Estimate 1972	Estimate 1973	Increase or Decrease
Program by activities			
Payment to Railroad retirement account	$20,757,000	$21,645,000	$ +888,000
Financing			
New obligational authority (appropriation)	$20,757,000	$21,645,000	$ +888,000

Railroad workers entering military service may have such service credited towards benefits under the railroad retirement system under certain conditions. Under existing law the Government is obligated to pay to the Railroad retirement account the additional cost of crediting military service rendered prior to 1937 and used in computing annuities under the Railroad Retirement Act. For military service performed during war-service periods after 1936 and before 1957, the Government is required to pay the combined employer-employee payroll tax on $160 for each month of military service. For service after 1956 and before July 1963, the Government is required to pay the difference between the combined taxes on $160 and the combined social security taxes actually paid with respect to the military service involved. For creditable military service rendered after June 1963, payments are on a cost basis including an overhead factor.

An appropriation of $21,645,000 is requested for fiscal year 1973 for payment to the Railroad retirement account for military service credits under the Railroad Retirement Act. The appropriation request of $21,645,000 consists of $21,572,000 as the ninth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963, plus $73,000 for the additional cost for military service performed before 1937 and used in computing annuities certified in fiscal year 1971.

Details regarding the calculation of the amount of the ninth installment are given in the following table.

Payment for Military Service Credits

Calculation of Ninth Installment

1.	Appropriation due the Board on July 1, 1964	$155,695,000
2.	Less first installment appropriated in FY 1965	13,834,000
3.	Balance	141,861,000
4.	Plus accrued interest on balance for FY 1965	5,674,000
5.	Balance due July 1, 1965	147,535,000
6.	Less second installment appropriated in FY 1966 (one-ninth of item 5)	16,393,000
7.	Balance	131,142,000
8.	Plus accrued interest on balance for FY 1966	5,246,000
9.	Balance due July 1, 1966	136,388,000
10.	Less third installment appropriated in FY 1967 (one-eighth of item 9)	17,049,000
11.	Balance	119,339,000
12.	Plus accrued interest on balance for FY 1967	4,774,000
13.	Balance due July 1, 1967	124,113,000
14.	Less fourth installment appropriated in FY 1968 (one-seventh of item 13)	17,730,000
15.	Balance	106,383,000
16.	Plus accrued interest on balance for FY 1968	4,255,000
17.	Balance due July 1, 1968	110,638,000
18.	Less fifth installment appropriated in FY 1969 (one-sixth of item 17)	18,440,000
19.	Balance	92,198,000
20.	Plus accrued interest on balance for FY 1969	3,688,000
21.	Balance due July 1, 1969	95,886,000
22.	Less sixth installment appropriated in FY 1970 (one-fifth of item 21)	19,177,000
23.	Balance	76,709,000
24.	Plus accrued interest on balance for FY 1970	3,068,000
25.	Balance due July 1, 1970	79,777,000
26.	Less seventh installment appropriated in FY 1971 (one-fourth of item 25)	19,944,000
27.	Balance	59,833,000
28.	Plus accrued interest on balance for FY 1971	2,393,000
29.	Balance due July 1, 1971	62,226,000
30.	Less eighth installment appropriated in FY 1972 (one-third of item 29)	20,742,000
31.	Balance	41,484,000
32.	Plus accrued interest on balance for FY 1972	1,659,000
33.	Balance due July 1, 1972	43,143,000
34.	Ninth installment for appropriation in FY 1973 (one-half of item 33)	21,572,000
35.	Plus additional cost for military service performed before 1937 and used in computing annuities certified in FY 1971	73,000
36.	Appropriation requested for FY 1973	21,645,000

JUSTIFICATION OF ESTIMATES

LIMITATION ON SALARIES AND EXPENSES

For expenses necessary for the Railroad Retirement Board, [$18,838,000] *$19,000,000*, to be derived from the railroad retirement accounts.

	1972 Estimate[1/]		1973 Estimate		Increase or Decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Program by activities						
1. Maintenance of earnings accounts	28	$ 356,000	28	$ 361,000	.....	$ +5,000
2. Processing claims	890	11,583,000	890	11,643,000	.....	+60,000
3. Maintenance of beneficiary rolls	330	5,632,000[1/]	330	5,299,000	.....	-333,000
4. Administration	102	1,687,000	102	1,697,000	.....	+10,000
Total obligations	1,350	19,258,000[1/]	1,350	19,000,000	.....	-258,000
Obligations by object						
11 Personnel compensation						
Permanent positions		13,419,000		13,223,000		-196,000
Positions other than permanent		100,000		100,000		.....
Other personnel compensation		1,118,000		699,000		-419,000
Total personnel compensation		14,637,000		14,022,000		-615,000
12 Personnel benefits		1,158,000		1,148,000		-10,000
21 Travel and transportation of persons		280,000		280,000		.....
22 Transportation of things		31,000		31,000		.....
23 Rent, communications, and utilities		1,338,000		1,681,000		+343,000
24 Printing and reproduction		60,000		60,000		.....
25 Other services		1,496,000		1,520,000		+24,000
26 Supplies and materials		210,000		210,000		.....
31 Equipment		48,000		48,000		.....
Total obligations		19,258,000[1/]		19,000,000		-258,000
Personnel summary						
Total number of permanent positions		1,350		1,350		.....
Full-time equivalent of other positions		19		19		.....
Average paid employment		1,234		1,219		-15
Average GS grade		7.4		7.4		.....
Average salary		$10,820		$10,873		$ +53

1/ Includes proposed supplemental request of $420,000 for costs of handling work created by Public Law 92-5, approved 3-17-71, which amended the Social Security Act, and Public Law 92-46, approved 7-2-71, which amended the Railroad Retirement Act; and for postage rate increases that became effective 5-16-71. The proposed supplemental request is classified by object as follows:

Other personnel compensation	$170,000
Rent, communications, and utilities	50,000
Other services	200,000
Total	420,000

SUMMARY OF CHANGES

Enacted for 1972	$18,838,000
Proposed increase in limitation due to amendments to the Social Security and Railroad Retirement Acts	420,000
Total for 1972	19,258,000
1973 request	19,000,000
Net change	-258,000

Increases:

Increase in rental costs for acquisition of a computer to replace one acquired in 1960 that must be phased out because of its age and because it does not provide the capacity needed by the Board	+289,000
Increase for within-grade salary advancements	+71,000
Increase in payments to General Service Administration for increase in costs of office space	+44,000
Increase in charges in the Board's pro rata share of the cost of the Federal Telecommunications System	+35,000
Increase in payments for accumulated annual leave because of an increase in employee retirements. Many employees hired when Board headquarters were moved from Washington to Chicago in 1942 become eligible for retirement in fiscal year 1973	+30,000
Other increases	+9,000
Total increases	+478,000

Decreases:

Decrease in compensable days from 262 in fiscal year 1972 to 260 in fiscal year 1973	-105,000
Decrease in costs of maintaining beneficiary rolls. With the completion in fiscal year 1972 of benefit-rate adjustment work required by the 1971 amendments to the Social Security and Railroad Retirement Acts, less manpower is needed in fiscal year 1973.	-478,000
Decrease for further economy in operations	-153,000
Total decreases	-736,000
Net change	-258,000

Limitation on Salaries and Expenses (Trust Fund)
Justification by Activity

Activity 1. Maintenance of Earnings Accounts

	1972 estimate		1973 estimate		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	28	$295,000	28	$287,000	...	$ -8,000
Other expenses	...	61,000	...	74,000	...	+13,000
Total	28	356,000	28	361,000	...	+5,000

	Man Years		
	1972	1973	Change
Average manpower estimates:			
Permanent and temporary employees	27	26	-1
Overtime equivalent	1	1	...
Total	28	27	-1

The maintenance of earnings accounts includes the work of processing of employers' reports of employees' compensation and service, for use in making claims payment determinations. Information must be accumulated for every railroad employee to identify the actual calendar months worked and the creditable earnings from January 1937 to date. In addition, railroad service rendered prior to 1937 must also be developed when claimed, since such service often is creditable under the Act.

Employers covered by the Railroad Retirement Act submit annual reports to the Board on compensation and service for each of their employees. The number of individual earnings records to be processed by the Board is estimated to be 800,000 in 1972 and 780,000 in 1973. The estimated manpower required to perform this work decreases from 28 man years in 1972 to 27 man years in 1973, in line with the decrease in the volume of earnings records to be processed.

Activity 2. Processing Claims

	1972 estimate		1973 estimate		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	890	$10,144,000	890	$9,979,000	...	$ -165,000
Other expenses	...	1,439,000	...	1,664,000	...	+225,000
Total	890	11,583,000	890	11,643,000	...	+60,000

	Man Years		
	1972	1973	Change
Average manpower estimates:			
Permanent and temporary employees	812	808	-4
Overtime equivalent	45	40	-5
Total	857	848	-9

This activity covers work involved in processing applications for regular retirement and survivor benefits, applications for supplemental annuities, and applications to establish eligibility for medicare. The work involved includes time in field offices spent in assisting the persons in completing their applications; securing necessary proofs of age and relationship; explaining rights and obligations of the applicant; explaining various restrictions if benefits are to continue, including complete forfeiture of the supplemental annuity if there is any return to compensated service to a railroad employer no matter how brief the

service; explaining reductions that would be made in the regular annuity if there is subsequent entitlement to a social security benefit; eliciting information as to whether the employee is also entitled to a pension from his railroad employer and explaining the reduction such entitlement would require in the supplemental annuity otherwise payable; explaining the medicare program for those eligible or about to become eligible for enrollment; and explaining to those already enrolled whose premiums were paid in cash that premiums now will be deducted from their annuities. Work involved in headquarters includes time spent in developing months of creditable service and average creditable compensation, including in some instances service performed prior to 1937; securing information on amounts of social security benefits payable, if any; securing information from railroad employers on amounts of pensions payable by the company; adjudicating the applications and computing the amounts payable after applying reductions to the supplemental annuity for entitlement to a company pension, and reductions to the regular annuity for entitlement to the supplemental annuity and social security benefits; issuing notices of awards; paying the accrual amount; and establishing the person on the monthly payment rolls.

The Board has been operating under emergency conditions because a series of amendments to the Social Security and Railroad Retirement Acts created workloads beyond the Board's capacity to handle the work on a timely basis. The Board is affected not only by legislation which amends the Railroad Retirement Act but also by legislation which amends the Social Security Act. When increases in benefits are provided social security beneficiaries, increases automatically must be provided to some 250,000 of the 990,000 railroad retirement beneficiaries. The increases are required because these 250,000 beneficiaries are paid under a special provision in the Railroad Retirement Act which guarantees that railroad retirement benefits cannot be less than 110% of the amount that would be paid under the social security system if railroad service had been covered by that system. Again in 1972, as has been the case in each fiscal year since 1965, the Board had added work to handle because of amendments to the Acts.

We started fiscal year 1972 with a pending load of 21,000 cases. We expect to process 301,000 claims dispositions in 1972, which would enable us to hold the pending load of claims at the end of the year to the 21,000 load at the start of the year. In 1973, we also expect to process 301,000 claims dispositions. With claims receipts in 1973 expected to be slightly lower, the 301,000 claims dispositions would enable us to reduce the pending claims load to a more acceptable figure of 17,000 by the end of the year.

The total claims dispositions for fiscal years 1972 and 1973 and related productivity and man-year requirements are as follows:

	Estimate 1972	Estimate 1973
Total claims dispositions	301,000	301,000
Dispositions per man year	351	355
Man-year requirements	857	848

With reduced employment levels in 1972 and 1973, stringent economy actions are being taken in all areas of operation to enable us to process claims on a reasonably timely basis with the manpower resources available.

Activity 3. Maintenance of Beneficiary Rolls

	1972 estimate		1973 estimate		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	330	$3,948,000	330	$3,511,000	...	$ -437,000
Other expenses	...	1,684,000	...	1,788,000	...	+104,000
Total	330	5,632,000	330	5,299,000	...	-333,000

	Man Years		
	1972	1973	Change
Average manpower estimates:			
Permanent and temporary employees	296	287	-9
Overtime equivalent	46	15	-31
Total	342	302	-40

This activity covers the maintenance of the monthly roll of persons receiving retirement and survivor benefits, the roll of persons receiving supplemental annuities, and the roll of persons eligible for medicare benefits. The work includes handling regular changes in the rolls; handling inquiries from persons on the rolls; making deductions of premiums for medicare; policing to verify that persons continue to be eligible to receive monthly benefits; and making benefit-rate changes required by amendments, including handling inquiries relating to the changes. This activity now also includes actuarial services that formerly had been listed separately but represented less than 2% of total man-year requirements.

The number of monthly benefit payments is expected to increase from 1,064,000 payments at the start of 1972 to 1,078,000 at the start of 1973 and to 1,089,000 at the end of 1973.

Although the number of persons on the benefit rolls to be serviced and policed will continue to increase gradually, there is a decrease of 40 man years for this work from 1972 to 1973. The decrease occurs because the work of making benefit-rate changes required by legislation will be completed in 1972 and not extend into 1973.

The pressure of handling the manual adjustments that were required in giving effect to the rate-change legislation made it necessary to postpone certain policing work planned to be performed in 1972. Hopefully with no new legislation, we expect to perform some of this postponed work in 1973. It is important that this work be performed as soon as feasible. The longer the delays in handling this work, the greater the hardship to beneficiaries in repaying larger accumulations of overpayments, the more difficult is the work of effecting settlement, and the greater are the losses to the trust fund where overpayments must be waived or become uncollectible.

Activity 4. Administration

	1972 estimate		1973 estimate		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	102	$1,408,000	102	$1,393,000	...	$ -15,000
Other expenses	...	279,000	...	304,000	...	+25,000
Total	102	$1,687,000	102	1,697,000	...	+10,000

	Man Years		
	1972	1973	Change
Average manpower estimates:			
Permanent and temporary employees	99	98	-1
Overtime equivalent	1	1	...
Total	100	99	-1

This activity embraces the functions of executive direction and general administration, including activities such as personnel, fiscal, property management, budgeting, administrative planning and control, and other similar activities.

Provision is made for a net reduction in manpower for administration even though some areas of operation even now are short-handed.

Justification for Acquisition of a Computer

The Board uses computers very extensively in its operations. From June 1961--when we started making progress in converting manual operations to computer processing--to December 1971, the Board reduced its staff by 466 employees. This reduction was made even though in that period of time the administrative tasks of the Board increased greatly, with the addition of new programs such as those for the extended sickness insurance benefits, the medicare program, and the supplemental annuity program. Without the computers, it would have been necessary to increase the Board's staff rather than reduce it so substantially.

A typical example of the kind of tasks the computers perform is in the processing of unemployment and sickness insurance claims. The computer is used to determine whether base year wages qualify the employee for benefits; determine the daily benefit rate; determine the amount to be paid on a claim; determine when the next sickness claim is to be sent and prepare it at the proper time; determine when additional medical evidence is needed and prepare a form to request the evidence; prevent payment of duplicate claims; offset amounts recoverable from current benefits; determine entitlement to extended benefits; determine when rights to benefits are exhausted and prepare exhaust notice; and prepare a tape for use by the Treasury Department in issuing checks.

The Board currently has three full scale computers and one which is strictly a card machine (the 360/20). The computers and the dates they were acquired are as follows:

1. IBM 7070 system - Installed December 1960
2. IBM 360/20 system - Installed November 1966
3. IBM 360/50 system - Installed February 1967
4. IBM 360/50 system - Installed November 1969

The Board needs an additional computer for the following reasons:

1. We are running the three large scale computers full time, with backlogs on all systems even though we are operating 7 days a week, 24 hours a day.

2. It is necessary to take daily programs for the payment of unemployment and sickness operations off the 7070 computer. This computer is no longer manufactured; it is now 11 years old and would be more than 13 years old before work could be shifted from it even with acquisition of a new computer in fiscal year 1973; we have been completely unsuccessful in finding back-up time that we could use for this computer anywhere in the Chicago area or elsewhere; the capacity of the 7070 computer precludes improvements or additions to programs run on it; and, in event of a breakdown, some of the Board's benefit payments must cease until it is repaired. This is a hazardous situation and should be remedied expeditiously.

3. There are numerous activities which could be automated if the computer capacity were available. Automating these activities would improve the Board's service to its clientele, save substantial amounts of the trust funds which the Board administers, and reduce administrative costs. We estimate that savings in administrative costs alone would amount to more than $500,000 on an annual basis, after additional automated processes began to become operative starting in fiscal year 1974.

4. We must have some additional computer capacity to be in a position to provide for automation of work that will result from program changes in the offing. Otherwise, unnecessarily large amounts of work will have to be performed manually.

MONDAY, APRIL 10, 1972.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

WITNESSES

ROBERT D. MORAN, CHAIRMAN
JAMES F. VAN NAMEE, COMMISSIONER
ALAN F. BURCH, COMMISSIONER
PATRICK J. CREAMER, SPECIAL ASSISTANT TO THE CHAIRMAN
RICHARD H. L'HEUREUX, DIRECTOR OF ADMINISTRATION

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	26	629	994
Other personnel compensation	1	6	8
Special personal services payments		85	
Total personnel compensation	27	720	1,002
Personnel benefits: Civilian	2	54	85
Travel and transportation of persons	3	28	52
Transportation of things		8	10
Rent, communications, and utilities	1	75	42
Printing and reproduction		15	10
Other services	1	132	49
Supplies and materials	10	8	10
Equipment	31	20	20
Total obligations	75	1,060	1,280

PERSONNEL SUMMARY

	1971 actual	1972 estimate	1973 estimate
Total number of permanent positions	10	41	41
Full-time equivalent of other positions	0	0	0
Average paid employment	1	26	41
Average GS grade	9.3	14.1	13.0
Average GS salary	$12,835	$22,600	$23,098
Average salary of executive positions	$38,667	$38,667	$38,667

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
Provide forum for adjudication of contested enforcement actions (program costs, funded) [1]	36	1,050	1,250
Change in selected resources [2]	39	10	30
Total obligations	75	1,060	1,280
Financing: Budget authority	75	1,060	1,280
Budget authority:			
Appropriation	75	400	1,280
Transferred from other accounts		600	
Appropriation (adjusted)	75	1,060	1,280
Relation of obligations to outlays:			
Obligations incurred, net	75	1,060	1,280
Obligated balance, start of year		53	28
Obligated balance, end of year	−53	−28	−38
Outlays	22	1,085	1,270

[1] Includes capital outlay as follows: 1971, $0; 1972, $35,000, 1973, $16,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1971, $39,000; 1972, $49,000; 1973, $79,000.

Mr. FLOOD. We now have before us the Occupational Safety and Health Review Commission's 1973 budget request.

BIOGRAPHICAL SKETCHES OF WITNESSES

BIOGRAPHICAL SKETCH OF ROBERT D. MORAN

Born: Brewer, Maine, October 25, 1929.

Legal Residence: Springfield, Mass. Presently resides at 12504 Exchange Court South, Potomac, Md.

Education: B.A., University of Maine, 1950; J.D., Boston University School of Law, 1952. Graduate study, Georgetown Law School, 1958; American International College, 1963.

Current appointment: Chairman, Occupational Safety and Health Review Commission. Appointed March 19, 1971, to a 6-year term by President Nixon with the advice and consent of the U.S. Senate.

Previous appointment: Administrator, Wage and Hour Division and Workplace Standards Administration, U.S. Department of Labor. Appointed by President Nixon with the advice and consent of the Senate and served from February 1969 to present appointment.

Previous employment: Commonwealth of Massachusetts, 1966 to 1969. Associate commissioner of labor and industries; chairman, State board of conciliation and arbitration; chairman of the minimum wage commission. Prior to 1966, was in private law practice in the State of Massachusetts.

Military service: Veteran of U.S. Army, Korean war period.

BIOGRAPHICAL SKETCH OF JAMES F. VAN NAMEE

Born: Boothbay Harbor, Maine, October 12, 1912.

Education: Public schools, Malden, Mass., Wentworth Institute, Boston, Mass.

Marital status: Married—one son in U.S. Navy.

Currently: Commissioner, Occupational Safety and Health Review Commission, Washington, D.C.

Past experience: Administrator, accident prevention, Westinghouse Electric Corp., Pittsburgh, Pa. Division administrator, accident prevention, Westinghouse Electric Corp., Bloomfield, N.J. 1959–61. Director, Engineering and Research Division, Accident Prevention Department, Association of Casualty and Surety Companies, New York, N.Y. 1956–59. Supervising engineer and safety engineer, Loss Prevention Department, Liberty Mutual Insurance Co., 1936–56.

Activities: Immediate past president, American Society of Safety Engineers 1970–71. Member, Secretary's National Safety Advisory Committee, U.S. Department of Labor; Chairman of the Management Safety Committee, Bureau of Labor Standards, U.S. Department of Labor. Past chairman, Safety and Health Committee, Electronic Industries Association. Member, board of directors, National Safety Council. Member, Industrial Conference. Member: Z16.1, "American Standards Method of Recording and Measuring Work Injury Experience," B11.1, "American Standards Safety Code for Power Presses,"—Z41, "Safety Footwear," and C95, "Radio Frequency Radiation Hazards," Committee of the American National Standards Institute. Member, American Society of Safety Engineers, Safety Executives.

BIOGRAPHICAL SKETCH OF ALAN F. BURCH

Born: San Francisco, Calif., September 21, 1921.

Present address: 10933 Amherst Avenue, Wheaton, Md.

Marital status: Married, one son.

Education: Graduated high school (California), 1937. USMS Officers School, graduated, marine engineer, 1941–42. USMS Officers Diesel School, graduated, 1944. U.C. Berkeley extension course in teaching techniques, 1952. Oak Ridge Institute for Nuclear Studies, radioisotopes in industry, and advanced radioisotope research techniques, 1960.

Current appointment: Commissioner, Occupational Safety and Health Review Commission. Appointed March 19, 1971, to a 2-year term by President Nixon with the advice and consent of the U.S. Senate.

Previous employment: Director, Department of Safety and Accident Prevention, International Union of Operating Engineers, 1963–71. Director, Research

and Education Department, International Union of Operating Engineers, 1961–62. Operating engineer, 1946–61. Marine engineer (first assistant engineer, any horsepower, diesel and steam)—1939–46.

Memberships and associations: Member, various committees and boards of the following: American National Standards Institute. Society of Automotive Engineers. National Fire Protection Association. National Safety Council. Federal Government committees and councils: National Advisory Committee on Equal Opportunity in Apprenticeship and Training, USDOL. National Safety Advisory Committee, USDOL. Technical Advisory Committee, LSB, USDOL. National Construction Safety Advisory Committee, USDOL. National Advisory Council, Environmental Control Administration, U.S. Public Health Service, DHEW. National Advisory Committee, Bureau of Occupational Safety and Health, USPHS, DHEW. National Highway Traffic Safety Advisory Committee, USDOL, and Subcommittee on Research (current). Selection Board, U.S. State Department, 1968.

BIOGRAPHICAL SKETCH OF PATRICK J. CREAMER

Patrick J. Creamer is currently acting as special assistant to the Chairman, Occupational Safety and Health Review Commission.

He was born in Detroit, Mich., on March 18, 1931, and raised in St. Paul, Minn., where he completed his early education.

Education: After military service, Mr. Creamer continued his education at the University of Minnesota attending the College of Science, Literature, and Arts, the law school and graduate school where he specialized in industrial relations and labor law. His degrees include an associate in liberal arts, bachelor of arts, master of arts and juris doctor.

Experience: Prior to assuming his present position with the Review Commission, Mr. Creamer was special assistant to the General Counsel of the National Labor Relations Board where he had earlier served as a field attorney in the agency's Minneapolis regional office during the period 1959–61 and on the legal staff of the Office of Appeals in 1971.

From 1969 to 1971, he served in the Mine Health and Safety Division of the Solicitor's Office, Department of Interior where his duties included the drafting and promulgation of health and safety standards under the Coal Mine Health and Safety Act of 1969. Mr. Creamer was also employed by the Veterans' Administration for 6 years during which time he served on the Board of Veterans' Appeals in Washington, D.C. He served on the staff of the Labor Relation's Department of the Burlington-Northern Railroad after his graduation and engaged in the private practice of law in Minneapolis, Minn., during the period 1961 to 1964 where he specialized in labor relations and related legal work.

Activities: Mrs. Creamer is a member of the Federal Bar Association and is licensed to practice before the Minnesota Supreme Court, the U.S. District Courts, the U.S. 8th Circuit Court of Appeals and the Supreme Court of the United States. He is a veteran of naval service during the Korean War and is active in professional and community affairs.

BIOGRAPHICAL SKETCH OF RICHIRD HART L'HEUREUX

Born: Boston, Mass., June 26, 1930.

Education: Bachelor of Science, 1957; accounting and finance, Bryant College, Providence, R.I.

Current employment: Director of Administration, Occupational Safety and Health Review Commission—appointed June 26, 1971.

Past experience: Administrator's field representative, Wage and Hour Division, U.S. Department of Labor, Washington, D.C., 1970–71. Chief, Branch of Administrative Services, Wage and Hour Division, U.S. Department of Labor, Washington, D.C., 1968–70. Compliance officer, Wage and Hour Division, U.S. Department of Labor, Boston region, 1962–68.

Military service: U.S. Army, 1947–53.

Prior to joining the Labor Department, operated own accounting firm in Rhode Island and worked as an office manager for 2 years.

Mr. FLOOD. I see that you have a prepared statement. How do you wish to proceed?

Mr. MORAN. Mr. Chairman, it is a very brief one and I would like to read it, if I may.

Mr. FLOOD. Suppose you do.

General Statement

Mr. Moran. Mr. Chairman and members of the subcommittee, I appear before you today to request a fiscal year 1973 budget for the Occupational Safety and Health Review Commission in the amount of $5,979,000. This amount represents an amended figure somewhat higher than that originally submitted to the Congress by the President in January. The increased amount is the result of our experience with a rapidly rising caseload. We have virtually no control over case intake. The Department of Labor cites employers for violations and if the employer wishes to contest the Department's action, he has a right under the Occupational Safety and Health Act of 1970 to a hearing before this Commission. Similar rights are also extended to employees and representatives of employees.

The Department of Labor's budget request, now pending before this committee, indicates that they plan 110,000 occupational safety and health inspections during fiscal year 1973. Our current experience is that about 5 percent of their inspections will result in appeals to the Review Commission. A straight mathematical projection from these figures would result in 5,500 cases during fiscal year 1973.

Mr. Flood. Is that a lot?

Mr. Moran. That is a great many.

However, in view of our belief that the inspection rate will not rise sharply during the early part of fiscal year 1973, we do not think we will receive that many cases. This budget is based on an anticipated inflow of 3,375 new cases, coupled with a backlog of what we expect will be 878 cases pending when fiscal year 1973 begins.

If our pending supplemental budget request for fiscal year 1972 is enacted, we will have 45 hearing examiners employed at the beginning of fiscal year 1973. We are, in this request, seeking to increase this number to 75. These examiners will be located in 13 communities throughout the country in order to reduce travel costs and to allow them to spend more of their time hearing cases. These offices will be located in Philadelphia, Boston, San Francisco, Kansas City, Atlanta, New York City, Chicago, Dallas, Denver, Seattle, St. Louis, and Los Angeles, in addition to Washington, D.C. Four of these offices are already open.

We are asking for 29 additional lawyers to assist the Commission members and the General Counsel during the decisional process within the agency and to handle the many court proceedings and related legal matters which will be associated with the large volume of cases with which the Commission will be faced in fiscal year 1973.

Since we plan to discontinue the contract for administrative support currently in effect with GSA and because our needs in this area will be so much greater, we are also requesting funds for additional administrative and clerical people.

If this budget request is approved, we will be able to reduce our case backlog to a point where a case can be tried in less than 2 months after it is filed with us. We believe this will implement the congressional intent to abate occupational safety and health hazards as speedily as is possible, consistent with due process of law.

A detailed justification for this budget request has been submitted to the committee. I hope it meets with your approval. Thank you.

Mr. FLOOD. In view of the widespread interest having been evidenced and that will be increasingly evidenced ahead in the operations of your Commission, suppose you describe for us the procedure by which a case gets before your Commission.

Mr. MORAN. The first step is within the Labor Department's jurisdiction. They have inspectors stationed throughout the country and they will go into a workplace and make an inspection. If the inspector finds what he believes to be a violation he will issue a citation.

Mr. FLOOD. Immediately?

Mr. MORAN. No. The present procedure provides that he will go back to consult with his area director and the area director will then approve or modify his proposed action.

Mr. FLOOD. There is a patent and obvious violation; does he have the right to shut down that operation then and there?

Mr. MORAN. No. There is authority within the statute, section 13, I believe, which provides for abatement of imminent danger situations which the inspector observes but it must be on petition to a court——

Mr. FLOOD. He cannot write a note and say, "Stop that machine"?

Mr. MORAN. No, he cannot. He can advise the employer and the employees that he is recommending that the machine, the process, the factory, or whatever it is, be shut down.

Mr. FLOOD. Back to the procedure.

Mr. MORAN. After the citation is issued by the Labor Department's area director it is served on the employer and he must post that at or near each place where a violation is alleged to have taken place. Simultaneously therewith or shortly thereafter the Labor Department will issue that employer a proposed penalty in effect saying——

Mr. FLOOD. Where does he post it, on the bulletin board or four blocks down the street on a telephone pole or what?

Mr. MORAN. The statute says at or near each place where a violation is alleged to have taken place. This has caused some problems. I think one of our first cases was a violation that took place on a ship on the west coast and by the time the citation was sent the ship had left port. There are some problems in this area, Mr. Chairman, but they are rare. Generally it is clear where the violation took place.

Mr. FLOOD. This is not like the fellow in the rowboat who caught a fish and marked the place on the side of the boat?

Mr. MORAN. I don't believe so.

Returning to the procedure. After the employer receives from the Labor Department the notice of proposed penalty, he has 15 working days to decide whether or not he wishes to contest the Labor Department's proposed action. If those 15 days go by without his taking any action, the citation and the proposed penalty become final orders. He cannot later appeal them to any Court or agency and he must then do what the Labor Department told him to do. Now, here is where we come in. If within that 15 working days he decides to contest the Labor Department's action, he must advise the area director of the Labor Department for the area office that issued the citation that he is contesting their action. The area director must then transmit the papers immediately to our Commission. At that point——

ADJUDICATION OF DISPUTES BY THE COMMISSION

Mr. FLOOD. That makes the next question obvious. What is your procedure for handling the cases after they reach you? What happens then?

Mr. MORAN. The first thing we do is record and docket the case.

Mr. FLOOD. Then what?

Mr. MORAN. We docket the case and we advise the parties that we have received the case. We advise them of our rules of procedure. We thereupon put it in a pending file and as soon as a hearing examiner is available we assign it to him and he sets a scheduled hearing date. He then goes to the place of the alleged violation and hears the case.

Mr. FLOOD. Place?

Mr. MORAN. Yes, sir.

Mr. FLOOD. Plant?

Mr. MORAN. No, Mr. Chairman; he goes to a community as near thereto as possible where there are facilities for holding a hearing. He holds his hearing there. Then the parties have the right after the hearing to file briefs and to take exceptions from his decision. He will render a decision after he completes his hearing and send it to us, the three members of the Commission, and to the parties involved in the case.

When the Commission receives that decision of the hearing examiner, it must act within 30 days. If the Commission fails to act within 30 days, the hearing examiner's decision becomes the final decision of the Commission. It is then subject to appeal to the U.S. Court of Appeals.

Mr. FLOOD. That is where the Commission fails to act after the examiner files a report with the Commission?

Mr. MORAN. That is correct. After 30 days it automatically becomes the decision of the Commission.

Mr. FLOOD. What about the case where the examiner files his findings and now the Commission acts; how does the Commission act on that? How do you take affirmative action?

Mr. MORAN. One member of the Commission advises the Executive Secretary, who keeps the case records, that he wants the case reviewed. The parties are then advised that the case will be reviewed and that they have a right to submit briefs and exceptions. After those briefs and exceptions are received, then the Commission itself will deliberate and decide how to resolve that case.

Mr. FLOOD. Does the Commission sit as a tribunal and hear de novo the presentation of testimony?

Mr. MORAN. No, sir.

Mr. FLOOD. You act in the appellate capacity?

Mr. MORAN. That is right.

POSSIBLE APPEAL TO U.S. CIRCUIT COURT

Mr. FLOOD. What is the procedure for appeal once the Commission makes a decision? You say appeal under certain circumstances that

you outlined can be taken from the action of the hearing examiner if the Commission does not act on it. You mean the district court?

Mr. MORAN. The circuit court of appeals.

Mr. FLOOD. To a single judge or tribunal of three, or how do they get there? They do not go to the district court but directly to the Federal circuit?

Mr. MORAN. That is correct; they go directly to the Federal circuit. Whether or not this would require a three-judge court I do not know. There is a statute in labor-type cases——

Mr. FLOOD. So far none of your cases have gone so far?

Mr. MORAN. None.

STATISTICS ON CASELOAD

Mr. FLOOD. What do you estimate will be the backlog of pending cases at the end of fiscal year 1972?

Mr. MORAN. We believe there will be 878 pending and unresolved cases at the end of 1972.

Mr. FLOOD. How many cases do you expect to receive during fiscal year 1973?

Mr. MORAN. We expect to receive 3,375 cases in fiscal year 1973.

Mr. FLOOD. How many do you expect to dispose of?

Mr. CREAMER. Considering staffing figures, assuming the 1972 supplemental is enacted, we will dispose of 2,036 cases.

Mr. FLOOD. What do you estimate your backlog will be at the end of fiscal year 1973?

Mr. CREAMER. 2,217.

PERCENTAGE RATE OF CONTESTED INSPECTIONS

Mr. FLOOD. What percentage of the inspections under this law so far have resulted in contested cases before your Commission?

Mr. MORAN. Five percent. It is a little bit more than 5 percent. It was running about 5 percent until January when I believe it creeped up to 6 percent.

Mr. CREAMER. Six percent in January and February of this year.

Mr. FLOOD. Do you expect this rate of contested cases to continue or do you think it will decline as employers become more and more familiar with the requirements of the law?

Mr. MORAN. I believe that is anybody's guess. I personally think it will remain around 5 percent. I do agree that as more people become familiar with it there will be fewer people who will contest. I don't believe it will go much below the 5 percent, however.

DEPLOYMENT OF NEW PERSONNEL

Mr. FLOOD. You have 41 authorized positions. You are requesting funds for 82 more in your 1972 supplemental appropriation request. For 1973, you are requesting funds for an additional 102 positions. That brings your total staffing to 225. Tell us generally how you will use the 225 people. How many will be hearing examiners? How many will be on the supporting staff? Where are you going to locate them geographically?

Mr. MORAN. Seventy-five of those positions will be hearing examiner positions. About an equal number will be clerical assistants to the hearing examiner, typists and stenographers. They will be located in 13 different communities throughout the country in addition to Washington, D.C. There will also be 41 lawyers that will work in the national office in Washington.

Mr. FLOOD. You are going to have lawyers serving as anything other than as examiners?

Mr. MORAN. Yes. The lawyers will help the Commission members and the General Counsel on legal research and drafting decisions. Some of them may be required to process cases in court as we expect some of our cases to be appealed. Generally, they will assist each Commissioner in discharging his statutory responsibilities to review all decisions of hearing examiners and, in those cases which are reviewed, to help prepare decisions in those cases.

NATURE OF ISSUES FACING COMMISSION

Mr. FLOOD. Suppose you give us a view of the kind of issues so far that are coming before your Commission for adjudication.

Mr. MORAN. A vast majority of our cases are violations of specific standards, alleged violations of specific standards.

Mr. FLOOD. What kind?

Mr. MORAN. Construction, maritime.

Mr. FLOOD. Who sets up the standards?

Mr. MORAN. The Secretary of Labor issues the standards. He has issued some 400 pages of them in the Federal Register. Then his inspectors go out and see if there is compliance with them. When the inspector finds there is not, he issues a citation. If the employee disputes the Labor Department action, then he will bring it to us for adjudication. Many employers are contesting the amount of the penalty that the Labor Department proposed against them. A fairly sizable percentage of cases——

Mr. FLOOD. You mean they are not contesting the fact there was a violation so much as the penalty?

Mr. MORAN. That is right. They are advising us in a number of cases that the size of the penalty is the sole issue.

Mr. FLOOD. How have you decided on these things?

Mr. MORAN. We have not decided a great many cases to date, the Commission itself.

I have no totals, but in some cases we have increased penalties and in others, decreased them. In some cases we have found no violation even though the Labor Department charged the employer with one.

SPECIFIC EXAMPLES OF ISSUES

Mr. FLOOD. Tell us about a half-dozen different kinds and types. Somebody fell down a hole or had a ditch cave in on him. Tell us about examples of issues before you.

Mr. MORAN. The one that we seem to have met more frequently than any other is the trench-type case in a construction job where a trench will go down 6 or 8 or more feet and it will not be braced properly, or sloped or shored in a safe way, and in several of these cases there have

been trench cave-ins and people died as a result of that. We have resolved a number of those cases to date and many more are pending.

Mr. FLOOD. What other kinds besides failure to shore up?

Mr. MICHEL. Does a situation of that kind—your being involved—affect in any way the workmen's compensation and the amount paid to the worker's widow for loss of life?

Mr. MORAN. Workmen's compensation is a State question and I would presume that the litigant or the deceased or his representative would proceed under the State laws. We don't get involved in that at all. Other types of cases we have had include the maritime field where we have had a number of cases. Perhaps I could defer to the other two members of the Commission for additional examples.

Mr. BURCH. We have had failure to provide overhead guarding, failure to have pin shackles in the upper part of the rig, failure to secure hatch strongbacks, failure to hoist tonnage properly.

Mr. FLOOD. Do you cover ships at sea?

Mr. BURCH. No, sir. Shipyards for repair or shipbuilding. We have had a sizable number of cases involving the failure to ground electrical equipment or providing guarding on certain kinds of machines, punch presses, and conveyors, failure to provide emergency shutoff for conveyors. A number of those in construction, mostly in addition to the trench and the electrical contact, failure to provide a variety and kinds of guarding for open-sided floors, floor openings of sufficient size, failure to provide appropriate ladders, this kind of thing.

Mr. FLOOD. Falling objects?

Mr. VAN NAMEE. There have been some in the plants, for example, and on some of the construction operations. They have cited them for the employer's failure to provide hard-hat protection in these instances.

Mr. FLOOD. Have you had any issues arise as to the quality and nature of the material being used? Defective material producing injuries or potential injuries?

Mr. BURCH. Yes. Specifically, Mr. Chairman, failure to provide appropriate sized lumber for scaffolds or platforms.

Mr. FLOOD. You don't get into the nature and quality of the construction material itself?

Mr. BURCH. No.

ADEQUACY OF BUDGET REQUEST

Mr. FLOOD. Do you think the budget that you are proposing for 1973 will be sufficient to deal with this caseload that you say you are expecting to go up by leaps and bounds? Are you going to deal with this in a timely manner?

Mr. MORAN. I believe so.

Mr. FLOOD. There are some horrendous prospects if you have reasonable cause to believe that your caseload will grow at that rate. How do you tie that in with your request for 1973?

Mr. MORAN. I believe it is adequate. We went over this quite carefully; and in view of our past errors in calculating what our needs would be, we were extremely cautions.

Mr. FLOOD. Supplementals are not our favorite dish.

Mr. MORAN. Not ours either, I might add, because it puts us in a real bind. Not being able to dispose of cases is a matter of great concern to

us, not being able to reach cases as expeditiously as the Congress intended us to do. I believe, however, that this total that we are requesting will be sufficient to meet our needs during fiscal year 1973, and I do not see the prospect of our coming back for a supplemental during 1973 at this time.

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. Thank you.

INTENT OF HANDLING CASES EXPEDITIOUSLY

Following up that line of questioning, Mr. Chairman, having heard your testimony and having had our hearing on the supplemental just a short time ago, I won't go into any great length here as we did during consideration of that item before. But, what if at the end of fiscal year 1973 you have twice as many cases undisposed of as at the end of 1972, and your projections are for three times as many in the next year? Will we be getting ourselves into a spot such as we had with the NLRB and a few other agencies, where we must have either temporary assistance or beefing up of examiners et cetera, to dig into a backlog?

Have you set for yourself any goal beyond which you wouldn't let these cases dangle and linger to keep litigants in a state of apoplexy as to what is going to be done with their cases?

Mr. MORAN. We are gearing up through the use of ADP to keep current within a day or two of the status of all of our cases. We intend to be very strict with our examiners to make sure that they utilize their time to the maximum amount possible so that we can resolve these cases expeditiously. We will keep reminding them of the number of cases that they have and the status of those cases and keep after them to resolve them as quickly as they possibly can consistent with due process.

HEARING EXAMINERS

Mr. MICHEL. This 1973 budget calls for an increase of 30 hearing examiners?

Mr. MORAN. That is right.

Mr. MICHEL. Where would you expect to get these hearing examiners?

Mr. MORAN. We have to get them from the civil service register. A register is maintained of all persons qualified to be hearing examiners in the Federal Government. We can also get them by transfer from other agencies, if the person wishes a transfer. We have used that extensively in the past.

Mr. MICHEL. Doesn't this practice really, in effect, require you to draw upon a hearing examiner who has been in Government for 15 or 20 or more years?

Mr. MORAN. That is the best kind of hearing examiner, in my judgment, because he is a mature and experienced person, and we are looking for good judgment.

Mr. MICHEL. It does not always hold. He can be in the Government for 15, 20 years and he may not be able to make it in any other place. You can have a lawyer who is a hotshot, an aggressive young fellow who wants to get some experience and run circles around some fellows that have come up through the seniority system.

The Congress is maligned, I think, on the seniority issue, but there is just as much justification for criticizing the bureaucracy. As you indicated, the law says that you have to rate them in a GS–16 category. When an examiner comes from another agency or under civil service law, you cannot jump him more than one grade, as I understand it. But you can take a shot on the outside under a competitive examination? Admittedly, experience is a great factor, but instead of 20 years' experience, why not 3 or 4 years of good intensive experience and a real fine lawyer? What is the situation there?

Mr. MORAN. We can do that for lawyers, but we cannot do that for hearing examiners. The Administrative Procedures Act——

Mr. MICHEL. Does the law require that your hearing examiners be lawyers?

Mr. MORAN. Yes. They also have to be more than lawyers. They have to be lawyers with a minimum of 7 years' experience and they have to have their names listed on the register maintained by the Civil Service Commission for hearing examiners. Getting on this register is a very complicated process.

Mr. MICHEL. When you say 7 years' experience, is this just as a hearing examiner in the employ of the Federal Government?

Mr. MORAN. No. As an active lawyer handling court cases. That could be Federal cases, it could be as a Federal employee as well as on the outside. We have no control over that. We have to take people that are certified by the Civil Service Commission as hearing examiners for those types of positions. The Administrative Procedure Act requires this.

Mr. MICHEL. That is all.

Mr. FLOOD. Mr. Casey?

Mr. CASEY. No questions.

Mr. FLOOD. Mr. Robinson?

PROPORTION OF CASES THAT GO TO HEARING

Mr. ROBINSON. Of those cases that go to the hearing examiners, what proportion of cases that are investigated go to the hearing examiner stage?

Mr. MORAN. Five percent of all inspections come to the Commission. Of those 5 percent, about 70 percent actually go to hearing.

Mr. ROBINSON. Seventy percent of the 5 percent?

Mr. MORAN. That is right.

Mr. ROBINSON. Go to a hearing examiner for final resolution, so to speak?

Mr. MORAN. That is right. The others are resolved procedurally or by settlement or withdrawal.

SOURCES OF LABOR DEPARTMENT CITATIONS

Mr. ROBINSON. Of the total number of cases, total number of investigations, inquiries that are made, what proportion of those are generated by a walk-on investigation as opposed to one that involves a complaint from someone involved, an employee who feels something is being improperly done?

Mr. MORAN. The answer to that question is within the jurisdiction of the Labor Department. They do this separately. We are separate and apart from them.

Mr. ROBINSON. These statistics are not part of your expertise?
Mr. MORAN. That is correct.

POTENTIAL FOR HARASSMENT

Mr. ROBINSON. I don't believe I am in a position of being an exception when I say that I get a lot of mail with respect to the activities of those that represent the enforcement side of the Health and Safety Act. I wonder if you yourself receive complaints that certain of the investigations that are carried out constitute nothing more than harassment?

Mr. MORAN. I have heard that said before. But as I say, we don't get involved in that because the inspection process is without our jurisdiction.

Mr. ROBINSON. That is not a matter that you have to deal with in any way, shape, or form?

Mr. MORAN. That is right.

Mr. ROBINSON. The Department of Labor would be familiar with the proportion of, or with the general attitude of the employees as to the proportion of cases constituting nothing but harassment?

Mr. MORAN. That is correct. That would be within their jurisdiction and experience.

Mr. ROBINSON. That is all.

NUMBER OF LABOR DEPARTMENT INSPECTIONS

Mr. MICHEL. In your testimony you say, "They plan 110,000 occupational safety and health inspections during fiscal year 1973." The appropriate place for me to direct a question on that would be to the Department of Labor witnesses I know. I want to get some idea as to what is so magic about 110,000 and who makes the decision as to where we are going to investigate and where we are not?

Where are we going to put a lot of pressure and where will we tiptoe lightly? That has to be directed to the Department of Labor?

Mr. MORAN. Absolutely.

Mr. FLOOD. Mr. Conte?

PRODUCTIVITY OF LEGAL STAFF

Mr. CONTE. What steps is the Commission planning to take to increase the productivity of its legal staff to a level adequate to deal with the anticipated rise in hearing examiner reports?

Mr. MORAN. The Commission plans to maintain strict control over the initial review and decision writing activities of its legal staff during the entire case handling process. Since the act requires review within 30 days after receipt of a hearing examiner report, time limitations will be placed upon the staff attorney conducting the initial review. Initially, it is expected that a portion of the staff of each Commission member will be pooled to conduct the initial statutory review and, if necessary, that attorneys from the Office of the General Counsel will be employed during the review stage to insure the processing of each case within 30 days after receipt of the hearing examiner report. Where review is directed, each Commissioner will make every effort to minimize the time required by legal staff members to draft initial decisions.

Present budget estimates are based upon a productivity rate of 24.0 which reflects the assignment of 10 working days for the review of each contested case. The Commission feels that this contested productivity rate can be reduced by approximately 10 percent through the use of pooled staff assistants and the establishment of strict time constraints on the completion of the statutory review function by its legal staff.

CONTRACT WITH GSA

Mr. CONTE. What are the main provisions of your current contract with GSA?

Mr. MORAN. The contract is entered into pursuant to the Federal Property and Administrative Services Act of 1949 and the Economy Act of 1932. GSA provides payroll, financial reporting, budget, personnel, legal, security investigations, and office services and performs all necessary accounting functions related thereto. An agreement has also been made to allow for an annual audit of our account.

Mr. FLOOD. Thank you very much.

Mr. MORAN. Thank you.

Justification of the Budget Estimates

SUMMARY STATEMENT

AMENDED BUDGET REQUEST OF MARCH 17, 1972

FOR THE

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

The Review Commission's intake expectations for Fiscal Year 1973 were thoroughly outlined in its Summary Statement in support of the Supplemental Budget Request submitted February 22, 1972. The Work Load Table developed for the 1972 Supplemental Budget Request showed, despite a substantial increase in staffing during fiscal 1972, that the caseload projected for the coming year would result in a substantial backlog of unprocessed cases. It is obvious that the proposed increase to 45 hearing examiners and 12 Commission staff assistants during the last quarter of fiscal 1972 will not provide the staffing necessary to reduce the large backlog of unprocessed work anticipated by June 30, 1973.

As noted earlier in our Supplemental Budget Request, the staffing levels sought during the remainder of this fiscal year would account for only 693 contested dispositions by hearing examiners during Fiscal Year 1973 with an additional 288 dispositions by legal staff during the same period. These disposition rates will result in backlog of 2,217 cases pending for assignment to hearing examiners at the end of 1973 and 422 cases pending for assignment to the Commission's legal staff.

Even more critical than the problem of the time lag created by the Agency's failure to expedite its case load under the Act, is its inability during 1973 to conduct the 30 day review in each contested case as

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required by statute.

HEARING EXAMINERS

To reduce the sizable backlog of unassigned cases expected during 1973 at the 1972 hearing examiner staffing level, a marked increase in hearing examiner staff will be required for 1973. The hearing examiner positions proposed in this request will result in a backlog of only 416 unassigned cases on June 30, 1973. It should be noted that this overall reduction is predicated, in part, upon an expected increase of roughly 12% in the washout rate during the period prior to assignment to hearing examiners. Through the introduction of a program of central scheduling, the initiation of informal settlement hearings, and other procedures to encourage settlement during the early stages of each proceeding, the Commission hopes to achieve an increase in its uncontested dispositions during the coming year. These new procedures call for the full utilization of hearing examiners at not only the formal but also the informal stages of cases processed by the Commission and, the Commission expects that their efforts, particularly at the informal stages of such proceedings, will contribute to a vise in voluntary settlements, withdrawals and dismissals.

LEGAL ASSISTANTS

Assuming the hearing examiner staffing levels contained in the 1972 Supplemental Budget Request, the Commission will receive 710 hearing examiner dispositions during 1973 which must be reviewed within 30 days after receipt. This staffing level would permit the completion of only 288 review actions by the Commission in the coming year. It is obvious the Review Commission must substantially increase the number of Commission

legal assistants in order to perform its statutory review function during Fiscal Year 1973. It should also be noted with respect to these additional legal assistant positions that the projected increase in hearing examiner staff necessary to reduce the backlog of unassigned cases during 1973 will create an additional burden on the Commission's legal staff since the number of contested dispositions required to be reviewed by the Commission would rise from 710 to 1050 in 1973, based upon an increase in hearing examiner staff from 45 to 75 during the same period.

While the productivity rate currently assigned to the legal assistants indicates a staff of 36 could review only 864 of the 1050 contested dispositions received in 1973, the Commission believes it can increase the productivity of its legal staff to a level adequate to deal with this rise in hearing examiner reports.

GENERAL COUNSEL

With a shift to central scheduling of hearing examiners discussed in our Supplemental Budget Request, the burden of processing all motions and other ancillary legal matters during the course of each contested proceeding must be borne by the Commission and be processed by the General Counsel and his staff. This scheduling program is intended to free each hearing examiner from time-consuming procedural activities during the period prior to formal hearing by requiring the General Counsel to review and make recommendations with respect to all legal matters filed with or presented to the Commission prior to assignment of a hearing examiner for formal hearing. Assigning the pre-hearing work program, including discovery proceedings, to the Office of the General Counsel

will require a substantial increase in the General Counsel's staff, however, the transfer of this program from the hearing examiner staff will permit the assignment of lower grade personnel to duties now being performed by the Commission's hearing examiners at the GS-16 level.

EXECUTIVE SECRETARY

The increase in positions proposed for the Office of the Executive Secretary is also predicated upon a rise in the case handling activities which will be required by the Commission staff during the period preceeding the assignment of cases to hearing examiners for formal hearing. In addition to the duties already performed in this Office, the Executive Secretary will be required to receive, docket, process and dispose of all matters coming before the Commission during the course of each proceeding scheduled for informal settlement conference or formal hearing. In addition, with the initiation of these informal settlement conference procedures, the Executive Secretary will be required to maintain a settlement docket designed to track and process settlement stipulations generated during the course of such proceedings by the Commission's hearing examiners.

ADMINISTRATION

With an overall increase in the Commission's caseload and an expansion of its staff, the agency plans to abandon its current contract with GSA and to perform its own administrative functions. This transfer of administrative duties will require additional staffing in Administration in order to perform the personnel, budget and housekeeping functions required.

With respect to the request for equipment, it should be noted $120,000 has been included for the expansion of the Agency's automated

docket system during Fiscal Year 1973. These funds will be expanded for the development of sub-systems designed to collect and maintain work activity, budget, and personnel data which relates directly to the case handling process and can be utilized by the agency in preparing status reports and developing budget work programs.

SUMMARY

The Commission has directed this request toward the establishment of staff levels which will allow the Agency to process the bulk of its case load expeditiously during Fiscal Year 1973. While the positions requested will not provide the staffing requirements necessary to eliminate the entire backlog of unassigned cases and to process all cases through the statutory review period, the Commission plans to direct its attention during the coming year to the improvement of the productivity levels upon which its current request is based.

Exhibit 22C

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

NUMBERS OF CIVILIAN PERSONNEL

	Number of employees at year end					
	1971		1972		1973	
	Full-time in permanent positions	Total	Full-time in permanent positions	Total	Full-time in permanent positions	Total
Salaries and expenses	5	10	41	41	225	225

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

SALARIES AND EXPENSES

For expenses necessary for the Occupational Safety and Health Review Commission [$1,060,000], $5,932,000.

(Section 12 of the Act of December 29, 1970 (Public Law 91-596); Departments of Labor, Health, Education, and Welfare, and Related Agencies Appropriation Act, 1972; Supplemental Appropriations Act, 1972 (Public Law 92-184)).

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 32-05-0100-0-1-609	19 71 actual	19 72 estimate	19 73 estimate
Program by activities:			
Provide forum for adjudication of contested enforcement actions (Program costs, funded) 1/.....	36	1,000	5,893
Change in selected resources 2/	39	+60	+39
10 Total obligations.....	75	1,060	5,932
Financing:			
40 Budget authority (Appropriation).....	75	1,060	5,932
Relation of obligations to outlays:			
71 Obligations incurred, net.....	75	1,060	5,932
72 Obligated balance, start of year.....	---	54	50
74 Obligated balance, end of year (-).....	-54	-50	-300
90 Outlays.....	21	1,010	5,682

1/ Includes capital outlays as follows: 1971, -0-; 1972, $51 thousand; 1973, $100 thousand.

2/ Selected resources as of June 30 are as follows: Unpaid, undelivered orders, 1971, $39 thousand; 1972, $99 thousand; 1973, $138 thousand.

1665 657.

(Mono cost: 21.5) (Mono cost: 5) (Mono cost: 8) (Mono cost: 4.9)

Occupational Safety and Health Review Commission

Explanation of Object Classifications

Personnel compensation - $3,964,000: Provides for three appointed members of the Commission and a proposed full-time staff of 222. Personnel will be located in the field as well as in Washington.

Personnel benefits - $372,000: Mandatory contributions to the retirement fund and other fringe benefits for employees.

Travel and transportation of persons - $410,000: Provides funding for Hearing Examiners to travel to the site of alleged violations to conduct hearings, funds for official travel for other members of the Commission, and anticipated costs associated with relocating employees.

Transportation of things - $100,000: This amount is arbitrarily determined to be adequate to reimburse employees for moving expenses and to cover the freight costs associated with procuring and moving new equipment.

Rent, communications, and utilities - $276,000: To fund space acquisitions, telephone charges, payment to the postal service and equipment rentals.

Printing and reproduction - $25,000: Funding necessary to reimburse GSA for printing expenses and for the printing of our annual report.

Other services - $665,000: The majority of these funds will be used to reimburse commercial court reporters for transcribing hearings and for reimbursement to GSA for administrative support.

Supplies and materials - $20,000: Necessary administrative supplies and subscriptions to publications.

Equipment - $100,000: This amount is arbitrarily determined to be adequate for our expanded staff.

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 32-05-0100-0-1-609	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
11.1 Permanent positions	26	629	3,954
11.3 Positions other than permanent	---	---	---
11.5 Other personnel compensation	1	6	10
11.8 Special personal services payments	---	85	---
Total personnel compensation	27	720	3,964
Personnel benefits:			
12.1 Civilian	2	54	372
[illegible]			
21.0 Travel and transportation of persons	3	28	410
22.0 Transportation of things	---	8	100
23.0 Rent, communications, and utilities	1	75	276
24.0 Printing and reproduction	---	15	25
25.0 Other services	1	132	665
26.0 Supplies and materials	10	8	20
31.0 Equipment	31	20	100
[illegible]			
[illegible]			
[illegible]			
[illegible]			
[illegible]			
[illegible]			
99.0 Total obligations	75	1,060	5,932

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
SALARIES AND EXPENSES

Identification code 32-05-0100-0-1-609	1971 actual	1972 estimate	1973 estimate
Total number of permanent positions	10	41	225
Full-time equivalent of other positions	0	0	0
Average paid employment	1	33	225
Average GS grade	9.3	11.9	8.1
Average GS salary	$12,835	$19,092	$18,323
Average salary of Executive positions	$38,667	$38,667	$38,667

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OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

		1971 actual	1972 estimate	1973 estimate
GRADES AND RANGES				
Executive Level III	$40,000	1	1	1
Executive Level IV	$38,000	2	2	2
GS-17	$34,335 to $36,000	---	1	1
GS-16	$29,678 to $36,000	---	48	81
GS-15	$25,583 to $33,260	1	3	7
GS-14	$21,960 to $28,548	---	4	5
GS-13	$18,737 to $24,362	1	2	9
GS-12	$15,866 to $20,627	---	---	4
GS-11	$13,309 to $17,305	---	6	10
GS-10	$12,151 to $15,796	1	2	2
GS-9	$11,046 to $14,358	2	6	14
GS-7	$9,053 to $11,771	---	9	14
GS-6	$8,153 to $10,601	1	30	36
GS-5	$7,319 to $9,515	---	4	26
GS-4	$6,544 to $8,506	---	1	9
GS-3	$5,828 to $7,574	1	2	4
Total permanent positions		10	12	225
Unfilled positions, June 30		5	---	---
Total permanent employment end of year		5	121	225
HIGHER LEVEL POSITIONS				
Executive Level III Chairman	$40,000	1	1	---
Executive Level IV Commissioners	$38,000	2	2	---
GS-17, Special Assistant to the Chairman	$34,335 to $36,000	---	1	1
GS-16	$29,678 to $36,000			
Hearing Examiners		0	45	75
Legal Assistants to Members		---	3	3
General Counsel		---	---	1
Director of Administration		---	---	1
Special Assistant to the Chairman		---	---	1

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(Mono cost: 16.3) (Mono cost: 4.9) (Mono cost: (Mono cost: 4)

TUESDAY, APRIL 18, 1972.

NATIONAL COMMISSION ON MARIHUANA AND DRUG ABUSE

WITNESSES

MICHAEL R. SONNENREICH, EXECUTIVE DIRECTOR
A. J. CRATEN, GSA LIAISON OFFICER

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	39	406	366
Positions other than permanent	15	196	150
Total personnel compensation	54	602	516
Personnel benefits: Civilian	3	32	30
Benefits for former personnel			
Travel and transportation of persons	6	200	125
Rent, communications, and utilities	2	62	62
Printing and reproduction	2	45	65
Other services	12	894	312
Supplies and materials	1	7	7
Equipment	1	5	3
Total obligations	81	1,847	1,120

PERSONNEL SUMMARY

Total number of permanent positions	15	25	25
Full-time equivalent of other positions	1	12	12
Average paid employment	3	37	37
Average equivalent GS grade	11.5	10.9	10.9
Average equivalent GS salary	$17,893	$16,198	$16,198

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
Conduct of a study of marihuana and the causes of drug abuse (program costs, funded)[1]	76	1,762	1,080
Change in selected resources[2]	5	85	40
Total obligations	81	1,847	1,120
Financing:			
Unobligated balance available, start of year		−619	
Unobligated balance available, end of year	619		
Budget authority (appropriation)	700	1,228	1,120
Relation of obligations to outlays:			
Obligations incurred, net	81	1,847	1,120
Obligated balance, start of year		21	100
Obligated balance, end of year	−21	−100	−85
Outlays	60	1,768	1,135

[1] Includes capital outlay as follows: 1971, $0; 1972, $6,000; 1973, $3,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders 1971, $5,000; 1972, $90,000; 1973, $130,000

Mr. FLOOD. We now have the Commission on Marihuana and Drug Abuse. The presentation will be made by Michael R. Sonnenreich, the Executive Director of the National Commission on Marihuana and Drug Abuse.

Do you have anybody you would like us to meet?

Mr. SONNENREICH. Mr. A. J. Craten from GSA Liaison is sitting with me and will be with me during the presentation.

Mr. FLOOD. Why does GSA have a liaison man?

Mr. CRATEN. We provide administrative support services under the Economy Act. They don't have to hire the technical people that are needed, budget and personnel. We provide all of that.

Mr. FLOOD. That makes sense to my surprise.

Mr. CRATEN. This is why I have been up with so many of them.

Mr. FLOOD. I see you have a prepared statement. How would you like to proceed?

Mr. SONNENREICH. I would like to read it.

Mr. FLOOD. You may proceed.

GENERAL STATEMENT

Mr. SONNENREICH. Mr. Chairman, it is a pleasure to appear before you today to present the appropriations request of the National Commission on Marihuana and Drug Abuse.

The Commission was established under section 601 of Public Law 91–513, effective October 27, 1970, to conduct a comprehensive study of drug abuse and the use of marihuana in the United States.

The findings and recommendations from our study of marihuana are contained in our report, "Marihuana: A Signal of Misunderstanding," which was presented to the President and the Congress on March 22. An appendix to this volume, containing the research materials upon which this report was based, will be available the week of May 1, 1972.

The Commission has now focused its attention on the drug abuse report to be submitted to the President and the Congress on March 22, 1973. To this end, our comprehensive study of drug abuse will include, among other things, an evaluation of the efficacy of existing laws and law enforcement practices and procedures at the Federal and State levels; the causes of drug abuse and their relative significance; an assessment of the incidence and prevalence of drug use and abuse in the United States; an evaluation of the modes of treatment and rehabilitation now in use; the relationship of heroin use to aggressive behavior and crime; a review of the pharmacological, physiological, psychological, and social effects of drugs of abuse and a study of prescription practices in the United States among practicing physicians.

Among those projects already underway or well along in the planning stage are the following:

(1) A comprehensive evaluation of methadone treatment programs with special emphasis on the program models which have been developed. Specific areas of investigation will include the program design and structure, the referral process, client retention mechanisms, the organization and use of supportive sources, cost analysis, staffing, community support and evaluation and feedback.

(2) Drug use and law enforcement. A number of projects will be undertaken in this area including a cost/benefit analysis of law enforcement strategies to determine the best ways to maximize use of

resources; a survey of law enforcement behavior at the Federal and State levels; a survey of opinion within the criminal justice system; an analysis of the existing Federal and State narcotic and drug abuse legislation and a study of the interrelationship between the use of heroin and other dangerous drugs and criminal behavior.

(3) Medically related research projects are to include, among others: a review of the literature on recent developments in pharmacology and toxicology; patterns of abuse, and long-term effects of the abuse of various drugs; an examination of narcotic addiction treatment and rehabilitation as part of an integrated health care delivery system; and a feasibility study for the alternative medical treatment of methadone dropouts involving prescription of an intravenous opiate.

(4) A study of drugs and advertising. This study is designed to determine the effects of advertising, particularly by the broadcast media, on attitudes and behavior with respect to drug use.

(5) The incidence of venereal disease, malaria, hepatitis, tetanus, and bacterial endocarditis among persons injecting various drugs.

(6) Preadolescent drug use and substance abuse. This is an important piece since it relates directly to future recommendations concerning the development of meaningful and efficacious prevention programs.

(7) Multidrug use among college and high school youth—an assessment of the patterns, frequency, nature, scope, incidence and prevalence of multidrug use in college and high school populations. This study will be carried out by a careful review of recent studies on this subject and by additional field surveys by the Commission.

(8) Drug use and athletics—an assessment of the role of drugs, both licit and illicit, by persons engaged in professional and amateur athletics.

(9) Drug use and industry—this research will concentrate on an assessment of the nature and scope of drug use among persons in the labor force in business, industry and the professions and is to include both labor and management.

(10) Drug abuse and delinquency—a study of drug offenses among a 1945 birth cohort in Philadelphia. In addition to self-reported and official arrest and correction histories, this research will yield detailed and heretofore unavailable information on numerous demographic variables and interview data on subjects' attitudes, opinions, and perceptions of drug use.

(11) Allocation of resources to drug abuse-related programs—this research will attempt to identify and analyze for the State of New Jersey, the nature and cost of major drug abuse-related programs, including a comparative analysis of unit cost of services provided; the formal and informal organization of the resource allocation system; the formal and informal processes by which resources are allocated within the system; and the provisions for and practice of program analysis and evaluation.

(12) Drug abuse prevention and education. Continuing analysis by means of onsite visits, will be made of the various drug abuse prevention and education programs throughout the country. The Commission has already collected and is continuing to review curriculum materials presently being used in the schools and is continuing to interview program planners, administrators and student participants.

These and other projects now in the initial planning stages are designed to provide basic information, heretofore lacking, in anticipation of developing policies which are rational with respect to goals and objectives and pragmatic with respect to the means for achieving such goals and evaluating their efficacy.

In order to accomplish its research and fact-finding objectives, the Commission thus requests a sum of $1,120,000 which it feels is the minimum necessary to responsibly fulfill its congressional mandate.

Taking the expenditures for fiscal year 1973 together, $366,000 will be spent for permanent staff positions which will include clerical and administrative personnel as well as professions. In addition, $150,000 will be expended for positions other than permanent which include $100 per diem pay authorized for the Commission members while on Commission business, and the cost incurred in retaining the intermittent services of consultants and experts. The sum of $30,000 will be incurred to pay required personnel benefits under Civil Service Law. The amount of $125,000 will be spent on travel, which includes travel expenses incurred in conducting formal and informal public hearings around the United States and meetings with experts and organizations involved in the field, and the international travel to investigate control procedures and the laws in other countries. Rent, communications, utilities, supplies and materials, and equipment will cost $72,000; and printing and reproduction of the Commission's report will cost $65,000. The amount for other services which includes the cost of (1) administrative support services provided by GSA, (2) reimbursible services of other Federal Agencies, i.e, Census Bureau, DHEW, etc., and (3) individual contracts. A more complete breakdown of anticipated Commission expenses has been included at the end of my statement.

This concludes my statement and I will be happy to answer any questions you or the other committee members may have.

(The chart follows:)

Commission on Marihuana and Drug Abuse Salaries and Expenses, Fiscal Year 1973 (estimate)

Personnel compensaton:	*Thousands*
Personnel benefits	30
Positions other than permanent	150
Total compensation	516
Personal benefits	30
Travel and transportation	125
Rent, communications, and utilities	62
Printing and reproduction	65
Other services	312
Supplies and materials	7
Equipment	3
Total obligations	1,120
Obligated balance at end of year	15
Total	1,135

SUMMARY OF MARIHUANA REPORT

Mr. FLOOD. Your commission is required by law to conduct two studies?

Mr. SONNENREICH. Yes, sir.

Mr. FLOOD. One relating to marihuana and the other relating to drug abuse. You are further required to report your findings and recommendations to the Congress and to the President. You recently submitted the report on marihuana and that has received a great deal of publicity in all of the news media, and properly so.

Because of the great attention this subject has commanded and more especially because of the pros and cons about marihuana, the use, abuse, danger, lack of danger and so on, we will have to have a brief summary of this marihuana report to be included in the record.

Tell us now within reason the highlights of the report. Then for the record give us a synopsis of the report within reason in length.

Mr. SONNENREICH. Certainly.

(The information follows:)

A BRIEF SYNOPSIS OF MARIHUANA: A SIGNAL OF MISUNDERSTANDING

In its Report, *Marihuana: A Signal of Misunderstanding*, which was submitted to President Nixon at the White House and to the Congress, the Commission recommended that possession for personal use in private and casual not-for-profit sales in private not be made criminal offenses.

However, the Commission recommended the retention of heavy penalties for cultivation, trafficking, and possession with intent to sell. Use in public would be a criminal offense and the drug, if found in public, would be contraband and subject to seizure.

The following are some of the major findings presented in the Report:

WHO USES THE DRUG

At least 24 million Americans 12-years-old and over have used marihuana at least once, and at least 8.3 million are current users.

More than 40% of college and graduate students have tried the drug.

Of those persons who have ever used marihuana, 41% of the adults (18 and older) and 45% of the youth (12-to-17) no longer use it.

The great majority of marihuana users use the drug less than once a week, probably on weekends, or at a party.

Two percent (500,000) of "ever-users" can be classified as heavy users and use the drug more than once a day.

THE EFFECTS OF MARIHUANA

There is no evidence that experimental or intermittent use of marihuana causes physical or psychological harm. The risk lies instead in the heavy, long-term use of the drug, particularly of the most potent preparations.

Marihuana does not lead to physical dependency. No tortuous withdrawal symptoms follow the sudden cessation of chronic, heavy use. Some evidence indicates that heavy, long-term users may develop a psychological dependence on the drug.

The immediate effects of marihuana intoxication on the individual's organs or bodily-functions are transient and have little or no permanent effect. However, there is a definite loss of some psychomotor control and a temporary impairment of time and space perceptions.

No brain damage has been documented relating to marihuana use, in contrast with the well-established brain damage of chronic alcoholism.

A careful search of literature and testimony by health officials has not revealed a single human fatality in the United States proven to have resulted solely from use of marihuana.

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Tests on monkeys have demonstrated that the dose required for "overdose death" is enormous and for all practical purposes unachievable by humans smoking marihuana.

No reliable evidence exists indicating that marihuana causes genetic defects in man; however, since fetal damage cannot be ruled out, the use of marihuana is not advisable during pregnancy.

The incidence of psychosis from marihuana use is exceedingly rare, and such reactions tend to occur in predisposed individuals.

MARIHUANA AND PUBLIC SAFETY

The evidence indicates that marihuana does not cause violent or aggressive behavior or crime.

Recent research has not proven that marihuana use significantly impairs driving ability; however, reliable research has not yet been conducted and the Commission strongly suspects that the acute effects of marihuana use (such as spatial and time distortion and slowed reflexes) may impair driving. The Commission believes that driving while under the influence of any intoxicant is a serious risk to public safety.

MARIHUANA AND PUBLIC WELFARE

From what is now known about the effects of marihuana, its present level of use in American society does not constitute a major threat to public health; the high-risk group constitutes the 2% of American "ever-users" who use the drug heavily and pose a concern for public health officials.

The Commission emphasizes the need for increased research into long-term psychological effects, especially with regard to effects on motivation.

Although some segments of society fear that marihuana use leads to idleness and "dropping out," little likelihood exists that the introduction of a single element such as marihuana use would significantly change the basic personality of any person; rather, an individual is more likely to drop out when circumstances join to produce pressures which he cannot handle effectively.

MARIHUANA AND OTHER DRUGS

Recognizing that one of the most controversial issues in the study of marihuana is its relationship to other drugs, the Commission explored in depth the hypothesis that marihuana use leads to the use of other drugs.

The overwhelming majority of marihuana users do not progress to other drugs, although statistically marihuana users are more likely to experiment with other drugs than are non-users.

Marihuana use does not dictate whether or which other drugs will be used.

As stated by Governor Shafer, "If any one reason can characterize why people in the United States escalate their drug use and become multidrug users, it is peer pressure."

ENFORCEMENT OF THE MARIHUANA LAWS

The Commission was directed by Congress to evaluate the existing federal and state laws relating to marihuana. The vast majority of arrests occur at the state level (at least 200,000) as opposed to the federal level (approximately 4,000). In a study of enforcement in six metropolitan jurisdictions in different states, the Commission found:

93% of the arrests in the sample were for possession.

69% of the arrests were preceded by no investigations, occurring in vehicles or on the street.

Arrests were concentrated among the young (88% were 25 or under); typically the arrestee was a white male, in school or employed in a blue collar job, without a prior record.

Two-thirds of the arrestees were arrested for possession of an ounce of marihuana or less.

Offenders were generally (67%) arrested in groups of two or more persons.

The Commission pointed out that the criminal justice system often responded to this unusual group of "criminals" in a lenient way:

At least 48% of the adult cases and 70% of the juvenile cases were dismissed by the police, the prosecution or the judiciary.

One-third of the arrestees were convicted and sentenced.

Of those convicted of possession, 24% were incarcerated, usually for a year or less.

The Commission concluded that the law enforcement community has adopted a policy of "containment." "Although effort is sometimes expended to seek out private marihuana use," the Report states, "the trend is undoubtedly to invoke the marihuana possession laws only when the behavior (possession) comes out in the open." Governor Shafer added: "The overriding feature of the present marihuana laws is the threat of arrest for indiscretion."

After considering the effects and social impact of marihuana use, the Commission considered four alternative social control policies for the drug: (1) Approval; (2) Elimination; (3) Neutrality; and (4) Discouragement.

The Commission emphasized that society should not approve or encourage the recreational use of *any* drug. On the other hand, the Commission concluded that elimination of marihuana and its use is unachievable, and the drug's relative potential for harm to individuals and society does not justify a social policy designed to seek out and firmly punish those who use it.

The most difficult question, the Commission explained, was whether society should try to dissuade its members from using marihuana or should defer entirely to individual judgment, remaining neutral. After lengthy consideration of this issue, the Commission chose to recommend to the public and its policymakers a social control policy seeking to discourage marihuana use, while concentrating primarily on the prevention of heavy and very heavy use.

The Commission's next step was to consider three legal responses as a means of implementing the discouragement policy: (1) total prohibition; (2) partial prohibition; and (3) regulation.

The Commission explained that the total prohibition scheme now in effect prohibits all marihuana-related behavior, including possession for personal use. Partial prohibition would prohibit cultivation and distribution of the drug but would not prohibit private consumption or acts related to consumption. The distinct feature of a regulation scheme (legalization) is that distribution of the drug is legal.

The Commission, rejecting both the present system and the regulatory scheme, was of the unanimous opinion that marihuana use is not a sufficiently grave problem to subject its users to criminal procedures, but that legalization was inadvisable for a drug which does alter short-term perception, which has uncertain long-term effects and which may be of transient social interest.

Instead, the Commission recommended a partial prohibition scheme which symbolizes a continuing societal disapproval of use, yet removes the criminal stigma and threat of incarceration for users, and also maximizes the flexibility of future public responses as new information comes to light.

The major features of the recommended scheme are that:

Production and distribution of the drug would remain criminal acivities as would possession with intent to distribute commercially;

Marihuana would be contraband subject to confiscation in public places;

Criminal sanctions would be withdrawn from private use and possession incident to such use, but, at the state level, fines would be imposed for use in public;

In order to keep use private, possession of more than one ounce in public would be prohibited; and

In addition, casual, not-for-profit transfers of small amounts, permitted in private, would be prohibited in public. (Specific recommendations for federal and state law are attached).

Five of the 13 Commissioners differed in minior respects regarding the recommendations. Commissioners Rogers, Carter and Ware agree with the discouragement policy and the decriminalization aspects of the recommendations and would recommend, in addition, a civil fine for possession of any amount of marihuana and would limit casual transfers only to those instances where there is no remuneration at all. Commissioners Hughes and Javits believe that marihuana should not be contraband, that all not-for-profit sales should be excluded from the criminal sanction, and that the "ounce or less" requirement for possession in public should be removed.

Recommendations [1]

I. Federal

(*a*) Possession of marihuana for personal use would no longer be an offense, but marihuana possessed in public would remain contraband subject to summary seizure and forfeiture.

(*b*) Casual distribution of small amounts of marihuana for no remuneration, or insignificant remuneration not involving profit would no longer be an offense.

(*c*) A plea of marihuana intoxication shall not be a defense to any criminal act committed under its influence, nor shall proof of such intoxication constitute a negation of specific intent.

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[1] The 13 Commissioners are in basic agreement with the report and its recommendations. However, several Commissioners diverge with specific recommendations and their opinions are presented in a footnote on pp. 151–156. A brief summary of this footnote follows:

Commissioners Rogers and Carter agree with the discouragement policy and the decriminalization aspects of the recommendations, but feel that the contraband concept is not a sufficiently strong expression of societal disapproval of the use of marihuana. They would recommend, in addition, a civil fine for possession of any amount of marihuana in private or in public. This civil fine would not be reflected in a police record.

Commissioner Ware agrees completely with the statements of Congressman Rogers and Carter but wishes to reemphasize that the social policy and legal scheme adopted is applicable only to marihuana and should not be construed to embrace other psychoactive drugs. He advocates some penalty short of criminalizing the users, such as a civil fine or some type of extensive drug education. Further, he is opposed to the use of any drug, including alcohol, for the express purpose of becoming intoxicated.

Commissioners Hughes and Javits, while agreeing with the Commission's recommendation that the private use of marihuana be taken out of the criminal justice system, disagree with three specific recommendations relating to the implementation of the discouragement policy.

First, they would eliminate the contraband provision from the partial prohibition scheme adopted by the Commission. Second, believing the Commission has not set forth a clear standard as to what constitutes the casual not-for-profit sale, they recommend that all not-for-profit sales be excluded from criminal sanction. Third, they feel there is no need to retain criminal sanction on public possession of more than 1 ounce of marihuana and would permit public possession of "some reasonable amount" for personal use.

II. STATE

(*a*) Cultivation, sale or distribution for profit and possession with intent to sell would remain felonies (although we do recommend uniform penalties).

(*b*) Possession in private of marihuana for personal use would no longer be an offense.

(*c*) Distribution in private of small amounts of marihuana for no remuneration or insignificant remuneration not involving a profit would no longer be an offense.

(*d*) Possession in public of one ounce or under of marihuana would not be an offense, but the marihuana would be contraband subject to summary seizure and forfeiture.

(*e*) Possession in public of more than one ounce of marihuana would be a criminal offense punishable by a fine of $100.

(*f*) Distribution in public of small amounts of marihuana for no remuneration or insignificant remuneration not involving a profit would be a criminal offense punishable by a fine of $100.

(*g*) Public use of marihuana would be a criminal offense punishable by a fine of $100.

(*h*) Disorderly conduct associated with public use of or intoxication by marihuana would be a misdemeanor punishable by up to 60 days in jail, a fine of $100, or both.

(*i*) Operating a vehicle or dangerous instrument while under the influence of marihuana would be a misdemeanor punishable by up to one year in jail, a fine of up to $1,000, or both, and suspension of a permit to operate such a vehicle or instrument for up to 180 days.

(*j*) A plea of marihuana intoxication shall not be a defense to any criminal act committed under its influence nor shall proof of such intoxication constitute a negation of specific intent.

(*k*) A person would be absolutely liable in civil court for any damage to person or property which he caused while under the influence of the drug.

Ancillary Recommendations

In addition to these legal recommendations for federal and state action, the Commission believes certain other ancillary recommendations should be presented for action.

LEGAL AND LAW ENFORCEMENT RECOMMENDATIONS

I. Federal

(*a*) Federal law enforcement agencies, especially the Bureau of Narcotics and Dangerous Drugs and the Bureau of Customs, should improve their statistical reporting systems so that policies may be planned and resources allocated on the basis of accurate and comprehensive information.

(*b*) The Federal Bureau of Narcotics and Dangerous Drugs should increase its training programs of state and local police with special emphasis on the training in the detection of trafficking cases.

(*c*) Increased border surveillance, a tightening of border procedures, and a realistic eradication program to diminish the supply of drugs coming into the country, coupled with a more effective program for diminishing the domestic production and distribution of marihuana, are required.

II. State

(*a*) All states should adopt the Uniform Controlled Substances Act to achieve uniformity with regard to marihuana and other drug laws, with the exception

that the legal response to possession for one's own use be uniformly adopted in accordance with our recommendation in Chapter V of this report.

(*b*) Each state should establish a centralized compulsory reporting and record-keeping authority so that adequate and accurate statistics of arrests, sentences and convictions on a statewide basis are available.

(*c*) Those states requiring physicians to report drug users seeking medical assistance should change such requirements to insure the confidentiality of the drug user's identity, so that persons needing medical help will feel free to seek it.

III. International

If the United States should become a signatory of the proposed Psychotropic Convention, we recommend that cannabis be removed from the existing Single Convention and consideration be given to listing it in the proposed Psychotropic Convention among drugs which have similar effects.

MEDICAL RECOMMENDATIONS

1. Fuller coordination of the marihuana research conducted by governmental and private agencies is needed to reduce the duplication of effort, assure a diversity of new approaches and new objectives, and to provide efficient integration of findings into the available body of knowledge.

2. Research efforts to develop an inexpensive, easy method for detecting and quantifying the presence of marihuana in the blood, breath or urine of a person suspected of being intoxicated should be accelerated.

3. An accelerated program for funding foreign research should be undertaken immediately.

4. Increased support of studies which evaluate the efficacy of marihuana in the treatment of physical impairments and disease is recommended.

5. Community-based treatment facilities should be promoted in caring for problem drug users utilizing existing health centers when possible and appropriate.

6. Public health courses on the social aspects of drug use should be included in the curricula of the schools of the health professions.

OTHER RECOMMENDATIONS

1. The Commission recognizes that several state legislatures have improperly classified marihuana as a narcotic, and recommends that they now redefine marihuana according to the standards of the recently adopted Uniform Controlled Substances Law.

2. A single federal agency source should disseminate information and materials relating to marihuana and other drugs. The National Clearing-house for Drug Abuse Information should be charged with this responsibility.

3. The Special Action Office for Drug Abuse Prevention in the White House should be responsible for the coordination, development and content review of all federally-supported drug educational materials and should issue a report as soon as possible, evaluating existing drug education materials.

4. The Commission notes the significant role played by the voluntary sector of the American community in influencing the social, religious and moral attitudes of our nation's citizens and recommends that the voluntary sector be encouraged to take an active role in support of our recommended policy of discouraging the use of marihuana.

MISCONCEPTIONS CONCERNING MARIHUANA

Mr. SONNENREICH. Our perception of it, Mr. Chairman, was that the greatest concern about marihuana was its symbolic aspect.

Mr. FLOOD. What does that mean?

Mr. SONNENREICH. There are a lot of perceived feelings about marihuana that we quickly discovered, and we had to set about determining whether in fact these perceptions were actual or fictitious.

Mr. FLOOD. What do you mean by perceptions?

Mr. SONNENREICH. What we did is this: We divided the issues into three basic categories. Many of the people in the United States, including professionals, felt there was a threat to the public order, that is there was a relationship——

Mr. FLOOD. Including you?

Mr. SONNENREICH. Including myself.

Mr. FLOOD. And by you, also the Commission?

Mr. SONNENREICH. That is correct. The Commission also recognized there was a real sense of perceived threat to the public health and a perceived threat to the dominant social order, by which we mean that many people were ascribing to the use of marihuana various conditions, such as dropping out of school, and a breakdown in the moral order of things in the United States.

Mr. FLOOD. There is no doubt that this drug, marihuana, has assumed great importance in the minds of an overwhelming majority of the American people of all types.

Mr. SONNENREICH. That is correct. One of the things we wanted to do was put it in its proper perspective. We wanted to talk about it as a substance and also as a substance affecting behavior. We set about to get to the underlying facts. We did 50 studies looking at these kinds of questions—What are the long-term effects of marihuana use; the short-term effects of marihuana; does it relate to crime? Is there a causal relationship between marihuana and crime?

OTHER NAMES FOR MARIHUANA

Mr. FLOOD. Tell us some of the names used for marihuana?

Mr. SONNENREICH. They run the gamut. It is called marihuana throughout most of this country; it is also called Maryjane, reefer, toke, joint, grass, pot. In other parts of the world it is called ganga.

Mr. FLOOD. Where?

Mr. SONNENREICH. Ganga is generally referred to in Jamaica, India, and most of the countries in the Far East. Some countries in the Middle East call is Bhang which is cannabis mixed in with a drink. They drink it in India and it is completely legal.

There is Kif in Morocco, another mixture of tobacco with marihuana. Hashish, of course, is the more potent form of marihuana.

Mr. FLOOD. Marihuana is not something somebody discovered last month?

Mr. SONNENREICH. No; it has been with us for about 2,000 years. It is recorded also by one of the early emperors in 3300 B.C. in China. In many parts of the world it is considered a folk medicine. Whether or not it does what it is supposed to do is questionable, but in the minds of many people around the world they do use it for ailments. Especially in Jamaica where it is used for everything. If you feel tired, you take ganga. If you feel peppy, you can take it to calm you down. If you want to relax, you take a ganga. It is sort of all things to all people in the folk culture.

MARIHUANA AND CRIME

We examined this very carefully and the Commission looked at the relationship, for example, between marihuana and crime. We conducted several studies, one of which was done by INTEC Corp., another one by the University of Pennsylvania, and we discovered that there is no causal relationship between marihuana and crime. We did this by empirical studies and by surveys of all the judges, probation officers and court clinicians around the country.

Mr. FLOOD. That is the conclusion you reached, that there is no causal effect between marihuana and crime?

Mr. SONNENREICH. That is correct. As a matter of fact, we extended beyond that. We also looked into the relationship of marihuana and aggressive behavior, and discovered, because of the nature of the drug, that marihuana may have the opposite effect in terms of producing passivity.

Mr. FLOOD. There was never any doubt about that, was there?

Mr. SONNENREICH. In reality never any doubt, but a lot of misinformation has been promulgated for many years in this country about the effects of marihuana.

Mr. FLOOD. That marihuana stimulated aggressive behavior?

Mr. SONNENREICH. That is right. It is just not true, and the Commission has so stated.

We have also went into a discussion about the relationship of marihuana and the relationship of other drugs.

PHYSICAL EFFECTS OF MARIHUANA

Mr. FLOOD. What does marihuana do?

Mr. SONNENREICH. For most people, it is pacifying. In very high doses, it could be a hallucinogen. It is a stimulant.

Mr. FLOOD. And a hallucinogen is not necessarily a stimulant to aggressive action?

Mr. SONNENREICH. No. Many people have noted that people using marihuana tend to be more passive.

Mr. FLOOD. If you are going to have hallucinations with grass, you go and sit in the armchair or lie down?

Mr. SONNENREICH. That is what happens.

Mr. FLOOD. Go ahead.

MARIHUANA AND OTHER DRUGS

Mr. SONNENREICH. We also looked into the relationship in the minds of many people, of whether marihuana leads to harder drugs such as heroin. We did studies on this, and the conclusions that were made by the Commission is that there was no causal relationship whatsoever between the use of marihuana and other drugs.

Mr. FLOOD. It does not follow if you are on marihuana, you are going to take step 2, 3, and 4 through the whole spectrum of hard drugs?

Mr. SONNENREICH. That is right.

Mr. FLOOD. You might, but if you do, it is not because you are smoking grass?

Mr. SONNENREICH. That is right. The Commission has ascribed multidrug use to peer pressure and a host of other factors other than the

using of any one drug. The statistical correlation is much stronger than between the use of tobacco leading to heroin than it is between marihuana and going to heroin. The strongest correlation of all is between the use of alcohol and the relationship between marihuana and alcohol. There is a statistical correlation, there is no question about it, but the question is, on looking at it and analyzing it, we cannot find any causal connection whatsoever.

PUBLIC HEALTH ASPECT OF MARIHUANA

We also looked into the public health aspect of marihuana use and, on the basis of studies the Commission conducted and the studies conducted by the National Institute of Mental Health, which are long-term, longitudinal studies, the Commission came up with the conclusion there are not severe public health problems with long-term chronic use of marihuana.

Mr. FLOOD. What is a longitudinal study?

Mr. SONNENREICH. People were followed over a period of 4 or 5 years, people that have been heavy chronic, not marihuana smokers, but hashish smokers; the more potent form of cannabis.

The average, I believe, in the Jamaica study was 21 years of heavy use. The National Institute of Mental Health——

Mr. FLOOD. Why do you seem to be so enamored with Jamaica?

Mr. SONNENREICH. We do not have in the United States people who have smoked very heavy preparations of cannabis for a long period of time, whereas in Jamaica they have such a population.

Mr. FLOOD. Define cannabis.

Mr. SONNENREICH. That includes all forms of the cannabis sativa plant, which includes marihuana, which is a less potent form than hashish, which is a more potent form.

Mr. FLOOD. Do you have any particular report on the use of hashish in the continental United States?

Mr. SONNENREICH. We have one figure on that, Mr. Chairman, and that was estimated at approximately 9 million people have at one time or another used hashish.

Mr. FLOOD. Is that a lot?

Mr. SONNENREICH. That is a fair amount of people.

But we have looked at this on the public health side. We reached the conclusion that marihuana is not a harmless drug, but in terms of its use patterns in the United States, casual and intermittent use, that is occasional use, experimental use, it does not pose a major public health problem at this time.

The major concern before the Commission is a long-term, very heavy use of the drug, and the Commission feels that accounts for approximately 2 percent of the smoking population, and that these people could in the future pose a public health concern to be treated medically.

CONCLUSIONS AND RECOMMENDATIONS OF COMMISSION

Mr. FLOOD. The Commissioner's report on marihuana also contains conclusions and recommendations; does it not?

Mr. SONNENREICH. Yes.

Mr. FLOOD. What were they?

Mr. SONNENREICH. After the findings of facts, we analyzed what the present legal system is and the present legal structure, and the Commission adopted a social policy recommendation which is one of discouragement; that is the Commission does not feel at this time that the Government should be either neutral or encouraging or approving of the use of marihuana, but at the same time the Commission feels very strongly that on looking at the existing system and its impact on society, the personal use of marihuana by individuals does not merit a criminal penalty. The recommendations were made both for the Federal and the State level.

The basic recommendation is that possession and use of marihuana at the Federal level for one's own use should not be a criminal offense.

Mr. FLOOD. I see in the reports recently where some go-go gal down in Texas 3 years ago drew a 15-year sentence for possession and use of marihuana.

Mr. SONNENREICH. That is correct.

Mr. FLOOD. Did you make any recommendations vis-a-vis the judicial branch with reference to this problem?

Mr. SONNENREICH. We made specific recommendations how to change the laws both at Federal and State level. However, as to retroactivity we made no recommendations whatsoever.

I might point out the Fifth Circuit Court of Appeals in the last 2 weeks came down with a decision abrogating some aspects of the old marihuana laws which would include Miss Candy Barr in Texas. The fifth circuit is going into the retroactivity aspect.

Also the State of Michigan has recently declared their old marihuana law invalid, and are now releasing, I think, some 168 people from jail.

DRUG ABUSE REPORTS

Mr. FLOOD. How many interim reports on drug abuses have you submitted? And when do you expect to submit your final report on that phase?

Mr. SONNENREICH. We anticipate submitting possibly one interim report on drug abuse sometime this summer, which will be a bringing up to date of some of the marihuana findings as well as some of the findings we have on drug abuse, and we anticipate meeting our deadline and submitting our report on March 22, 1973.

METHADONE

Mr. FLOOD. Have you seen recent news reports to the effect that methadone is now being recommended as a cure for heroin addicts?

Mr. SONNENREICH. I haven't seen that. I have heard it discussed as a treatment modality. It is being recommended for those who volunteer, and we presently have between 22,000 and 27,000 people on methadone in the United States today.

Mr. FLOOD. I meant specifically that methadone is a weapon for the purpose of curing heroin addicts?

Mr. SONNENREICH. I don't believe that is true, Mr. Chairman. I don't think it cures heroin addicts. It merely substitutes one form of addiction for another.

Mr. FLOOD. That wasn't the gist of this report. You might examine that. It was in the news very recently.

Mr. SONNENREICH. I certainly will.

USE OF ORIGINAL AND EXISTING STUDIES

Mr. FLOOD. Do your activities consist mainly of gathering together and evaluating the studies which have already been made on marihuana and drug abuse or do you originate studies of your own?

Mr. SONNENREICH. We do both, Mr. Chairman. We originate studies of our own and we did some 50 individual studies on marihuana as well as compiling and gathering the best information available that has already been disseminated.

USE OF CONSULTANTS AND CONTRACTS

Mr. FLOOD. Your budget justification is very brief and frankly gives us very little information in support of your budget request of $1,120,000. You state that your primary cost requirement will be composed of, first, personnel compensation and two, "other services." With respect to this matter of personnel compensation, suppose you give us some examples of the "consultant-expert type services to be employed in the numerous project studies required." We would like to know who these experts are and what they are studying. How much they are being paid and for what.

Mr. SONNENREICH. What we do is——

Mr. FLOOD. They don't sit over in the corner and smoke grass all day for about $10,000 a year?

Mr. SONNENREICH. No, sir. The people that are picked up under the positions other than permanent which are consultants are people that are on a $75 a day consulting fee. They are called in to help us. One example was when we called together some 15 experts in the field of biology, of medicine, and of rehabilitation and treatment in February and had them come in to help us get a handle on just what the problems were in these fields and what direction we should be taking. Many of the proposals that they made had been proposals that had gone to NIMH and the Office of Education, but had never been funded. What we were trying to get is not just the Government input but also the outside source input. These people are on an intermittent basis, not a continuous day-by-day basis. When we talk about contractors these are people given specific contracts to perform a certain service.

Mr. FLOOD. You are talking about other services now?

Mr. SONNENREICH. Yes, sir. These are contracts that we will make directly with an outside agency.

Examples of the people that we have dealt with in the past is Response Analysis Corp. in Princeton. The University of Pennsylvania, the Salk Institute, and the University of California at San Diego.

Mr. FLOOD. What kind of services do the contractors render?

Mr. SONNENREICH. An example of this is the Response Analysis Corp. They did the national survey for us. They do the programing, the computerization, the field interviews, the face-to-face interviews. They do it on a contract basis.

Another example would be the West Philadelphia study looking into the relationship of marihuana and crime. The University of Pennsyl-

vania in this case handled that for us and did all of the interviewing, all of the compilations, all of the computerization and the reporting to us.

EXTENSIVE RESEARCH STUDIES

Mr. FLOOD. Here is another phrase, "Extensive research studies." What is the difference between extensive research studies and any other study?

Mr. SONNENREICH. Some of the studies that short-term consultants do for us is basically to compile existing information. We don't consider those to be that extensive because the information is there and it is a question of compilation. When you have to go out and advance the state of the art in areas where there has been nothing done, we consider those to be extensive.

An example was that we were very interested in finding out just what the people in the criminal justice system felt about marihuana. We conducted extensive interviewing of all the judges, probation officers, and court clinicians. This kind of information is an extensive study and it required a long period of time and this was handled by an independent contractor.

JUSTIFICATION OF TRAVEL FUNDS

Mr. FLOOD. You are spending $200,000 in 1972, and you are requesting $125,000 in 1973 for travel. This is one of our pet hates around here, the requirement for travel. It is primarily for "attendance at meetings, conferences, and hearings to be held on various sectors of the United States as well as abroad—Canada, England, et cetera." What is the purpose of these conferences, and meetings and hearings and trips abroad?

What are you learning?

Mr. SONNENREICH. We are learning a great deal. We have 13 Commission members. We just completed our hearings in Los Angeles. Part of our mandate was to look into rock and roll music and its influence on drugs, as well as the impact of movies and mass media.

Mr. FLOOD. Which is worse, the drugs or the rock music?

Mr. SONNENREICH. That is a good point, Mr. Chairman. It is very informational for the Commission members. They are all persons that are not on this full time, and the best thing we can do is present experts at formal hearings which we have held in New York this year on heroin, on the coast, and in June we will be back in Washington holding formal hearings.

Another part of the travel is also to go into areas that the Commission members are not familiar with. For example, we went into the ghetto in Venice, Calif. We will be going into the inner city of Detroit to talk to the black community about how they perceive methadone maintenance, how they perceive drug rehabilitation and police conduct. This is something we feel is quite necessary.

Also, one of the things that is interesting to look at is a comparative analysis of how other countries have dealt with this problem. I am sure the chairman is familiar with the English system of maintenance of heroin addicts. Unfortunately the English have never evaluated their system in terms of looking at it from 1958 forward. The Com-

mission would like to do this so we have a comparative model to work from.

TEMPORARY PERSONNEL FOR PEAK WORK PERIODS

Mr. FLOOD. Your justifications state during "peak work periods" the Commission requires the assistance of temporary personnel.

Mr. SONNENREICH. That is right.

Mr. FLOOD. What constitutes "peak work periods?" What kind of temporary personnel are you talking about? Is this addiction seasonal, why peak periods?

Mr. SONNENREICH. The peak period for us came during the months of December, January, and February when we were getting the report out. It was simply a problem, Mr. Chairman, of getting the report typed. I had to take on three additional secretaries part time in order to get the work out.

Mr. FLOOD. Why did it peak in December instead of July?

Mr. SONNENREICH. The problem is in most of our contracts, because of the long leadtime and basic research needs, don't come due until September or October.

Mr. FLOOD. It has nothing to do with the weather or the calendar?

Mr. SONNENREICH. No, sir, it is a question of evaluation and at that particular point that is when most of the work spills into the Commission and we have to evaluate it and we have to get the typing done.

Mr. FLOOD. A long hard winter vis-a-vis a bright day in spring hasn't anything to do with it?

Mr. SONNENREICH. No, sir.

PRINTING REQUIREMENTS

Mr. FLOOD. You propose a total of $65,000 for printing costs in 1973 compared with $45,000 in 1972. We would like you to elaborate on the nature of your printing requirements.

Mr. SONNENREICH. We have discovered that our printing costs of $45,000 are insufficient at this point. The Government Printing Office, because of the extensiveness of our appendix, have told us it will exceed $45,000.

Mr. FLOOD. What do you print?

Mr. SONNENREICH. This is for the printing of the reports themselves, Mr. Chairman. The problem is, for example, we were hopeful the appendix would be one volume but it is 1,264 pages, and the Government Printing Office has now informed us it will come out in two volumes.

Mr. FLOOD. How many copies of this marihuana report will be printed? How much will be the total printing cost for the report and to whom will these copies be distributed?

Mr. SONNENREICH. The marihuana report was distributed to every Member of the Congress and that was already done on the date of publication, which was March. 22. We also distributed a courtesy copy to the Governor of each State since our recommendations were also involved with the State. We had to distribute to the Commission staff, the Commissioners themselves. We only printed ourselves 1,500 copies of the report. The Superintendent of Documents put in an initial order for 50,000 copies of the report, which I am now informed have been sold out.

Mr. FLOOD. You said you sent the report to Members of Congress and 50 Governors.

Mr. SONNENREICH. And to members within the executive branch of the Government as well. We also got the press to distribute copies of the report which amounted to some 400 copies.

Mr. FLOOD. Did you have enough reports printed to have these distributed to all of the other elements of the private sector, educational, academic, medical, social?

Mr. SONNENREICH. No, Mr. Chairman, we did not.

Mr. FLOOD. Do you have that in mind for drug abuse or additional reports for marihuana?

Mr. SONNENREICH. We have discussed it with the GPO and Superintendent of Documents.

Mr. FLOOD. What do they know about it? All they do is print it.

Mr. SONNENREICH. The Superintendent of Documents was the one that decided they could cut down our costs if they printed the additional copies and sold them to the public at a cost of $1.

Mr. FLOOD. Who decided that, the Public Printer?

Mr. SONNENREICH. The Superintendent of Documents.

Mr. FLOOD. Shouldn't that be a matter of policy with the Commission to determine who should be the the object of dissemination of the report instead of the Public Printer?

Mr. SONNENREICH. One of the problems is, it is too prohibitive to print.

Mr. FLOOD. You mean the cost?

Mr. SONNENREICH. The costs are quite high. By the Superintendent of Documents deciding to go with an initial printing of 50,000, they could put it on the web press and its costs us less money to print. If the Superintendent of Documents doesn't order a large amount, then it has to be on a smaller press and I was informed our costs go up.

DRUG ABUSE REPORT

Mr. FLOOD. Give us some information on the drug abuse report.

Mr. SONNENREICH. We have been involved in looking into drug abuse since we started with the marihuana report. We have already underway several projects which I enumerated in my testimony. We are hopeful of getting a lot of our contracts underway during this month. These are contracts that have not already been let. This way, we will have enough leadtime so we won't have such a press at the end of the reporting time. We are going to look very carefully into the rehabilitation and treatment area, including methadone treatment and alternate forms of treatment. We are going to look very carefully into how law enforcement is behaving in this area.

DISSEMINATION OF REPORT

Mr. FLOOD. You can't go to all of this expense and effort in contracts and utilization of all of the people you are in contact with, serve your purpose, execute your program, and then have the Public Printer say it costs too much, the whole deal is off. That is silly isn't it?

Mr. SONNENREICH. They have sold out 50,000 already.

Mr. FLOOD. Is that a lot?

Mr. SONNENREICH. That is an awful lot for a report.

Mr. FLOOD. You are going to do the same thing with drug abuse, I suppose?

Mr. SONNENREICH. Yes, sir. On the basis of what the cost of the marihuana report was and the appendix, it would be prohibitive to print much more than 1,500 copies. We could print more, but if we were to print more and distribute it to educators, to rehabilitation units, and to persons involved of that nature across the country, the costs will escalate astronomically. That is our major concern right now. We went way over the original estimate of $45,000 and I am sure that the Government Printing Office reasons that they gave us are legitimate. It was just far more than we anticipated.

Mr. FLOOD. I don't question that. It seems here you print 1,500 reports and 500 of them go to Members of Congress and Governors and probably 500 more to Government officials. That leaves 500 reports for the private sector, health, social, eleemosynary, and institutions of all sorts who perhaps should be equally aware of the contents of this tremendous report on this vital public problem.

Mr. SONNENREICH. It should get out there, Mr. Chairman. The problem is that most of your institutions like the rehabilitation and treatment centers ordered 200 or 500 at a time.

Mr. FLOOD. Do you think that now that these reports on marihuana and the report coming on drug abuse will be made available at $1 a copy, there is an awareness among the peope who should be aware, the groups and types I mentioned, that this is available for the figure of $1?

Mr. FLOOD. Do you consider it your responsibility to make sure that the Commission's findings and recommendations are widely publicized and widely disseminated, that it is part of your job to publicize to get this information to the people in the public who should have it?

Mr. SONNENREICH. We think that is important.

Mr. FLOOD. What do you do about that?

Mr. SONNENREICH. The problem is——

Mr. FLOOD. We think there are many, many, many less important bureaus, agencies, departments, subagencies, subdepartments, and deputy assistant secretaries and so on who have all kinds of public relations people cluttering up the place and sending out Xerox copies of this and statements of that, mountains of them.

How long have you been around this town?

Mr. SONNENREICH. About 6 years.

Mr. FLOOD. Then you ought to know. What about that?

Mr. SONNENREICH. This is something we did not conceive of as our function. Our function we feel is to gather information and present it.

Mr. FLOOD. To whom?

Mr. SONNENREICH. Present it essentially to the Congress and the President.

Mr. FLOOD. Do you believe the result of your studies will justify this investment of $3 million for your Commission, or are your reports going to go on a shelf and gather dust like so many reports and reports on reports and analyses and memorandums on reports that clutter up the warehouses here?

Mr. SONNEREICH. We do not believe that will be the case with the marihuana report.

SURVEY ON NUMBER OF ADDICTS

Mr. FLOOD. Your national survey was pretty well received so we hear. Do you anticipate doing a similar one this year?

Mr. SONNENREICH. That survey, sir, cost $211,000. To do a survey on the number of addicts in the United States would cost approximately $300,000 because of the hidden nature of the addicts in the United States. We could not fund such a project by ourselves at this point in terms of the budget we have laid out because that would take up such a large part of our contracting.

Mr. FLOOD. Are you going ahead and get a report out this year?

Mr. SONNENREICH. In terms of a national survey on the basis of our present budget we could not.

Mr. FLOOD. But you think it should be done?

Mr. SONNENREICH. We think it is vital information. If you don't know how many addicts there are in the United States, you are not going to be able to determine how much money to spend for treatment and rehabilitation.

Mr. FLOOD. It sort of begs the question doesn't it.

After all we have read and heard, experienced, and the things we know that are going on, do you mean to tell us the Federal Government does not know how big a problem narcotics are? Do you mean that the Federal Government doesn't know how many addicts there are or where they are? Are you suggesting that?

Mr. SONNENREICH. I am not suggesting it, I think it is a fact. The estimates range from 300,000 addicts in the United States to 700,000 depending on which Government official you talk to. We don't know at the present time how many addicts there are in the United States.

Mr. FLOOD. Are they just standing around wringing their hands and saying this is awful?

Mr. SONNENREICH. They are making a guess and it is a guess that is not predicated on the best methodology in this area. We just don't know.

Mr. FLOOD. That is a shocking indictment.

Mr. SONNENREICH. I am not to say whether it is an indictment, sir. The fact is we don't know how many addicts there are in the United States. One of the problems that the Commission is confronted with is if you don't know how many addicts there are in the United States, how do you know where you are going to put your rehabilitation treatment facilities and who are you going to educate.

Mr. FLOOD. You mean which comes first, the chicken or the egg?

Mr. SONNENREICH. Yes, sir.

Mr. FLOOD. You are asking for a certain amount of money to do a certain thing. Could you undertake the kind of survey you think should be made if you have these additional funds you ask for?

Mr. SONNENREICH. We believe that we could do a survey, sir. We could get a much better estimate on where these addicts are and who they are and something more about them than we know now.

Mr. FLOOD. How much would it cost to make such a survey?

Mr. SONNENREICH. We estimate that it would probably cost in the neighborhood of $300,000.

Mr. FLOOD. Is that a lot for what you want to do?

Mr. SONNENREICH. That is a lot for our budget.

Mr. FLOOD. What do you think? You are not going overboard. This is reasonable. We don't want you to go overboard. You are talking about what you think should be done now. We are appalled by the fact you who are supposed to know say it isn't done and we don't know. The information just isn't there is it?

Mr. SONNENREICH. No.

Mr. FLOOD. You want $300,000 and you think you can do it with this?

Mr. SONNENREICH. We certainly think it can be done with $300,000.

Mr. PATTEN. $300,000 would be 50 cents per addict; right?

Mr. SONNENREICH. On the basis of a $300,000 survey, it would be 40 cents an addict.

Mr. FLOOD. You are not going to spend the cost of one reefer per addict.

Mr. SONNENREICH. We don't feel on the basis of our budget that we could undertake that study. It would take too much of our funds.

COMMISSION MEMBERS

Mr. FLOOD. Will you put a list of the names of the members of the Commission in the record with their addreses and a couple of sentences of biography about them, who they are and where they come from?

Mr. SONNENREICH. Yes, sir.

Mr. FLOOD. This attracts a great deal of attention.

(The information follows:)

COMMISSION MEMBERS

By law, the National Commission on Marihuana and Drug Abuse has 13 members. Nine public members were appointed by the President who also named the Chairman and Vice Chairman (five maximum from one political party).

Of the four congressional members, two were named by the President of the Senate and two by the Speaker of the House (two from each political party).

Hon. Raymond P. Shafer, (Chairman of the Commission), chairman of the board and chief executive officer, TelePrompter Corp., 50 West 44th Street, New York, N.Y. 10036.

Governor Shafer is the former Governor of Pennsylvania (1967–70), served as Lieutenant Governor (1963–66), as State Senator (1959–62), and was twice elected District Attorney.

Dr. Dana Lyda Farnsworth, (Vice Chairman of the Commission), 55 Shattuck Street, Boston, Mass. 02115.

Until his recent retirement Dr. Farnsworth, a psychiatrist, held the appointment of Director of the University Health Services at Harvard University. He now holds the positions of Henry K. Oliver Professor of Hygiene Emeritus and Consultant on Psychiatry to the Harvard School of Public Health.

Dr. Henry Brill, Director, Pilgrim State Hospital, Box 22, West Brentwood, L.I., N.Y.

Dr. Brill was in charge of the New York State Narcotic Treatment Program from 1952–64 in his official capacities with the Department of Mental Hygiene and Chairman of the NIMH Committee on Clinical Drug Evaluation from 1960 to 1965.

John A. Harvard, Ph.D., President, Rockford College, Rockford, Ill.

Dr. Howard currently serves as President of the American Association of Independent College and University Presidents. In the past he served on the President's Commission on Presidential Scholars, the White House Task Force on Priorities in Higher Education and the Illinois Governor's Advisory Council. He has been President of Rockford College since 1960.

Charles O. Galvin, Dean, Southern Methodist University, School of Law, Dallas, Tex.

Dean Galvin was legal consultant on oil and gas law, taxation and estate

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planning in Dallas 1947–52. He has been on the faculty of SMU Law School from 1952 to the president and was appointed Dean in 1963.

Maurice H. Seevers, M.D., Professor of the Department of Pharmacology, University of Michigan, School of Medicine, Ann Arbor, Mich. 48105

Among the many positions Dr. Seevers has held is consultant on drugs and drug abuse to Japan, Thailand, Australia and the United States. He has served as a member of the Drug Abuse Panel of the White House Conference on Narcotics and Drug Abuse, the Surgeon General's Advisory Committee on Smoking and Health, the Committee on Problems of Drug Dependence of the National Research Council, and the National Academy of Sciences. He is recently retired as Chairman of the Department of Pharmacology at the University of Michigan, School of Medicine.

J. Thomas Ungerleider, M.D., Associate Professor of Psychiatry, U.C.L.A. Neuropsychiatric Institute, 760 Westwood Plaza, Los Angeles, Calif. 90024

Dr. Ungerleider is the founder and Director of D.A.R.E. (Drug Abuse Research and Education) in Los Angeles. He has also been a consultant on drug abuse to the U.S. Senate, the National Institute of Mental Health, the U.S. Public Health Service, NBC, and Universal Studios and Paramount Pictures (for educational films).

Mr. Mitchell Ware, Mazza, Mazzio and Ware, Suite 1801, 33 North Dearborn, Chicago, Ill. 60602

Mr. Ware served as Inspector for the Illinois Division of Narcotics Control (1960–66) serving as that agency's Superintendent (1968–70). He was appointed the first Superintendent of the Illinois Bureau of Investigation when that agency was formed in 1970. In 1971 Mr. Ware became a partner in the firm Mazza, Mazzio and Ware.

Mrs. Joan Ganz Cooney, President, Children's Television Workshop, #1 Lincoln Plaza, New York, N.Y.

Mrs. Cooney's concern about the preparation of preschool children for formal education, her work as a member of the National Council on Reading and as an advisor to the White House Conference on Children and Youth led to the creation of "Sesame Street" which she undertook for the Carnegie Foundation.

Hon. Jacob K. Javits (R-New York), U.S. Senate, 326 Old Senate Office Building, Washington, D.C.

Senator Javits served four terms as Congressman from New York, was elected Attorney General of New York State in 1954, and was elected Senator in 1956 to present.

Hon. Harold E. Hughes (D-Iowa), U.S. Senate, 1327 New Senate Office Building, Washington, D.C.

In April, 1969 Senator Hughes was named Chairman of the newly created Special Subcommittee on Alcoholism and Narcotics, established to focus attention on the extent of alcoholism and drug dependence in the country and on the absence of adequate programs for treating and rehabilitating victims of these diseases. He was elected to the U.S. Senate in 1968 after serving three terms as Governor of his home state.

Hon. Paul G. Rogers (D-Florida), House of Representatives, 2417 Rayburn House Office Building, Washington, D.C. 20515

Congressman Rogers, as Chairman of the Public Health and Environmental Subcommittee of the House Interstate and Foreign Commerce Committee, has been a congressional leader in health and environmental legislation. Among the major health measures he worked to pass was the Comprehensive Drug Abuse Prevention and Control Act of 1970, which created the National Commission on Marihuana and Drug Abuse.

Hon. Tim Lee Carter (R-Kentucky), House of Representatives, 1202 Longworth House Office Building, Washington, D.C. 20515

Dr. Carter was the Republican floor manager for the Comprehensive Drug Abuse Prevention and Control Act of 1970, which created the National Commission on Marihuana and Drug Abuse.

Michael R. Sonnenreich, Executive Director, National Commission on Marihuana and Drug Abuse, 801—19th Street, N.W., Suite 1117, Washington, D.C. 20006

Mr. Sonnenreich was formerly the Deputy General Counsel for the Bureau of Narcotics and Dangerous Drugs in the Department of Justice from 1968 to 1970. He is currently Reporter for the Special Committee on Narcotics and Hallucinogenic Drugs Act (National Conference of Commissioners on Uniform State Laws) and Special Committee on Uniform Drug Abuse and Treatment Act (National Conference on Commissioners on Uniform State Laws).

Mr. FLOOD. Mr. Casey.

MARIHUANA AND CRIME

Mr. CASEY. Is marihuana a stimulant or not? I have heard you say both now.

Mr. SONNENREICH. It is generally classified in the category of a hallucinogen. It is a stimulant.

Mr. CASEY. But the Commission has reached the conclusion it has nothing to do with crime particularly?

Mr. SONNENREICH. That is correct, sir.

Mr. CASEY. If someone is thinking about committing a crime and needs a little nerve, you don't think that would give it to him?

Mr. SONNENREICH. We did an empirical study on it.

Mr. CASEY. What is an empirical study?

Mr. SONNENREICH. This is a face-to-face interview with people in a high crime area who have admitted to using marihuana with a control group that hasn't and verifying their police records and FBI records and it isn't borne out by the statistics. It is a stimulant but all stimulants don't react the same. If you were talking about cocaine which is a stimulant which causes tremendous hyperactivity that is one thing, but such is not the case with marihuana.

METHODOLOGY USED IN STUDIES

Mr. CASEY. One of these face-to-face studies you said was done by contract with a university?

Mr. SONNENREICH. That is correct.

Mr. CASEY. Who do they use, students?

Mr. SONNENREICH. No, sir; they use trained field interviewers.

Mr. CASEY. How many people do they interview to reach these conclusions?

Mr. SONNENREICH. On this particular study that was done in the west Philadelphia area, they did a pilot study sample and they screened 3,000. From that they interviewed I believe 559 and these were checked through. In addition to the interviews the 3,000 were checked for police records and then the FBI was asked to participate, which they did, and we checked out their criminal records.

POSSESSION VERSUS SALE OF MARIHUANA

Mr. CASEY. You stated that you reached the conclusion that someone who has marihuana in their possession for their own personal use, should not be subject to a criminal charge. Is that right?

Mr. SONNENREICH. That is correct.

Mr. CASEY. What if they have it for sale?

Mr. SONNENREICH. That would be a crime as under existing law.

Mr. CASEY. Where is the fellow who is going to use it going to get it?

Mr. SONNENREICH. There is no crime to buy it. He would have to go out and would have to buy it or get it on the market.

Mr. CASEY. You are stimulating an illegal operation by buying it or is he going to raise it in his window box like we caught them doing down home.

Mr. SONNENREICH. This is very similar to the drug abuse control amendments law the Congress passed in 1965 on hallucinogens, depressants, and stimulants. It was a crime to possess with intent to sell and to sell, but not a crime to possess for one's own use. The theory the Congress gave at that time was that simple possession was too far down in the chain to concern law enforcement. It does not affect significantly the trafficking. We are concerned about the traffic of marihuana. We are talking about a partial prohibition scheme, not a legalization scheme. This is very similar in a certain aspect to prohibition.

During prohibition, the Federal Government and all but five States did not prohibit the use of alcoholic beverages for one's own consumption nor was it prohibited to buy it. What we are seeking to do here is to focus law enforcement attention in the area it should most be focused; that is at the trafficking level in the drug. We want to discourage the use of the drug, but at the same time we don't think it is necessary to put approximately 200,000 people a year in jail for possession.

NIMH STUDIES

Mr. CASEY. Of course your Commission has only been in existence since October of 1970, yet you have been talking about 4-year studies. Where are these 4-year studies coming from?

Mr. SONNENREICH. These were ongoing studies conducted by the National Institute of Mental Health and Dr. Miras in Greece, also under HEW grant as a National Institute of Mental Health subcontractor.

Mr. CASEY. Who was the director of the National Institute of Mental Health then?

Mr. SONNENREICH. At that time I believe it was Dr. Stanley Yolles. These contracts were just completed this year under Dr. Brown.

Mr. CASEY. You have reached also the conclusion that marihuana doesn't lead to the use of harder drugs?

Mr. SONNENREICH. Yes.

Mr. CASEY. Yet the National Institute of Mental Health people have told us they do. Did you consult those experts or are they experts?

Mr. SONNENREICH. We certainly did and their recent report, "Marihuana and Health," that came out in January also states the same finding we have; it is not causal and leading to other drugs. That is part of the official report of the Secretary of Health, Education, and Welfare.

PRESCRIPTION OF INTRAVENOUS OPIATES

Mr. CASEY. Are you prepared to say anything yet about the possibility of prescription of intravenous opiates as a substitute for methadone?

Mr. SONNENREICH. We are just starting to look into this. We have not carefully looked into it. We are studying the English system. But I might add at this point that many of the Commission members feel the English system and the culture in England and the fact that they have so few addicts makes it somewhat significantly different from the U.S. experience.

Mr. CASEY. The English at first parceled it out. They didn't have the prescription type. They didn't come in and get their shots in the office. They were given it so they could give it to themselves.

Mr. SONNENREICH. That is correct; from 1958 to 1968, and then they switched to a clinic situation with a registry. And from 1968 to the present time it has been handled by approximately 20 clinics such as Tooting Bec and Lambeth Clinic where they come in and shoot up. I was at one of the clinics for several days watching them shoot up.

Mr. CASEY. Before 1968 they used to take it and cut it some and sell some.

Mr. SONNENREICH. That is what the British called the "pseudo-black market"; that is, the addict would go into the doctor and say "I am using 200 milligrams a day," and the doctor would say fine and write out a prescription, when the addict was really only using 50 and would sell the other 150. But the price on the black market around Picadilly Circus is very cheap. It is not a major problem because the addicts can get the drug if they want it.

EXPLORATION OF SOURCES OF ILLEGAL DRUGS

Mr. CASEY. Is the Commission doing anything on studies as to source of drugs and how much illegal narcotics are coming in and where they are coming from?

Mr. SONNENREICH. Yes, sir. We are looking at that very carefully, and in the past year we have looked at this very carefully. We met just before the Thai-United States bilateral agreement on drugs with the Thai Government. We went up into northern Thailand, to what is known as the Golden Triangle, Burma, north Thailand, the Yunnan province of China, Laos, and Cambodia, to look at where the opium is being grown in Southeast Asia, because many people feel this is going to be the new source of opium for the United States. In fact some of it is already beginning to come in.

You are talking about extremely primitive conditions. Opium is the only crop these people have known how to grow for the last 200 years. There is no government up there to speak of. Whoever owns a gun and lives in the valley is a government. And the dialects are even different from valley to valley. To get to the first opium field required 2½ hours of walking through the jungle after we went as far as we could by land rover. It is going to take a lot of time before we can dry up that kind of source.

These people don't know how to grow anything else. The only consolation we have now is that because they are so primitive in their agriculture, they cut down an entire forest and they burn it. That is their fertilizer. Then they plant their opium. That will only grow in the soil for about 5 years. After that 5 years you can't grow opium or anything there for another 10.

Mr. FLOOD. That is not true in Turkey and the Middle East.

Mr. SONNENREICH. No; they are more sophisticated. But the problem is that the Meo and Koran tribesmen have been cutting down so much forest and highland in Thailand you are getting for the first time floods in the lowlands destroying the rice. The Thai Government is very much concerned now because it is economically affecting them.

RELATIONSHIPS WITH NIMH

Mr. CASEY. What has your Commission done and is doing differently from the National Institute of Mental Health? In other words, are you overlapping or duplicating? You sound like your report coincides with one already issued by the National Institute of Mental Health. What are we getting new for our money?

Mr. SONNENREICH. What you are getting new is that the National Institute of Mental Health made a statement but the statement was not substantiated by empirical data and we gathered the data. We try not to overlap with the National Institute. We have worked extremely closely with Dr. Brown as with Dr. Jaffe. The purpose is to pick the areas either the line agencies don't have the time to do or for one reason or another are not particularly interested in doing, such as looking at the Federal organizational response to drug abuse. We do those areas. We also have to sift through a lot of material that has been generated to separate fact from fiction.

One of the advantages that the Commission has over the line agencies is we don't have to worry about a program or an activity that the agency is committed to. If that particular program or activity is yielding negative or less than maximum results, we can report it and we do report it.

An example of this I might point out is our recommendation with regard to better statistics in the law enforcement community at the Federal level.

IMPLICATIONS OF MARIHUANA REPORT

Mr. CASEY. The chairman was asking if your report was well known throughout the country. It has created a little controversy, hasn't it?

Mr. SONNENREICH. That is correct. The Commission was very hopeful that the report would be a focus point of discussion, and it certainly has generated a lot of discussion. This is good, this is very good, because people will have to define much more carefully now the reasons why they feel a certain social policy is good or bad. That is very useful.

One of the things I think the Commission report has laid to rest for all time is the prevailing myth that marihuana causes death or leads to addiction, which are just not true. The national survey indicated 48 percent of the American public thought that marihuana caused death, and 41 percent of the American public thought marihuana was physically addicting. These beliefs are just absolutely not true. And these kinds of things we believe are very important to overcome before you start talking about a social policy for marihuana.

Mr. CASEY. Do you have any teenage children?

Mr. SONNENREICH. One child 7 and one child 5.

Mr. CASEY. No teenage children?

Mr. SONNENREICH. Not yet.

Mr. CASEY. What am I supposed to tell my kids in college when we get into discussion? They say, "OK, Dad, your National Commission says nothing is wrong with marihuana."

Mr. SONNENREICH. But that is not what the National Commission has said. That is the basic statement that is made time and time again, and that is the——

Mr. CASEY. Tell us what is wrong with it?

Mr. SONNENREICH. There are many things that are wrong with it.

One thing you are concerned about is the long-term effect of very heavy use. There is no question about it. The Commission is very concerned about this. We don't want to create another public health problem.

Mr. CASEY. OK, a marihuana cigarette at a Saturday night party, that is no problem. What do I tell them?

Mr. SONNONREICH. It is a very hard, bitter fact, but the fact is that from the public health point of view, an occasional cigarette of marihuana is not going to cause sufficient public health problems. But that is not a reason for legalizing something.

One of the things that the Commission feels very strongly about is that the people that advocate legalization of marihuana and talk to us about an alcohol model aren't taking a very careful look at this wonderful model they raise up for the Congress or the President to adopt. The alcohol model is designed to cut down the excessive use of alcohol, which it hasn't done, and to stop youngsters from drinking it, which it hasn't done. So as a model, it is a pretty bad model to follow.

Also the point is that you are not talking about something that is an ingrained ethic in the American scene. Marihuana has not been a widespread phenomena among the "establishment classes" of America except for the last 5 years. And the Commission is very, very loathe to recommend any policy that is going to institutionalize the use of this drug.

The fact that you say that a person shouldn't go to jail for use of the drug doesn't mean that you condone the use of the drug. There are many things we don't condone, but we don't put people in jail for them.

This business about taking an either/or position, which I think most of the youngsters do, is I think really begging the issue because if they are asking you to adopt a new policy they had better be certain that that policy has a chance of success, and the alcohol model and its avowed goals doesn't have a chance of success.

Mr. CASEY. The kids use that as an argument.

Mr. SONNENREICH. It is a very poor argument. And I think the report deals with that in great detail.

Mr. CASEY. They say, "Alcohol is more dangerous than marihuana. It is legalized; why not legalize marihuana?"

Mr. SONNENREICH. In certain respects alcohol is more dangerous than marihuana; in certain respects it is not. The point is you have alcohol on the scene. There is no question alcohol is physically addicting. We have 9 million alcoholics. Half of your crime is ascribed to alcoholism. You have 35,000 deaths on the highway every year attributed to alcohol. It is a major problem. But when somebody starts to talk to you about taking marihuana and creating a model similar to alcohol, I think you have to take issue with that person because that is not a model that anybody starting afresh would really be willing to accept.

Mr. CASEY. I don't believe any of my children have anything to do with it, but they have friends that do and they have one or two that were picked up. They get excited about it and, of course, with a stiff penalty like they have had in Texas I can understand that. I don't go along with the stiff penalty for first offense possession—I think your findings probably will have some healthy effect in this regard.

Mr. SONNENREICH. We stress the role of the family, the church, and the educational institutions to talk to people, and we have a great con-

fidence in the American people. We believe if you tell them what the facts are about marihuana, many people will make a rational choice and decide not to use it. We know that fully 60 percent of people that used marihuana gave it up and the survey indicates the reason was not fear of the police; rather they just lost interest in it. We know many people when they ask them—a vast majority, 85 percent of the Americans have never used marihuana and when asked the question, "if marihuana is legalized and you could use it, would you?" the overwhelming majority said they wouldn't use it.

Mr. CASEY. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Shriver.

COMPENSATION OF COMMISSION MEMBERS AND CONSULTANTS

Mr. SHRIVER. What is the per diem pay for the Commission members?

Mr. SONNENREICH. That was established by section 601 of the act, $75 per day.

Mr. SHRIVER. How often do they meet?

Mr. SONNENREICH. It is not fixed. In the last several months because of getting out the marihuana report they met about twice a month.

Mr. SHRIVER. What is the pay of the consultants and the experts?

Mr. SONNENREICH. $75 a day.

Mr. SHRIVER. The same thing, that is set in the act?

Mr. SONNENREICH. That is set in the act.

REDUCTION IN TRAVEL REQUEST

Mr. SHRIVER. You are asking for a reduced amount for travel?

Mr. SONNENREICH. Yes, sir.

Mr. SHRIVER. Is this a result of your experience in the past year?

Mr. SONNENREICH. No, sir. We will only be in existence for 11 months of fiscal year 1973. Two of those months will be winding down the Commission. Based on that projection, I eliminated some of the travel funds because I just didn't believe we would be spending them. A lot of the travel and a lot of the hearings will have transpired. We will only have two to three more formal hearings and probably five informal hearings. I just costed out the travel on the basis that, starting somewhere in February, we would start scaling everything down simply because the report will have been written by that time, most of the appendix will be in form to go to the Government Printing Office, and travel will be held to an irreducible minimum.

LOCATION OF OFFICE

Mr. SHRIVER. Where are your offices?

Mr. SONNENREICH. 801 19th Street NW., the 11th floor.

RESEARCH CONTRACTS

Mr. SHRIVER. I notice on one of the pages of your justification the item "Other services," $312,000, as compared with 1972 of $894,000.

Mr. SONNENREICH. Yes, sir.

Mr. SHRIVER. What is that?

Mr. SONNENREICH. Those are the contracts and the——

Mr. SHRIVER. Research contracts?

Mr. SONNENREICH. Yes, sir; and the brunt of the contracting in fiscal year 1972 includes the marihuana contracts, the payments as well as the beginning of a contract for the drug abuse study.

INTERNATIONAL COOPERATION ON DRUG PROBLEM

Mr. SHRIVER. You mentioned a little while ago in answering questions that Mr. Casey propounded the problem that might result from introduction into this country of heroin from Thailand. You mentioned the problem that we couldn't dry it up as we are attempting to do in cooperation with the Turkish Government. I didn't understand why you didn't think we could participate in the kind of aid program we have for Turkey.

Mr. SONNENREICH. There are several reasons. I am just giving you my own personal opinion, having been there. This isn't official policy or anything.

Nobody owns that country up there. When you get into the provinces of Turkey there is a centralized government that can exert some pressure. To give you an example, in Burma, the only town owned up there by the Burmese Government is Thashlick. When night falls on the city all the Government people run inside and that is the end of it. They do not own the countryside. You have the old Chinese Nationalist Army who went down there and now are just armed forces roaming around in the hills. It is very difficult for the Thai Government to exercise real control in that area.

So you have a completely different kind of situation, plus you have the fact that you are dealing with tribes that don't really owe allegiance to a central government, that are somewhat backward in comparison to Turkey, that only know how to grow opium. That is their cash crop.

Mr. SHRIVER. You mean Turkey?

Mr. SONNENREICH. No, in Thailand, up in Burma, and in Laos. They grow a lot of opium.

Mr. FLOOD. Plus the fact that it is alleged that many of the highest officials in the Thai Government and the Laos as well and Cambodia and Burma and South and North Vietnam have been identified with the traffic.

Mr. SONNENREICH. That has been alleged, sir.

Mr. SHRIVER. I am on another subcommittee of appropriations that has a request before it now for Turkey in connection with the foreign aid technical assistance program. I was recently on a farm outside of Ankara, Turkey where they are experimenting with new types of crops, not to pay farmers not to grow poppies, but to show them how to grow other things that are as profitable as poppies. We will be continuing this program of technical assistance in Turkey. I wonder if we couldn't develop the same kind of a technical assistance program in Southeast Asia?

Mr. SONNENREICH. I think there is no question about it that this would be a tremendous help. But I think you also have to recognize that kind of assistance with these kinds of tribesmen is going to take some time.

Mr. SHRIVER. Are they uncivilized?

Mr. SONNENREICH. They are civilized after a fashion.
Mr. SHRIVER. They had a civilization long before we had.
Mr. SONNENREICH. That is right.
Mr. FLOOD. Civilization is a very elastic term.
Mr. SONNENREICH. That is right.
Mr. FLOOD. Mr. Patten.

NEED FOR COORDINATION OF DRUG EFFORT

Mr. PATTEN. We voted for a new drug act here the last month or so and the impression was given by our colleagues everything was under one umbrella. Today I got a communication from the United Nations, a leaflet about who is contributing. Your Commission is not under this new umbrella.

Mr. SONNENREICH. That is correct.

Mr. PATTEN. Mr. Gross, new Under Secretary of State, handles the international work in the drug field and gave us a briefing in the past month. Spoke of our people in Turkey and our people in Saigon. He tried to cover that. That is not under the new umbrella, the State Department action in the international field. Right?

Mr. SONNENREICH. It is because they have to consult with Dr. Jaffe. All international classification of drugs has to be cleared with the Special Action Office for Drug Abuse Prevention. That is part of the act that Congress passed. Also, there is constant communication with them. The reason the Commission isn't under SAODAP is because the Commission is a creature of the Congress and it basically is a separate agency that will go out of existence next year. However, we are working very closely with Dr. Jaffe.

Mr. PATTEN. We don't want the Commission to go out of existence. Nothing is more permanent around here than a temporary commission.

Mr. SONNENREICH. I hope that is not the case with ours.

Mr. PATTEN. If you had my vote, would you vote for this money for next year?

Mr. SONNENREICH. Yes, sir.

Mr. PATTEN. You think it is worthwhile?

Mr. SONNENREICH. Yes, sir. I think you will get a lot of bang for your buck.

Mr. PATTEN. Having lived through prohibition and knowing different problems of law enforcement, I know what happened in 1925 before the grand juries and before the judges, with a local sheriff and local police. We had a tolerance on law enforcement, there is no question about it. Many a movie was made about Chicago and other places.

Mr. SONNENREICH. Correct.

Mr. PATTEN. So we can't always have our own way. But you think that we should support at least what you ask.

Did you indicate that our new drug act might be a step in the right direction?

Mr. SONNENREICH. I think it is a very definite step in the right direction. I think there is a crying need for somebody to get a handle on all of these different line agencies and make some sense out of what is going on. The Federal Government is beginning to institutionalize the concept of drug abuse. You are going from $70 million in fiscal year

1967 up to I think the last estimate was 600 some odd million dollars. It is becoming big business. Somebody had better start setting out some guidelines and criteria about what is going on and where the duplication is. This is the time to do it. I think the Congress in passing this new act made a very important step in the right direction.

HEALTH PROFESSIONALS INVOLVED IN DRUGS

Mr. PATTEN. I was county clerk for 15 years and drug cases came before the grand jury, say, in the 1940's and 1950's, was no epidemic but we had a number of cases. My observation was that the people that came before us were all ages but usually they were related to professionals like a druggist or a nurse in a nursing home, who felt a little pain and started to take a little medicine and the first thing she was an addict and would resort to illegal methods to secure more and probably involve a doctor thinking he would be a good fellow. It didn't attract much attention.

My recollection is that a few cases I witnessed in court were tied in with people who legally were handling drugs in hospitals, in drugstores and things of that type. Will your drug study, do you think, point up what percentage that still is, or do you think it is going to be a very small percentage?

Mr. SONNENREICH. It will now be minuscule in comparison to the people that are using these drugs. Most of the people that are using these drugs are not professionals in the sense of being related and having easy access to the drug. There still are what are commonly referred to as "junky doctors," I mean doctors addicted to morphine or something, but that is a small percentage.

INTERIM DRUG REPORT

Mr. PATTEN. One last thought. You know we are impatient for the drug study. I don't like to wait until next March to get your report. If there is any value in releasing an interim report that would be helpful to us, would you hesitate to do it?

Mr. SONNENREICH. Not at all.

Mr. PATTEN. Nothing further, Mr. Chairman.

Mr. FLOOD. Mr. Robinson.

PER DIEM PAY

Mr. ROBINSON. Mention has been made of the $75 per diem.

Mr. SONNENREICH. Yes, sir.

Mr. ROBINSON. Your statement indicates that $100 per diem is authorized.

Mr. SONNENREICH. I stand corrected. It is $100 per diem by statute for the Commissioner and $75 per diem by the statute for the consultants and experts. I am sorry.

PROJECTS UNDERWAY OR CONTEMPLATED

Mr. ROBINSON. You mention in your statement that projects already underway or well along in the planning stage are 12 in number at the present time.

Mr. SONNENREICH. Yes, sir.

Mr. ROBINSON. Are there projects of this type which are already completed and for which the data is there for all to see? If so, how many are there?

Mr. SONNENREICH. I did not list all of the projects. One of the projects that will probably become available in early June will be an analysis and evaluation of the law of every State of the Union with respect to commitment procedures, rehabilitation, and voluntary with involuntary civil commitment. That will be available in June. We are completing studies on some of the legal things, the constitutional limitations of treatment, of rehabilitation.

Part of the study on education is going to be published May 8 in our appendix in the marihuana report. The education component is really drug abuse, it is not just marihuana because you can't separate that out in terms of teaching people about drugs and giving them information.

What we are trying to do is trying to get as much information spaced out over the course of the year as possible so that we can provide interim statements of what is going on.

Mr. ROBINSON. You say there are other projects underway other than the 12 which you list in the report?

Mr. SONNENREICH. Yes, sir.

Mr. ROBINSON. Do you contemplate undertaking additional projects?

Mr. SONNENREICH. Yes, sir.

Mr. ROBINSON. Do you feel there is adequate time within the time frame within which the Commission will still be functioning to complete all of these and have useful information on them?

Mr. SONNENREICH. Yes, sir. For example, the reason I didn't put in one project is because we will not start it until summer, and that is the law enforcement strategy project. We did this with marihuana and it was the first time ever done with that, and that was in six metropolitan jurisdictions. We will probably run a similar study there. We will do a complete analysis of Federal law enforcement; that is, Customs, Immigration and Naturalization Service, and BNDD. That has not really started. We are still just forming what we are going to do, and we are meeting with those various agencies to see what kind of information they can give us and how we will proceed.

Mr. ROBINSON. Will most of this work be done by way of contract?

Mr. SONNENREICH. About half and half, sir. Half will be done by the staff and half will be done by contract.

Mr. ROBINSON. And you do feel there is time within the life of the Commission to perform useful service in all of these areas? It seems to me you are spread awfully thin.

Mr. SONNENREICH. We are thin, and the question is the degree of involvement. We will have to make the decision as to how far we can proceed. In some areas all we can do is point the way to other agencies to pick up where we left off to do it if they think it is useful.

An example is our analysis of how money is being spent by a State, and we picked the State of New Jersey being right next door to New York, and New York would be too monolithic for us. We are running through at this point where all of the drug moneys are going, who is making the decision on how drug moneys are being spent in education,

rehabilitation, and law enforcement, and where the private sector money is coming from.

If that is a good study, we can use this as a model and we can turn to the Special Action Office and say this is something you should do for every State. Here is something that would be useful not just so you would have a national picture but so every State in the Union would know where the moneys are going so they could make some management decisions. We are now entering the realm of big business. I have no doubt in my own mind that the budget for drug abuse soon will be at the $1 billion mark. Once you get into that kind of area, somebody had better start to manage the money correctly or at least have an idea how this money should be managed. You are in a fortunate position now, because the drug issue has escalated so quickly in the last 3 years, to start asking those very basic questions or else what you are going to have is a drug abuse bureaucracy that is going to perpetuate the problem ad nauseum.

LIFE OF THE COMMISSION

Mr. ROBINSON. Is it your intention to accept the winding down and the automatic expiration of the Commission or do you intend to push for its continuation?

Mr. SONNENREICH. As we stated before, Congress said 2 years and we expect to abide by it and keep to it. The Congress asked for a report 1 year after funds became available on marihuana and we gave the Congress the report on the exact date we were supposed to and we fully intend to comply with the second requirement. It is the intention of the Commission that its function would be best served if it goes out of existence after it does its job. If we don't go out of existence, then we become part of the bureaucracy and we have an ax to grind. What would happen would be that everybody is going to look at us and say that we have made recommendations and established a little berth for ourselves. Whereas if we get out of the business and do exactly what the Congress anticipated, then you can look at our recommendations and you can say they had no ax to grind because they are out of the business.

Mr. ROBINSON. I appreciate your refreshing attitude.

INFORMATION NEEDED ON ADDICITS

You mentioned the wide disparity which is a matter of concern, of course, with respect to the estimated number of addicts we have in the United States today. But your projects don't include any survey of this area. Do you intend to actually do anything in this?

Mr. SONNENREICH. As I just explained to the chairman, the cost is prohibitive on our limited budget and we really can't do it on the basis of our existing budget we have submitted. What we have done to tool up for it is we have been using consultants for the past 3 months, and there are some real problems in designing this kind of survey, and the best we will probably get is a much better estimate of the drug addicts.

But we will get a lot of information that nobody has now that could be used for planning purposes. Our basic concern with this thing is the fact we know that Hill-Burton funds come up for renewal in

1973 and a lot of other projects come up for renewal, and it is our feeling if we can't fund it, somebody should fund it so that the Congress has this tool in front of it so it can say with some assurance that it knows what the problem is across the United States and it has some idea of who these people are.

I mean, is the addict the stereotype we all think of or is he somebody new? Is it the kid now in the suburb? Are the programs that we design, for the black urban ghetto dweller the same kind of program that would be effective in a suburb? We don't know. We really don't know. This is the kind of basic information that I think both the executive branch and the legislative branch desperately need.

SELECTION OF TITLE FOR MARIHUANA REPORT

Mr. ROBINSON. You mentioned that the report on marihuana is somewhat controversial. I think that you will agree that one of the reasons it is controversial is the suggestion that is included in the very title of the report, "A Signal of Misunderstanding." Was the Commission fully aware of the provocative suggestion that the title inferred when they selected it?

Mr. SONNENREICH. There were two things that the Commission did when they selected that title. One, there was a growing realization that people were not talking about marihuana, they were talking about a lot of other things that they felt very concerned about. They felt concerned about their kids, they felt concerned about whether the country was going to continue along certain basic precepts that the older generation feels very strongly about and a lot of the youth feel strongly about.

So a lot of things were ascribed to the use of marihuana and there were basic misunderstandings. Therefore, the title was selected as a red flag to tell people that if we are going to talk about marihuana, let's talk about marihuana but let's not ascribe every other ill of society, including radical politics, to marihuana.

The other thing the Commission sought was to have the title noncapitalized because part of the concern that the Commission felt very strongly about, and feels strongly about today, is that we have created a problem psychology with regard to marihuana.

If we can deemphasize the hysteria and emotionalism and talk about it in a factual way, even if we disagree about policy, or about legal implementation, perhaps that would be a much more productive occupation. That is the reason the title was picked and the way it was set up.

MARIHUANA NOT PHYSICALLY ADDICTIVE

Mr. ROBINSON. You brought up the comparison of alcohol and marihuana. We know, of course, that there are those that can't tolerate alcohol because of certain psychological and physical conditions that cause them to react differently as compared to the majority of the population.

Are you able to identify those that are in the same category with regard to the use of marihuana?

Mr. SONNENREICH. At the present time the answer I think would be "No." We do know that there are compulsive users of drugs. We know that 2 percent of the using public in the United States, all those

we would consider to be heavy marihuana users, that is more than once daily——

Mr. MICHEL. Are those considered to be addicts?

Mr. SONNENREICH. No.

Mr. MICHEL. You can say without any question whatsoever that it is impossible to become addicted to marihuana?

Mr. SONNENREICH. Physically addicted, there is no question about it. I think this is borne out by Dr. Jaffe and Dr. Brown and anybody else who has looked at it. There is nothing in this drug that is physically addicting.

Mr. MICHEL. Why do you say physically?

Mr. SONNENREICH. Because cigarettes——

Mr. MICHEL. Can you become mentally addicted?

Mr. SONNENREICH. You can become dependent on anything.

Mr. MICHEL. How many are considered mentally addicted?

Mr. SONNENREICH. Physiologically, psychologically, probably some percentage within that 2 percent of heavy users.

Mr. MICHEL. We are talking about how many people?

Mr. SONNENREICH. In the total population of the United States approximately 500,000. There is no question about alcohol, it is physically addicting.

Mr. ROBINSON. That is all, Mr. Chairman.

Mr. FLOOD. This is the Commission former Governor Shaffer of Pennsylvania was chairman of. He is still chairman?

Mr. SONNENREICH. Yes, sir.

Mr. FLOOD. He hasn't resigned?

Mr. SONNENREICH. No, sir.

Mr. FLOOD. Let me say you made a very refreshing, very knowledgeable, very helpful presentation here this morning on an extremely difficult and a very important subject. I couldn't have done better myself. Thank you very much.

Mr. SONNENREICH. Thank you, sir.

JUSTIFICATION OF THE BUDGET ESTIMATES

COMMISSION ON MARIHUANA AND DRUG ABUSE
SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 33-12-0054-0-1-653	1971 actual	1972 estimate	1973 estimate
Program by activities:			
Conduct a study of Marihuana and the causes of drug abuse (program costs, funded) 1/.....	76	1,762	1,080
Change in selected resources...	5	85	40
10 Total obligations.....	81	1,847	1,120
Financing:			
21 Unobligated balance available start of year.....	. . .	-619	. . .
24 Unobligated balance available end of year.....	619	. . .	. . .
40 Budget authority.....	700	1,228	1,120
Relation of obligations to outlays:			
71 Obligations incurred, net.....	81	1,847	1,120
72 Obligated balance, start of year	. . .	21	100
74 Obligated balance, end of year..	-21	-100	-85
90 Outlays.....	60	1,768	1,135

1/ Includes capital outlay as follows: 1971, $-0-; 1972, $6 thousand; 1973, $3 thousand

2/ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1971, $5 thousand; 1972, $90 thousand; 1973, $130 thousand

COMMISSION ON MARIHUANA AND DRUG ABUSE
SALARIES AND EXPENSES

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 33-12-0054-0-1-653		1971 actual	1972 estimate	1973 estimate
	Personnel compensation:			
11.1	Permanent positions	39	406	366
11.3	Positions other than permanent	15	196	150
11.5	Other personal compensation			
11.8	Special personal services payments			
	Total personnel compensation	54	602	516
	Personnel benefits:			
12.1	Civilian	3	32	30
13.0	Benefits for former personnel			
21.0	Travel and transportation of persons	6	200	125
22.0	Transportation of things			
23.0	Rent, communications, and utilities	2	62	62
24.0	Printing and reproduction	2	45	65
25.0	Other services	12	894	312
26.0	Supplies and materials	1	7	7
31.0	Equipment	1	5	3
32.0	Lands and structures			
33.0	Investments and loans			
41.0	Grants, subsidies, and contributions			
42.0	Insurance claims and indemnities			
43.0	Interest and dividends			
44.0	Refunds			
99.0	Total obligations	81	1,847	1,120

Explanation of fund requirements by object:

11.1 Permanent Positions. This estimate covers the salary costs for 25 permanent positions authorized for FY 1972.

11.3 Positions Other than Permanent. This estimate covers the intermittent per diem pay of public Commission members, consultants and experts, together with the salaries of temporary personnel as needed to assist during Commission peak work periods.

12.1 Civilian Personnel Benefits. This estimate covers the Commission's contributions to the retirement, life insurance, and health benefits funds.

12.0 Travel and Transportation of Persons. This estimate covers the costs of Commission members' travel, subsistence and related expenses in connection with Commission activities, etc., for attendance at meetings, conferences, and hearings to be held in various sectors of the U.S. as well as abroad (Canada, England, etc.).

23.0 Rent, Communications, and Utilities. This estimate primarily covers communications costs such as postage, telephone, telegraph, and rent, etc., for FY 1972.

24.0 Printing and Reproduction. This estimate covers the cost of day-to-day printing requirements, i.e., and publication costs of the Commission's interim and final reports.

25.0 Other Services. This estimate covers the costs of (1) administrative support services provided by GSA, (2) reimbursable services of other Federal Agencies, i.e., Census Bureau, DHEW, etc., and (3) individual contracts.

26.0 Supplies and Materials. This estimate covers the costs of day-to-day operating supplies and materials.

31.0 Office Furniture and Equipment. This estimate covers the costs of office furniture, machines, and general equipment.

In summary, the primary cost requirements for the Commission's two-year life span will be comprised of (1) Personnel Compensation (including considerable consultant/expert type services to be employed in the numerous project studies required, and (2) "Other Services" or contracts for extensive research studies.

COMMISSION ON MARIHUANA AND DRUG ABUSE
SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

33-12-0054-0-1-653	1971 actual	1972 estimate	1973 estimate
Rates established by the Commission, comparable to GS grades:			
GS-18, $36,000	1	1	1
GS-17, $32,546 to 36,000	1	1	1
GS-16, $28,129 to $35,633	1	3	3
GS-15, $24,251 to $31,523	3	2	2
GS-14, $20,825 to $27,061	. . .	1	1
GS-13, $17,761 to $23,089	1	2	2
GS-12, $15,040 to $19,549	1	1	1
GS-11, $12,615 to $16,404	1	2	1
GS-9, $10,470 to $13,611	1	2	2
GS-8, $ 9,493 to $12,337	2	3	3
GS-7, $ 8,582 to $11,156	. . .	3	3
GS-6, $ 7,727 to $10,049	. . .	2	2
GS-5, $ 6,938 to $ 9,017	3	2	2
Total Permanent Positions	15	25	25
Unfilled Positions, June 30 (-)	-4	. . .	. . .
Total Permanent Employment, end of year	11	25	25

COMMISSION ON MARIHUANA AND DRUG ABUSE
SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

33-12-0054-0-1-653	19 71 actual	19 72 estimate	19 73 estimate
Higher Level Positions			
GS-18, $36,000, Executive Director	1	1	1
GS-17, $32,546 to $36,000 Deputy Director	1	1	1
GS-16, $28,129 to $35,633 Associate Director	1	3	3

COMMISSION ON MARIHUANA AND DRUG ABUSE
SALARIES AND EXPENSES

Personnel Summary

Identification code 33-12-0054-0-1-653	19 71 actual	19 72 estimate	19 73 estimate
Total number of permanent positions	15	25	25
Full-time equivalent of other positions	1	12	12
Average paid employment	3	37	37
Average equivalent GS Grade	11.5	10.9	10.9
Average equivalent GS Salary	$17,893	$16,198	$16,198

TUESDAY, APRIL 18, 1972.

CABINET COMMITTEE ON OPPORTUNITIES FOR SPANISH-SPEAKING PEOPLE

WITNESSES

DR. HENRY M. RAMIREZ, CHAIRMAN, CABINET COMMITTEE ON OPPORTUNITIES FOR SPANISH-SPEAKING PEOPLE
ART CRATEN, BUDGET AND LIAISON OFFICER, GENERAL SERVICES ADMINISTRATION
PETER H. PATINO, EXECUTIVE DIRECTOR OF OPERATIONS
MANUEL OLIVEREZ, DEPUTY PROGRAM DIRECTOR
DONALD HAPPE, MANAGEMENT CONSULTANT
ROBERT BROCHTRUP, ASSOCIATE DIRECTOR OF CONGRESSIONAL AFFAIRS
GEORGE UPSHAW, ASSOCIATE DIRECTOR OF OFFICE SERVICES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	306	436	698
Positions other than permanent	53	75	80
Other personnel compensation	3	6	10
Special personal services payments		2	
Total personnel compensation	362	519	788
Personne /benefits: Civilian	47	4	63
Travel and transportation of persons	62	80	120
Transportation of things		2	3
Rent, communications, and utilities	35	68	109
Printing and reproduction	38	50	60
Other services	74	87	92
Supplies and materials	5	8	10
Equipment	1	5	15
Total obligations	604	860	1, 260

PERSONNEL SUMMARY

Total number of permanent positions	35	35	55
Full-time equivalent of other positions	3	5	5
Average paid employment	29	38	58
Average GS grade	8. 4	8. 8	8. 8
Average GS salary	$13, 889	$13, 003	$12, 255

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
Resolution of problems of Mexican Americans, Puerto Ricans, Cuban Americans, and other Spanish-speaking groups (program costs funded)[1]	586	836	1, 272
Change in selected resources[2]	18	24	−12
Total obligations	604	860	1, 260
Financing: Unobligated balance lapsing	121	30	
Budget authority (appropriation)	725	890	1, 260
Reilaton of obligations to outlays:			
Obligations incurred, net	604	860	1, 260
Obligated balance, start of year	127	119	60
Obligated balance, end of year	−119	−60	−123
Adjustments in expired accounts	−27		
Outlays	586	919	1, 197

[1] Includes capital outlays as follows: 1970, $1,000; 1971, $1,000; 1972, $3,000; 1973, $15,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $60,000 (1971 adjustments −$53,000); 1971, $25,000; 1972, $49,000: 1973, $37,000.

Mr. FLOOD. Now we have the Cabinet Committee on Opportunities for Spanish Speaking People.

The presentation will be made by Mr. Henry M. Ramirez who was confirmed as Chairman of the Cabinet Committee on November 20, 1971.

I see you have a statement. We will include your biographical sketch in the record.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

(The biographical sketch follows:)

HENRY M. RAMIREZ, CHAIRMAN

Henry M. Ramirez was confirmed as Chairman of the Cabinet Committee on Opportunities for Spanish Speaking People on November 20, 1971. Ramirez, 43, of Walnut, Calif., is a former migrant worker, and long-time civil rights activist and community leader.

He came to the Cabinet Committee from the U.S. Commission on Civil Rights where he was the Director and Chief of the Mexican American Studies Division. Under his direction, the Commission prepared a comprehensive study of school systems in the Southwest as they affect Mexican American students.

Ramirez began his career in 1957 as a teacher of foreign languages. He went on to become an administrator and director of special studies for the Whittier, Calif., school system. During this time he developed and implemented the new horizon program, designed to educate and keep young people of the "barrio" in school.

In 1952, Ramirez received his A.B. degree from St. John's College of Camarillo, Calif., and then went on to study for the priesthood for several years. He was awarded his master's degree from Loyola University of Los Angeles in 1960. The Chairman is the recipient of two honors from Loyola; the first, an honorary doctorate degree which was received in 1970 for his work in the field of education; and the second, the alumnus of the year award for 1972.

He is a founder of the Mexican American Civic Association of Pomona, Calif., and is a member of the Caifornia Teachers Association, the California Compensatory Administrators Association, the Association of Mexican American Educators, the National Education Association, G.I. Forum, and Lulac.

Since his confirmation, Ramirez has concentrated his efforts on the Regional Council Conferences, which took place in six regions; the appointment of Spanish-speaking people to supergrade positions in the Federal Government; identifying Federal programs that should reach the Spanish speaking; and the implementation of President Nixon's 16 point program.

Ramirez, who resides in Bethesda, Md., is married to the former Ester Gomez of Claremont, Calif. They have four children.

Mr. FLOOD. You may proceed with your statement.

GENERAL STATEMENT

Dr. RAMIREZ. Mr. Chairman and members of the subcommittee, I am Henry M. Ramirez, Chairman of the Cabinet Committee on Opportunities for Spanish Speaking People. I would like to make a brief comment in support of our budget request, to facilitate your determinations. Shortly after confirmation of my appointment as chairman, almost 5 months ago, I made a complete assessment of our ongoing activities. As a result, two things became apparent: *First*, I felt that the Federal Establishment, the Congress, and the country had become sufficiently sensitized, and aware, to the reality of the Spanish speaking minority and its needs, and that the time had come to change our emphasis. As a result, we have restructured our priorities and have given

our attention to more positive, more pragmatic things. *Second*, I have found it necessary to acknowledge that the Cabinet Committee—by virtue of its existence, functions, and prerogatives—has been forced to adopt the role of "ombudsman", serving the Spanish speaking community. This has resulted in a considerable added workload that was largely unforeseen. We are obviously responding to a significant need in this regard. I personally think that our ability to respond to this kind of overture from the community is a reflection of the sincere interest of the President and the Congress, even though it has cut back the capacity of the program staff somewhat. For these reasons then, we are asking for an increase in staff to address the challenges of an action program, and to continue in general, though limited, service to the Spanish speaking community. Our budget request is consistent with this outlook and character, and is not intended to be perfunctory. If anything, it is pragmatic and hopeful—and, will, with your renewed support, bear considerable fruit in the future. Thank you.

RATIONALE FOR SUBSTANTIAL BUDGET INCREASE

Mr. FLOOD. You are requesting $1,260,000 for fiscal year 1973. That is an increase of $370,000 or 42 percent.

Dr. RAMIREZ. Yes, sir.

Mr. FLOOD. That is a pretty substantial increase for a 1-year period as requests for increases go before this subcommittee. Do you feel your committee's performance has been effective enough to warrant this very dramatic increase? Are you making sufficient progress or how would you know whether you are or not in such a short period of time to warrant this type of increase? Are you getting the job done or are you just like so many agencies and commissions and commissions upon commissions that appear before us and other appropriation committees, just spending a lot more money in hopes it will solve your problems? Mere dollars are going to do this?

Dr. RAMIREZ. This request for a large increase does present very serious questions as to why. The answer to these serious questions lies in several considerations. One is the condition of the Spanish speaking minority in our country. It is at the bottom of the socioeconomic ladder. It is also discriminated against in somewhat the same manner as the black community has been, with respect to equal opportunities, with this difference, in the black community discrimination was based primarily on color. In the Spanish speaking community, discrimination is additionally exercised on the basis of language and culture.

The status quo of the Spanish speaking people in our country is very, very serious in that it does represent a tremendous waste of human resources, year after year, an issue that the President has publicly deplored. In retrospect, it would seem obvious that the funded level of the cabinet committee—even at the rate of $1,000,000—which would come to about 10 cents per person in the target population, would be very inadequate with respect to measurable results.

Mr. FLOOD. That may very well be. We are concerned, of course, about the serious problem as you outline it, but what evidence do you have to show us that if you got a half million or a million or 10 million you

would be able to accomplish anything? That is what we are concerned about.

Dr. RAMIREZ. I would like to answer that concern in the following way.

When I accepted the chairmanship nomination, the Cabinet Committee had been without a Chairman for about 8 months. Under that situation it was very difficult to spend money wisely. Since my arrival I have adopted the position that it is absolutely essential to go beyond the role of helping individuals, organizations, entities, even in some cases school districts and city governments—the "ombudsman" role, so to speak.

I felt it was necessary to go beyond placing phone calls and attending conferences to communicate the need of the Spanish speaking people to the Federal Government officials, and that it was more necessary at this point in time to accelerate the entry of the Spanish speaking people into Government opportunities, and into the fabric of our country.

Mr. FLOOD. Every agency of the Federal Government you mean?

Dr. RAMIREZ. As much as possible, yes.

Mr. FLOOD. Not only Washington but through the regions wherever located?

Dr. RAMIREZ. Yes, Mr. Chairman.

Mr. FLOOD. With particular reference, of course, to your geographical problem?

Dr. RAMIREZ. Yes, sir. So, participation becomes the key, not only in terms of programs, fellowships, contracts, but in terms of employment opportunities. These two things are the prime goals that we established, and the alinement of our program people was done in such a fashion that there would be one person or two persons who would have day-to-day responsibility—day-to-day liaison and coordination activities—with one agency alone, so there would be one person who would be, for example, knowledgeable about the Justice Department and have a day-to-day relationship with that Department in order to identify those programs where the Spanish-speaking people were not participating, as well as those positions that the Spanish-speaking people could fill.

CHANGE IN EMPHASIS OF COMMITTEE ACTIVITIES

Mr. FLOOD. On page 2 of your justification you state, "reassessment of the scope of the Cabinet committee activities and objectives together with the reevaluation of priorities were undertaken" since the appointment of the present chairman. I guess that means you?

Dr. RAMIREZ. Yes, Mr. Chairman.

Mr. FLOOD. Tell us what you mean by this? Why was that done, what was the outcome?

Dr. RAMIREZ. Mr. Chairman, that means two things: One, that upon my arrival I decided that an interim activity would be as I indicated prior, Mr. Chairman, the increased participation of the Spanish-speaking people in employment opportunities and programs in

Washington and in the regional offices, and wherever the Spanish-speaking people are concentrated, mainly Dallas, Denver, Chicago, New York, and San Francisco.

Mr. FLOOD. Regional offices of what?

Dr. RAMIREZ. Of the Federal Government.

Mr. FLOOD. Or district offices?

Dr. RAMIREZ. Regional offices of HEW, of HUD.

Mr. FLOOD. District or any other offices?

Dr. RAMIREZ. Yes, sir.

We approached those two goals with the program staff as it was comprised at that time. We have termed these two activities in-house as Project Blue and Project Alpha.

Mr. FLOOD. Translate those.

Dr. RAMIREZ. Project Blue means that we would have task forces in every member agency of the committee. For example, the Department of Justice would have a task force answering directly to one of the Assistant Attorney Generals which would be composed of major division heads. Such task forces would meet with our liaison persons in order to identify jobs and programs on a time line and action basis. This would indicate, in a certain period of time, how long it would take to fill "x" number of jobs with Spanish-speaking people, as well as the specific programs which would accommodate the Spanish-speaking people.

Mr. FLOOD. What about Project Alpha?

Dr. RAMIREZ. Project Alpha meant that we would go from the White House to the regional offices, first, to make an assessment of their staffing patterns in relation to the Spanish speaking and an assessment of the flow of opportunities in the regional offices to the Spanish-speaking people. Then, after that initial visit we would return, as we did, to learn about their action plan. These action plans would spell out a goal and a timetable to evidence what regional offices intended to do to increase the participation of the Spanish-speaking people in representative employment and in programs.

GOOD RECEPTION BY FEDERAL OFFICIALS

Mr. FLOOD. How have you been received by these regional offices and these district offices or any other Federal offices out in the field, especially in the area geographically where you have Chicano problems and in the so-called ghetto areas? Did you get cooperation? What is the atmosphere?

Dr. RAMIREZ. Mr. Chairman, we were very fortunate in being well received in that the effort had a great deal of White House support and a great deal of support from the Secretaries of the various agencies. The latter, in many cases, either called or wrote letters to their regional director indicating their support.

Mr. FLOOD. The bureaucrats don't always pay attention to the White House and Secretaries. Are they in this case?

Dr. RAMIREZ. Mr. Chairman, by and large we have been fortunate in that they have been responsive, yes. We have now their action plans where they indicate their goals and the timetables in reaching those goals.

Mr. FLOOD. I think you know I was raised in St. Augustine, Fla. I don't have to say that is a Spanish-speaking town. I talked Spanish before I talked English. This is not unknown. I just want to be sure in the areas where the impact must be made it has been made.

Dr. RAMIREZ. Mr. Chairman, I am confident that the approach we are taking now is bringing the Federal presence to bear in terms of the need of the Spanish-speaking people in the regional offices where it hasn't been before. Regional offices have to report every quarter to the Cabinet Committee and to the President, their progress toward meeting the goals that they have defined for themselves.

Mr. FLOOD. You feel confident and optimistic?

Dr. RAMIREZ. I have a measured realism, Mr. Chairman, that this will happen.

REQUEST FOR NEW POSITIONS

Mr. FLOOD. You have 35 authorized positions, and you are proposing to provide 20 more in 1973. Are all of your authorized positions presently filled, and can you be more specific concerning these 20 people, what they will be doing?

Dr. RAMIREZ. Mr. Chairman, all of the positions are filled now. I would like to submit for the record if you wish the names of these various persons and their activities and their functions and roles in staff.

Mr. FLOOD. All right.

(The information follows:)

CCOSS PERSONNEL ROSTER

Name	Title	Grade	Ethnic background
Ramirez, H.	Chairman		Mexican American.
PROFESSIONALS			
Barroso, R.	Economic development	GS–13	Cuban American.
Becerra, A.	Housing, community development	GS–13	Mexican American.
Bernal, L.	OEO, EEOC	GS–12	Puerto Rican American.
Brochtrup, R.	Congressional liaison	GS–14	German American.
Conde, C.	Public information	GS–15	Mexican American.
Espinosa, R.	do	GS–12	Cuban American.
Fuentes, R.	DHEW	GS–13	Mexican American.
Hernandez, M.	Personnel director	GS–14	Do.
Ferreras, M.	DHEW	GS–13	Puerto Rican.
Oliverez, M.	Program director	GS–15	Mexican American/Puerto Rican-
Perez-Molina, F.	Research	GS–11	Peruvian American.
Patino, P.	Executive director	GS–16	Mexican American.
Ruiz, C.	Assistant director	GS–14	Do.
Upshaw, G.	Budget services	GS–11	Black.
PROGRAM ASSISTANTS			
Craten, J.	Assistant to Patino	GS–5	English American.
Garcia-Frias	Assistant to Oliverez	GS–5	Peruvian American.
Gibson, C.	Assistant to Upshaw, part time	GS–3	Austrian American.
Lozano, D.	Administrative assistant	GS–9	Spanish American.
Rodman, P.	Personnel	GS–6	French American.
Robbins, D.	Personnel, part time	GS–5	English American.
Talavera, J.	Research	GS–4	Peruvian American.
Torres, R.	Economic development	GS–4	Puerto Rican American.

Name	Grade	Ethnic background
CLERICAL		
Daugherty, L.	GS–8	Irish American.
Eucare, M.	GS–5	Mexican American.
Flores, M.	GS–6	Phillipine American.
Harrison, L.	GS–7	Black.
Labourette, O.	GS–6	Mexican American.
Macon, M.	GS–4	Slavic American.
Manquero, R.	GS–5	Mexican American.
Noonan, J.	GS–5	Irish American.
Norris, E.	GS–4	Black.
Morris, A., part time	GS–1	Mexican American.
Perez, B.	GS–3	Colombian.
Perez, V., part time	GS–3	Do.
Rosul, J.	GS–6	Slavic American.
Saenz, Y.	GS–6	Mexican American.
Vermiere, D.	GS–6	English French American.
Wisniewski, L., part time	GS–4	Irish American.
ACTIVE CONSULTANTS		
Aponte, E.	$100 p.d.f.	Puerto Rican American.
Diaz-Carlo, L.	$100 p.d.	Do.
Labrada, N.	$75 p.d.	Cuban American.
Maymi, C.	$100 p.d.	Puerto Rican American.
Campos, S.	$50 p.d.	Do.
Ruiz, R.	$80 p.d.	Mexican American.
Happe, D.	$100 p.d.	German Irish American.
Ellis, J.	$50 p.d.	English American.

Name	Ethnic background
DETAILED PERSONNEL	
Garcia, M.	Mexican American.
Gonzalez, J.	Spanish American.
Noboa, I.	Puerto Rican American.

STAFF TURNOVER

Dr. RAMIREZ. I have had on the staff an almost complete turnover since I arrived because I was concerned that the majority of our staff members came from basically two geographic areas in two States.

Mr. FLOOD. Did you fire them or did they quit or what?

Dr. RAMIREZ. Most of them moved on to other jobs in other agencies and we assisted many of them in making moves to other agencies because I wanted to have——

Mr. FLOOD. Doing the same kind of work?

Dr. RAMIREZ. In essence, yes, sir.

Mr. FLOOD. They are good contacts then?

Dr. RAMIREZ. Yes, they are very good contacts. Many moved on to regional offices. But as a result we now have more Puerto Ricans, more Cubans, and more other Latin Americans from more representative areas of the country. I feel that is necessary in that we have a broad representation of Spanish-speaking people on the committee.

REACTION TO ETHNIC TERMINOLOGY

Mr. FLOOD. What is the reaction of your people to the term "latino"? Chicano is accepted. What about latino?

Dr. RAMIREZ. Latino varies according to the area where one finds one self.

Mr. FLOOD. Chicano is not a term of aspersion, it is an accepted term.

Dr. RAMIREZ. Chicano is an accepted term except among certain groups of higher socioeconomic background in the Mexican-American community. But generally it is a very well accepted term.

PERSONNEL ON DETAIL FROM OTHER AGENCIES

Mr. FLOOD. Do you have any people actually on detail from other agencies present in your operations and what are your future plans in this respect?

Dr. RAMIREZ. Mr. Chairman, we are authorized by the law to acquire personnel from our member agencies on detail. We have not had much luck in acquiring persons on detail from other agencies but we do have a few persons; we have three persons on detail from other agencies. One comes to us from the Chicago regional office, Mr. Noboa, who is a Puerto Rican. He is there to become familiar with the Cabinet Committee and to become knowledgeable about the Federal Government in Washington so as to better help our people in the Middle West area.

We have two persons on detail from OEO. They, in essence, comprise a trade off in that——

Mr. FLOOD. You mean the Office of Economic Opportunity?

Dr. RAMIREZ. Yes, Mr. Chairman; the Office of Economic Opportunity. They, in essence, are an exchange for two persons that I have loaned to the White House, two clerical persons, who assist in the identification, recruitment, and placement of persons in significant Federal positions throughout the country.

DEVELOPMENT OF NATIONAL TALENT POOL

Mr. FLOOD. Your justification states that your personnel office in addition to its normal personnel function is also attempting to catalog qualified Spanish-speaking personnel from all over the country and assist them in obtaining employment in both the Government and the private sector. Have you had any success with this program? Are you encountering opposition?

Dr. RAMIREZ. Mr. Chairman, we are refocusing our efforts on this because, when I first arrived, I changed the personnel department so it would only attend to Cabinet Committee needs. But I soon found out in virtue of many requests from Congressmen, from people in the Federal agencies as well as the Spanish-speaking community who sought our help in placing people, that we simply had to develop a talent pool and that we had to develop a job placement capability. We are in the process of doing this. We have well over 1,000 current names at this time; the pool is building up quickly. We see a need to develop this department because the demands are such that we just have no alternative but to do this.

I feel that we have had a good amount of luck in that many agencies call us for people by reason of the fact we have so many liaison men and women. They ask us for people and we supply the list of names with biographies, résumés, and everything else. We can accelerate this, and do a better job, if we build this department up. I almost feel constrained to do it despite the fact that I originally did not think so.

USE OF CONSULTANTS

Mr. FLOOD. How much do you plan to spend for consultants in 1973 and what function will they be performing for you?

Dr. RAMIREZ. We have estimated for the next fiscal year an increase in the funds for consultants. It is a small increase, which totals $80,000.

I anticipate the use of consultants in this way: We are now at a phase where we must rapidly accelerate the coordination of Federal programs that have impact on the Spanish speaking people, for example, the migrant program. These programs are found in Public Health Service, the Office of Economic Opportunity, the Department of Labor, the Department of Agriculture, and the Office of Education. And we must move in the direction of bringing this about. If necessary a coordinator in the White House should be created to give these migrant programs greater impact. To bring this about, to set the design and the methodology, it will be necessary to bring in several consultants. We could do it with our staff, but it would take a long period of time. Whereas consultants who have expertise in migrant health, migrant education, migrant manpower could help to establish a design for bringing about a national reorientation of the migrant problem. There will be fewer migrant workers by 1985. This is one way that we intend to spend those consulting funds.

Also we intend to bring about the establishment of groups that can help themselves. For example, we hear a great deal about the lack of Spanish speaking participation in the media. If we introduce qualified Spanish speaking people in the media, they will then indicate some of the best ways to increase the participation of the media in behalf of the Spanish speaking people. And, we feel that this will have accelerated the development of a constituency that can then help itself.

PRINCIPAL AREAS OF INTEREST

Mr. FLOOD. You have five principal categories of interest you say in your justification—health, education and welfare, manpower, housing, economic development, and seasonal farmworkers, the migrant workers. Which of these categories do you feel is most critical at present and should possibly be singled out for special attention?

Dr. RAMIREZ. Without a doubt there are two, and they are, in order, education No. 1, and economic development No. 2.

In terms of education our next approach, which we have already begun and will continue with strong reliance on consultants, will be to take a look at the following specific items:

First, the cooperative education programs that almost every agency has to create a manpower pool according to disciplines. For example, the Department of Agriculture has cooperative education programs to produce future county agricultural directors. The first thing would be to identify these cooperative programs and to identify the extent to which we either do, or do not, participate.

Second, those educational programs that almost every agency has, beyond just the cooperative education programs, to see if the Spanish speaking people are participating in such programs in a way proportionate to their number, or in an effective way.

There are many educational programs that do not recognize the bilingual and biculture aspect of the Spanish speaking people.

DISCRIMINATION FACTOR

Third, to make a complete assessment of the Office of Education programs with the cooperation of the division and bureau heads, to see to what extent the Spanish speaking people are, or are not, participating in the Office of Education programs. There are hundreds of millions of dollars being spent there and to a great extent we have not been full participants.

Mr. FLOOD. Do you have any cases of discrimination against the chicano people before the various Federal commissions, Civil Service, and so forth? Have you used this avenue of approach?

Dr. RAMIREZ. We have not at this time.

Mr. FLOOD. Why not?

Dr. RAMIREZ. I would say that that type of activity is just beginning to emerge. We are now just beginning to see cases emerging in the area of the media that would go to FCC.

Mr. FLOOD. Shouldn't it be followed?

Dr. RAMIREZ. Definitely. A big area would be the Federal Power Commission in that they have jurisdiction over the utility companies which to a great extent have denied us opportunities in employment. So certainly we should become more involved.

Mr. FLOOD. It shouldn't be peculiar to the power companies. I would take for granted discrimination would be widespread for obvious reasons.

Dr. RAMIREZ. It is very, very widespread in those areas.

MIGRATION FROM RURAL TO URBAN AREAS

Mr. FLOOD. What actions are you taking to help stem this constant flow of Spanish-speaking Americans from the rural areas of the country to the badly overcrowded urban areas, the so-called ghetto areas, which we understand has developed in the last decade to a considerable extent? You seem to feel this is quite serious. Have you done anything to solve this problem?

Dr. RAMIREZ. Mr. Chairman, the flight from the rural areas to the urban areas on the part of the Spanish-speaking people is I believe pretty complete in that well over 85 percent of our people are in urban centers now. I feel that there are activities that could be looked at. I have indicated prior to this that the area of migrants should and must be looked at before they begin to flow to the cities without the preparation that they need to have to cope with that situation.

Mr. FLOOD. These migrant workers have been for some time moving into the ghetto areas. What have you been doing about it? Do you have plans or programs to deal with the accomplished fact in addition to preventing it from continuing?

Dr. RAMIREZ. At this time the only plans that we have are to bring about more precise coordination by those Federal divisions and bureaus that have funds and responsibilities over specific areas of the migrants in order to have greater impact on these persons. If it is possible, we would like to facilitate domiciling them in farming areas by preparing

them as mechanics for tractor maintenance and repair, or preparing them to maintain other mechanized equipment that will be coming onto the farms.

Mr. FLOOD. Are you doing anything to get them out of the ghettos back to the rural and farm areas?

Dr. RAMIREZ. Not at this time. We are working on one project in California. The dairy industry is to a great extent moving out of southern California into the valleys of northern California.

Mr. FLOOD. Why?

Dr. RAMIREZ. There are some ecological reasons that are forcing dairymen to move out of that congested area. I don't know precisely what they are, but I believe the Environmental Protection Agency has moved into the situation. There are many seasonal and migrant workers in that valley who can be trained with Department of Labor funds to become dairymen and then productive members. In that way, they will not have to flee to Los Angeles and San Francisco. This project we hope will be funded very soon.

There are at this time negotiations going on with the Teamsters that we are helping to promote to train future truck drivers from the migrant population and who are running out of work due to mechanization. These centers will probably be established in Dallas and Albuquerque and Kansas City and I think Phoenix is the fourth one. These types of activities we are promoting as quickly as we can. But I look forward to the coordination of the Federal programs as being the opportunity for the more substantial answers in that by 1980 three-fourths of the migrants we have right now aren't going to have jobs. There aren't going to be the jobs. The farms are going to be mechanized.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

SEVERE AND VARYING PROBLEMS OF SPANISH-SPEAKING PEOPLE

Mr. Chairman, you have indicated that the two most crying and pressing needs of the Spanish-speaking Americans are education and jobs or economic opportunities.

Dr. RAMIREZ. Yes, sir.

Mr. MICHEL. What is the rate of unemployment among Spanish-speaking people in the country today? Is there any figure on that?

Dr. RAMIREZ. The Department of Labor does not maintain figures for Spanish-speaking people. It maintains only figures for black and white. So it is almost impossible to arrive at a specific number.

Mr. MICHEL. Your testimony said we have 12 million, give or take, in this country.

Dr. RAMIREZ. Yes.

Mr. MICHEL. Did I understand that the general rule of thumb is that these youngsters in school are running 2 years behind the black minorities and 4 years behind whites. Is that right?

Dr. RAMIREZ. Yes, sir.

Mr. PATTEN. Where is this?

Mr. MICHEL. I gather this is generally prevalent in concentrated areas where there are Spanish-speaking Americans; is that correct?

Dr. RAMIREZ. I conducted a 2-year study at the Civil Rights Commission that encompassed about 85 percent of all of the students in Texas, Arizona, New Mexico, Colorado, and California. It encompassed 50 percent of all of the black students and all of the Anglo students and almost 90 percent of all the Mexican-American students. We found in that study that by whatever index you use of educational outcome—in other words, of what happens to the child both in terms of overrepetition, or dropping out, or reading achievement, or attainment—that the Mexican-American child was substantially behind the black, even much more so behind the Anglos.

Mr. MICHEL. Is he being short-changed in the title I program of the Elementary and Secondary Education Act?

Dr. RAMIREZ. Yes, sir. By the reason the formula used in ESEA title I in allowance of dollars the Spanish-speaking student is being short-changed.

Mr. MICHEL. What specifically in that formula works against the Spanish-speaking people?

Dr. RAMIREZ. In that the funds are allocated primarily on the basis of who receives aid. Then, too, the Spanish-speaking people have for cultural reasons a tremendous hesitancy to apply for welfare. And where there is no hesitancy, potential applicants may be physically located far away from the centers where they process the papers. Finally, they have a language barrier that discourages them from going to apply.

Mr. MICHEL. Here we have all of these programs, particularly in the OEO, that have been going out identifying these people and recruiting them. Where have we been falling down on the job in getting these people included in the numbers? Everybody else seems to be getting included for welfare and everything. Rolls are ballooning. We talk about how we are going to take them off, and yet the figures keep going up. What we have done in the program is to recruit the people to come in and take advantage of Uncle' Sam's largesse, you know.

Dr. RAMIREZ. That is why the Spanish-speaking people in terms of title I ESEA do not receive the proportionate flow of dollars that would be there, in that they are not substantially represented in the welfare rolls.

I have seen a school district lose money to other districts where there are concentrations of other persons that receive these funds.

Mr. MICHEL. What opportunities do you see that hold out the most promise for economic opportunities for Spanish-speaking disadvantaged, if that is the proper word to use, particularly in view of the fact we all know we are having fewer and fewer migrant workers, have prohibited the use of wetbacks, and are to the point where stoop labor is practically gone, with everything getting mechanized? The cost of all the perishable commodities we are eating is going up because of it, but nevertheless it is running people out of jobs.

What pursuits are they more inclined to gravitate toward?

Dr. RAMIREZ. We are talking about several levels here. One is the economic development in terms of job opportunities for people who are being thrown off the farm. Secondly, we are talking about the tremendous number of students that are both physical dropouts and academic dropouts.

To give you an example, in the State of Texas about 40 percent of your seniors who have survived and are Mexican American are reading 3 years behind when they receive their high school diploma. To me they are in essence academic dropouts. So we are talking about that group.

Thirdly, we are talking about another group of persons who would be more interested in business development.

In the Cabinet Committee we are going to look at this situation thusly: One, those who are leaving the farms and migrant work to obtain employment in the city.

Two, those students who are physical dropouts, and those who are academic dropouts or who are staying in.

I have had some discussions with Dr. Peter Muirhead at the Office of Education because a proposal that he presented caused me a great deal of concern.

Congress, I understand, may give higher education for special services $42 million for something called developing institutions. As I perceive that, it will basically provide funds for minority students.

The Spanish speaking students represent 30 percent of the minority students. I feel that we should receive 30 percent of those $42 millions. But, Dr. Muirhead felt that it should be a very different ratio than that, and instead of being one-third, it would be substantially less.

Those funds I believe are exactly the kind of funds we are talking about for giving students who are juniors and seniors in high schools, freshmen and sophomores in college who are Spanish speaking that boost to get into the American mainstream.

Mr. MICHEL. But you probably have a smaller percentage of Spanish-speaking Americans in proportion to the black population in higher education institutions.

Dr. RAMIREZ. I have indicated that the Spanish-speaking people are substantially lower academically in terms of achievement and attainment than the blacks.

Also, our students are to be found almost exclusively in freshman and sophomore years in the colleges. With respect to the blacks, they were talking about using the funds primarily for graduate students. So they have gone beyond the lower division of college, where our needs are so strong.

Mr. MICHEL. We have had the black institutions for a number of years and I think it is only within recent years that Mexican American or Spanish-speaking Americans have come into their own as a minority group to the point where emphasis is being given.

NATURE AND ROLE OF THE COMMITTEE

Dr. RAMIREZ. The Cabinet Committee is a strange organization at this point in history. It functions because the Federal Government wants to help the Spanish-speaking people accelerate their entry into the mainstream of American life. Had the Spanish-speaking people had colleges, national organizations like NAACP, and a great deal of activism, this would not be necessary. The Federal Government would not have to do this. But if this committee approach works well, and does the job quickly, and successfully, and I am convinced it can, then

it should be out of business in 3 years, because the longer it exists the longer it remains a testimonial of the failure to bring the Spanish speaking people into the mainstream of American life.

Mr. MICHEL. We are institutionalizing it.

Dr. RAMIREZ. I would not like to see it become a BIA.

Mr. MICHEL. It is a very important statement you make and I hope your fondest aspirations are realized.

Dr. RAMIREZ. I will use these as indices of arrival: When we have 150 supergrades; when we have 10 assistant secretaries; and when we are participating in the major programs in some way consistent with our number, then I think we should be out of business. I don't think we should wait until we have full parity and everything. I don't think that is the point. We should have sufficient boost so we can take care of ourselves and do our coping with society.

Mr. MICHEL. I commend you for that statement.

Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Shriver.

SPECIAL EMPHASIS PROGRAMS

Mr. SHRIVER. Would you tell us about any new programs which have been recommended by the Cabinet Committee?

Dr. RAMIREZ. As I previously stated our primary efforts are geared to including the Spanish speaking in the existing programs. Among them are:

(*a*) A National Conference on the Spanish-Speaking Women.

(*b*) A study on Federal employment entrance requirements.

(*c*) A National Seminar on Bilingual and Bi-Cultural Education.

(*d*) A National Conference on Spanish-speaking Managers of Social Service Activities in the Public and Private Sector.

(*e*) A National Conference on the Aging.

USE OF PRIVATE SECTOR RESOURCES

Mr. SHRIVER. On page 5 you mention the use of private sector resources in your efforts. Where are these resources coming from?

Dr. RAMIREZ. We have and are currently working with many private resources. Some of these are: The John Deere Corp., International Harvester, Junior Chamber of Commerce, G. I. Forum, LULAC (League of United Latin American Citizens); and we are developing plans for a consortium on Media, a blueprint for top corporations.

PRESIDENT'S 16-POINT PROGRAM

Mr. SHRIVER. You also mention the President's 16-point program. What is that?

Dr. RAMIREZ. This is a program announced by President Richard M. Nixon to assist Spanish-speaking American citizens who are interested in joining Federal civilian service. I will submit a copy of the 16-point program for the record.

(The information follows:)

PRESIDENT NIXON'S 16-POINT PROGRAM

On November 5, 1970, President Richard M. Nixon announced a 16-point program to assist Spanish-speaking Americans who are interested in joining Federal civilian service.

The steps being undertaken are as follows:

1. Appoint full-time official in the Civil Service Commission to provide advice and assistance on matters relating to the Spanish-surnamed population and to assure full application of the EEO program in all Federal agencies to this group.

2. An intensified drive to recruit Spanish-surnamed persons, particularly for identified public contact positions, in areas of heavy Spanish-speaking population, including the Southwestern States and Chicago, Detroit, and New York, as well as certain other major metropolitan areas.

3. Use specialized recruitment teams, to include Spanish-speaking persons, for college recruitment, particularly at colleges with heavy Spanish-speaking enrollments.

4. Begin work immediately with OEO, HEW, HUD, and Labor Department to find ways to enhance opportunities at all levels for Spanish-surnamed Americans in programs dealing with the Spanish-speaking population as well as in other programs and in key occupations.

5. Step up recruitment for the cooperative education program at colleges with significant numbers of Spanish-speaking students to permit entry from FSEE registers without necessity of written examination.

6. Emphasize to Federal agencies availability of selective placement on bilingual basis so Spanish-speaking persons may be reached for appointment to positions dealing with the Spanish-surnamed population.

7. Hold an EEO conference of Federal managers and equal opportunity officials in the Southwest designed to assure equal opportunity for Spanish-speaking persons in employment and upward mobility in Federal agencies.

8. Develop plans for Federal agencies under CSC area office leadership to work with high schools in Spanish-speaking areas to make known job opportunities in the Federal Government and to counsel and to encourage students to stay in school.

9. Hire for summer employment in Federal agencies high school and college teachers from schools serving Spanish-speaking students to give them understanding of the Federal Government which they can relate to students.

10. Make a special effort to inform Spanish-surnamed veterans of availability of noncompetitive appointments for Vietnam area veterans including GS–5 level.

11. Require Federal agencies to review their EEO action plans and minority employment figures and make any necessary revisions to assure the full applicability of the plans to the Spanish-surnamed population.

12. Review with agencies the staffing of EEO program to make sure that there is understanding in the program of the special problems of the Spanish speaking.

13. Provide additional training programs on EEO and personnel management for Federal managers in areas of Spanish-speaking population.

14. With the Department of Labor, explore the feasibility of establishing an intergovernmental training facility for upward mobility and skills training for Federal, State and local careers in the Southwest, probably in San Antonio.

15. Collect necessary data and broaden analysis of minority statistics to bring out special information relating to employment and upward mobility of Spanish-surnamed persons in the Federal Government.

16. Require EEO reports from agencies to reflect special information on Spanish-surnamed persons and include in the CSC agenda for EEO evaluation questions directed at particular problems relating to employment and upward mobility of Spanish-surnamed persons.

NO NEW LEGISLATION PROPOSED

Mr. SHRIVER. What new legislation has been proposed by the Cabinet Committee? What is the status of that legislation?

Dr. RAMIREZ. We have spent our efforts attemping to make certain that the Spanish speaking benefited from present legislation, rather than proposed new legislation.

EMPLOYMENT OF SPANISH SPEAKING IN FEDERAL SERVICE

Mr. SHRIVER. I believe this administration has made significant progress in bringing more Spanish-speaking Americans into Government, and at high levels. What are the figures on that?

Is similar progress being made at the lower level jobs in Government?

Dr. RAMIREZ. This administration has appointed many Spanish-speaking Americans to high level Government positions. As of January 1972, the following appointments had been made.

(See attached list.)

SPANISH-SURNAMED PRESIDENTIAL AND SUPERGRADE APPOINTEES UNDER THE NIXON ADMINISTRATION AS OF JAN. 7, 1972

Name	Title	Department/agency	Level	State
Aguirre, Edward	Regional director	Department of Labor	GS-17	California.
Banuelos, Romana	U.S. Treasurer	Department of the Treasury	GS-18	Do.
Casillas, Joe	Regional director	Office of Economic Opportunity, region VIII.	GS-16	Do.
Cordova, Jorge	Deputy General Counsel	ACTION	FSR-2	Puerto Rico.
DeBaca, Fernando	Regional director	Department of Health, Education, and Welfare, region IX.	GS-16	New Mexico.
Faris, Anthony	U.S. attorney, southern district.	Department of Justice, region VI	GS-16	Texas.
Gallegos, Bert	General Counsel	Office of Economic Opportunity	IV	Colorado.
Martinez, Samuel	Regional director	Office of Economic Opportunity, region VI.	GS-16	Do.

SPANISH-SURNAMED PRESIDENTIAL AND SUPERGRADE APPOINTEES UNDER THE NIXON ADMINISTRATION AS OF JAN. 7, 1972—Continued

Name	Title	Department/agency	Level	State
Mena, Xavier	Deputy Director, Job Corps.	Department of Labor	GS–17	California.
Montano, Gilbert	Regional director	Small Business Administration, region IX.	GS–16	Do.
Ortega, Victor	U.S. attorney for New Mexico.	Department of Justice, region VI	GS–16	New Mexico.
Patino, Peter	Executive Director for Administration.	Cabinet Committee on Opportunities for the Spanish-Speaking People	GS–16	California.
Pena, Edward	Director of Compliance	Equal Employment Opportunity Commission	GS–17	Texas.
Pompa, Gilbert	Associate Director of National Services.	Department of Justice	GS–16	Do.
Ramirez, Henry	Chairman	Cabinet Committee on Opportunities for the Spanish-Speaking People.	V	California.
Rivera, Angel	Regional director	Office of Economic Opportunity, region II.	GS–17	New York.
Rodriguez, A. F	Consultant to the White House	Department of State	FSR–1	Texas.
Rodriguez, Armando	Assistant Commissioner	Department of Health, Education, and Welfare.	GS–16	California.
Sanchez, Manuel III	Area director	Department of Housing and Urban Development, region VI.	GS–16	Texas.
Sanchez, Philip	Director	Office of Economic Opportunity	IV	California.
Tellez, Raymond	Commissioner	Equal Employment Opportunity Commission.	V	Texas.
Troilo, Arthur	Special Assistant to the Secretary.	Department of Housing and Urban Development.	GS–17	Do.
Villamil, Carlos	Regional director	Small Business Administration, region II.	GS–16	New York.
Villarreal, Carlos	Administrator, Urban Mass Transportation.	Department of Transportation	III	California.
Yturri, Edward	Regional director	ACTION region VI	GS–16	Texas.

[1] Supergrade rating pending.
[2] Appointment pending.

The President has advised that he plans to increase this number.

Despite a decline in total Federal employment, both the number of jobs and the number of better paying jobs held by Spanish-speaking Americans continue to increase according to the Civil Service Commission's Government-wide survey on minority group employment conducted last May 31. These gains tend to show that the President's 16-point program is having a positive effect on improving the employment of Spanish speaking within the Federal Government.

RELATIONSHIP WITH LABOR DEPARTMENT

Mr. SHRIVER. On page 9 you mention your activities in connection with several Department of Labor manpower programs. Tell us more about that.

Dr. RAMIREZ. The Cabinet Committee works closely with the Department of Labor because one of our primary objectives is to promote equitable employment opportunities for the Spanish speaking. As the

DOL is the main provider of manpower programs and the monitor of contract compliance operations for the Federal Government, the Cabinet Committee provides guidance to the manpower administrators to insure that DOL develops and implements programs that are relevant to the needs of the Spanish-speaking Americans. In addition, we have participated in the development of the national evaluation of manpower programs and have assisted manpower programs in the Spanish-speaking communities. The Cabinet Committee has worked with DOL in drafting the EEA legislation and has organized community meetings throughout the country where the Assistant Secretary for Manpower Programs of DOL was able to communicate with Spanish-speaking manpower leaders.

We also helped in the formation of the yellow bus program, a rural manpower program designed to assist migrant farmworkers receive job training and other educational benefits.

SER (Service, Employment, Redevelopment) received assistance from us. This is a joint effort by LULAC and G.I. Forum, working in the manpower area. The Cabinet Committee has worked closely with the G.E. Forum in securing a grant of $2 million to assist in the employment of Spanish-speaking veterans.

ABSENCE OF USEFUL DATA

Mr. SHRIVER. On page 11 you say where there is a "complete absence of useful data upon which specific actions may be based" in regard to economic development for Spanish-speaking Americans. That would certainly indicate a need to put more effort into research in that area. What are you planning to do? What Federal agencies are already doing research in this field?

Dr. RAMIREZ. There is at present an absence of useful data upon which specific actions may be based. We have had numerous discussions with the Bureau of Census and the Bureau of Labor Statistics on the need to develop data collection systems which identify the Spanish-speaking Americans as a separate category for statistical purposes. An OMB Task Force and a DOL Task Force has been organized to collect data which can be interpreted and evaluated.

REDUCTION IN RURAL JOBS

Mr. SHRIVER. Also on page 11 you say by 1980 there will be a further reduction of 575,000 rural jobs, including the entire Mexican migrant population. Would you explain those figures? Who made those estimates?

Dr. RAMIREZ. Our figure of 575,000 was based upon an USDA estimate, which has been updated recently, showing that, between the years 1970–80 the estimated reduction in farm jobs—hired workers—may range from 500,000 to 1 million jobs, not including farmowners. ("Agricultural Employment and Unemployment-Situation Outlook", by Robert McElroy, USDA, April 18, 1972.)

CONGRESSIONAL RELATIONS

Mr. SHRIVER. How many people do you have in your Congressional Relations Office? What is the total budget of this office?

Dr. RAMIREZ. One person, Robert Brochtrup plus supportive clerical assistance. We do not divide the budget to determine this, however; it would come to approximately $25,000, if we add Mr. Brochtrup's $21,960.00 (GS–14) and the clerical support given to him.

REPORTS TO THE PRESIDENT

Mr. SHRIVER. You are required to submit a quarterly report to the President. Does that report also go to Congress? To which committees?

Dr. RAMIREZ. The Cabinet Committee is not required by law to submit a quarterly report to the President. However, the President has asked the Directors of the regional offices to submit quarterly reports to me. I, in turn, submit it to the President for a final analysis, adding my own comments.

EXPANDED ROLE IN 1973

Mr. SHRIVER. You are requesting an increase of $370,000 for 1973. In general what will you be doing that you have not been doing up to now?

Dr. RAMIREZ. We will develop a more direct liaison with our member Cabinet departments and agencies, and their regional offices. This liaison will be effected by means of task forces and through department heads. They will work directly with the Cabinet Committee's staff. This will allow our staff members to become more knowledgeable, on a day-by-day basis, with the programs, contracting, and employment opportunities in the agencies. They will also have the opportunity to become better acquainted with the personnel who handle these functions. In this way the Cabinet Committee's staff members will become adequately prepared to open the doors of opportunity for Spanish-speaking citizens. Prior to August 1971, the staff concentrated its time on refining and submitting proposals received from various parts of the country, and, in general, we have worked almost completely as an ombudsman.

COORDINATION WITH STATE AND LOCAL GOVERNMENTS

Mr. SHRIVER. Would you explain your coordinating role with the efforts of State and local governments?

Dr. RAMIREZ. We have a very close relationship with the State governments since many Federal programs work through State agencies in order to carry out their missions. For example, Manpower works with the State human resources development agencies, and the bilingual education programs work with the State Department of Education. The Cabinet Committee provides technical assistance and information to help these State and local governmental bodies reach the Spanish-speaking people and understand their needs. An example is the technical assistance provided to the State of Nebraska for establishment of a Commission in Mexican American Affairs.

Mr. SHRIVER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Conte.

ADVISORY COUNCIL

Mr. CONTE. How many times did the Advisory Council meet last year?

Dr. RAMIREZ. Three times.

NO NEW LEGISLATION

Mr. CONTE. What new programs and new legislation has the Cabinet Committee proposed during the past year?

Dr. RAMIREZ. There are many current programs and a variety of applicable legislation. Rather than spend our time and efforts fostering new ones, we feel that our efforts should be to assist the Spanish-speaking people into the existing programs. We want inclusion and participation in what Congress has already mandated.

NATIONAL SPANISH-SPEAKING ORGANIZATIONS

Mr. CONTE. Has the committee encouraged the development of any new national Spanish-speaking organizations that have made a significant impact in improving the living conditions of the Spanish-speaking peoples?

Dr. RAMIREZ. In the past the Cabinet Committee helped to create the National Housing Development Association, and the National Economic Development Association and currently we are helping to form the following: National Spanish-Speaking Health Foundation, National Migrant Institute, National Association of Spanish-Speaking CPA's, National Association of Spanish-Speaking Contractors.

CONSULTANT FUNDS

Mr. CONTE. How much money was spent on the use of consultants by the committee last year?

Dr. RAMIREZ. As of March 31, 1972, we spent $68,875, which would be equivalent to three full-time GS–13's in the fourth step rate.

Mr. CONTE. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Robinson?

SEASONAL FARMWORKERS

Mr. ROBINSON. You mentioned problems created by migration to the cities of workers with rural skills and experience because of the reduction in rural jobs. I assume you refer particularly to Spanish-speaking agricultural workers of the Southwest. And yet, in certain other sections of the Nation, there are recurring shortages of skilled harvest labor, leading to importation of seasonal workers under special permits. What has been done—or what prospects do you see—for better utilization of the agricultural labor resource which you mention in meeting the seasonal employment requirements of those sectors of the domestic agricultural economy still relying largely on manual harvesting?

Dr. RAMIREZ. Because of the rapid overtake of mechanization, we do not expect that seasonal farmworkers will ever be in short supply anywhere in the country. Our focus is upon those possibilities that will permit the redirection of the farm labor resource into the economic mainstream. In this respect we are sponsoring, along with the OEO, additional employment opportunities for underemployed seasonal farmworkers, as entrepreneurs doing reforestation, thining, and clearing of timberlands. We hope to be able to increase significantly the number of participants in this respect, from hundreds, into several thousands through the instrumentality of title 8A of the Small Business Act. We also advocate, and will provide, technical liaison with regional offices and representatives of affected States to obviate the need for emergency migrant assistance on a localized basis by arranging for the coordinated planning and assistance of Government agencies and departments on an intraregional, interstate basis. I might add that the migratory worker problem is not confined to the Southwest—but includes workers within the three major streams both, in home base areas, and in outsettling areas in the northern tiers.

Mr. ROBINSON. That is all, Mr. Chairman.

Mr. FLOOD. Thank you, Dr. Ramirez.

Dr. RAMIREZ. Thank you, Mr. Chairman.

JUSTIFICATION OF THE BUDGET ESTIMATES

CABINET COMMITTEE ON OPPORTUNITIES FOR SPANISH-SPEAKING PEOPLE

Justification of the Fiscal 1973 Budget Estimate

GENERAL STATEMENT

The primary purpose of the Cabinet Committee, established by Public Law 91–181, December 30, 1969, is to assure that all Federal programs are reaching all Spanish-speaking and surnamed citizens in order to:

(*a*) provide the assistance they need and

(*b*) seek out new programs relative to their unique problems

In the discharge of this formidable obligation, the act specifies and defines certain functions and prerogatives for the instruction and guidance of the Cabinet Committee. In addition, Executive Order 11478 was issued by the President on August 8, 1969, to strengthen, facilitate, and assure that the affirmative cooperation of Federal agencies would be forthcoming in support of Cabinet Committee goals and objectives. In addition, the scope and effective potential of the Cabinet Committee have been further clarified and specified by President Richard M. Nixon upon the occasion of the full Cabinet Committee meeting convened on August 5, 1971. In this instance the President established the parameters of the Government's interest in the Spanish-speaking minority as a human resource which, on the one hand, must be conserved and more fully utilized for the sake of, on the other hand, the economic health of the Spanish-speaking community to the country's advantage. In this context the role, responsibilities, and objectives of the Cabinet Committee are considerably upgraded and dignified. (See Exhibit I, Fundamental Prerogatives and Intents.)

The membership of the Cabinet Committee consists of the Secretaries of Agriculture; Commerce; Labor; Health, Education, and Welfare; Treasury; Housing and Urban Development; and the Director, Office of Economic Opportunity; Administrator, Small Business Administration; Commissioner, Equal Employment Opportunity Commission; Chairman, Civil Service Commission; Attorney General. The Chairman is both appointed by and reports to the President. The Cabinet Committee is required by law to meet four times a year. The act permits augmentation of the committee by selective participation in those instances where other Federal department and agency heads may have a specific interest.

The responsibilities of the Chairman are facilitated by an Advisory Council which consists of nine members appointed by the President from among individuals who are representatives of the minority community in the United States. The Advisory Council is convened at the discretion of the Chairman and may be authorized to augment its own deliberations by contracting for specific services of experts and consultants.

The present Chairman of the Cabinet Committee was appointed on August 5, 1971. During the intervening 8-month period a reassessment of the scope of Cabinet Committee activities and objectives, together with a reevaluation of priorities, were undertaken. This was done to insure that the future expenditures of effort and funds would be consistent and proportional to the magnitude of need, and within the spirit and intent of the act and other authoritative instructions. (See Exhibit II, Priorities of the Cabinet Committee). Prescinding from this recently finalized reassessment and evaluation, a corresponding staffing requirement was made which, together with other support and services requirements, are reflected in the following statements.

A. Status Quo of the Spanish-Speaking Minority

The Spanish-speaking minority is approximately 5 percent of the population of the United States. The median age of this group is 19.9 years as compared to 28.8 for the United States as a whole. The growth rate of this group exceeds that for the rest of the American population. Contrary to popular belief, it is an urban society. Approximately 80 percent of the 12 million Spanish-speaking Americans live in cities. There are 46 cities in the United States which have Spanish-speaking populations in excess of 10,000 persons. The comparative needs of this minority are unique, critical, and urgent. While this has been recognized and responded to by the Federal Government, and in spite of the fact that the situation of the Spanish-speaking American is an acknowledged reproach to the national conscience, very little in the way of effective change in the status quo has occurred. This primarily derives from the fact that the huge Federal Establishment as well as State, municipal, and private interests have been unable to see the shape and size of the target due to the lack of specific and pertinent data and information. Spanish-speaking Americans have been an invisible, as well as a silent, community. Up to this time it has been, substantially, an amorphous body. In the context of available Federal opportunities, as well as other opportunities for benefits, progress indicators still barely hover above the zero mark. However, at this point, the target is becoming more identifiable, and the means to hit the target are becoming more succinctly defined. In this respect the Cabinet Committee itself is in a unique situation since its role and its posture, on the one hand, represent the needs and sentiments of the Spanish-speaking minority to Federal, State, and private entities, and, on the other hand, represent the receptivity and response of such entities to the entire community.

B. Basis for Cost Estimates

The functions and activities of the Cabinet Committee support staff under the Chairman are divided into:

(a) Program Operations and
(b) Administrative Operations

PROGRAM OPERATIONS

The purview of this organizational group is primarily directed to those laws which affect the conditions and needs of the Spanish-speaking American, with respect to their applicability, and to the guidelines and programs of implementation developed by Federal departments and agencies. These must be identified and understood in the context of their import and intent to determine whether they have made adequate provisions for mediating constructive programs which proportionately and specifically favor the minority. This evaluation must entail the examination of guidelines, regulations, etc. from the legislative level down to the point where delivery of service is effected. This also entails the development of the means or methods to ascertain the comparative ratio of benfits received by the community, together with positive recommendations for changes that will obviate future failure or neglect.

The role of this program staff is also to provide technical assistance, at any level, with respect to new programs recommended by the Cabinet Committee, and to enjoin the resources of Government and the private sector to assist and contribute to specific activities or interest areas. The staff also carries responsibility for evaluating and making recommendations and/or supplying technical assistance with respect to the implementation of the President's 16 point program.

Another major endeavor is to make recommendations and provide technical advice and assistance with respect to the national dearth of valid, uniform, and meaningful data by which both the needs of the Spanish-speaking people, and benefits received, can be measured. This entails research, or the sponsorship of research, as well as coordination across the entire Federal and State reporting system, beginning with the Census Bureau itself, for the sake of uniformity.

Another formidable responsibility, which requires technical and evaluative competence, is to appraise the conditions and needs of the community in order to propose:

(1) new programs for the consideration of Federal departments and agencies, or States, and

(2) new legislation which recognizes the acute needs that stand in the way of the conservation and utilization of this human resource, and which facilitates specific, affirmative programing

In order to consolidate knowledge of, and insights into, community needs, as well as program effectiveness, this support group must develop extensive source contacts and participate in many kinds of activities that are related to this general field of interest at every level. This may entail the initiation of conferences and seminars; the development of consortiums, by giving impetus and assistance to their establishment; or the development of national Spanish-speaking organizations to facilitate such endeavors as housing, financing, et cetera.

Cost estimates are apportioned over the following interest fields which correspond to Federal entities.

1. Health, Education, and Welfare

Education.—The main concentration in this interest field will be education. The educational assessment of Spanish-speaking citizens in the United States is 8.2 years or 2 below the educational attainment of the average black citizen and 4 years below that of the Anglo American. Also, the disparity in proportional school board representation and teachers is a universal deficiency. This points to the need for an accelerated integrated program of education, a constituent element of which will be the augmentation of the educational system itself from the standpoint of qualified proportional representation. This would be necessary to comply with point 5 of the 16 point program that requires a step-up in the cooperative educational program at colleges with significant numbers of Spanish-speaking students, which permits an avenue of entry from FSEE registers without necessity of written examination. In this area alone the Cabinet Committee must grasp and deal with and mediate specialized needs for much children and adults in the migrant and rural populations as well as in the urban concentration, putting particualr stress upon bilnigual education, specialized elementary and secondary drop-out problems, vocational interests, community colleges, and university and graduate school opportunities. In this respect great emphasis must be directed toward the qualifications of a Spanish speaking, cultural oriented corps of teachers for this application. This would be prerequisite in order to comply with point 3 of the 16 point program, that which suggests the use of specialized recruitment teams which include Spanish-speaking persons to recruit applicants for colleges, especially those with heavy Spanish-speaking enrollments. This program staff will consist of an associate director, three program specialists, and secretarial help. Estimated personnel cost: $69,000.

Health and welfare.—Other interest fields that must be appraised, understood, and broached will be those of health, drug prevention, social security, and special remedial programs that will encompass entire families, for example, the right of the entire family to read. This program staff will consist of an associate director, program specialist, and administrative and secretarial help. Estimated personnel cost: $51,000.

2. *Manpower*

The main concentration in this interest field will be the fullest possible implementation of the President's 16 point program. The effects anticipated by this program depend, in large part, upon the immediate accession of qualified Spanish speaking and culturally oriented personnel in strategically located Federal departments and agencies at every level to provide the initial impetus. Because the needs of the Spanish speaking in this respect are unique, an empathic view and competence must be available at every level from the initial program conceptualization stage to the actual planning of and delivery of the services if the target population is to be sufficiently motivated, trained, and selected for entry into the economic mainstream. There must also be developed an interface with State, municipal, and private program endeavors.

Because of the large amount of legislation that has been passed which does affect the Spanish speaking in this interest area and because the spectrum of manpower programs is formidable, a constant analysis and evaluation is necessary to establish the adequacy of the services delivered. Among the current ongoing programs with which the cabinet committee is concerned are Job Corps, job service careers, job opportunities in business sectors, concentrated employee planning, MDTA on-the-job training, work incentive programs, emergency employee Programing, among others. This program staff will consist of an associate director, two program specialists, and secretarial help. Estimated personnel cost: $51,000.

3. *Housing*

In spite of the many available Federal programs in housing, the Spanish speaking community is not receiving a proportionate share of assistance. Housing conditions for Spanish speaking are so extreme that the task of building and rebuilding could easily absorb massive allocations of funds. The housing problem is, in large measure, precipitated by the fact that the community as a whole, compared to other Americans, is the youngest, fastest growing, most poorly educated and trained, disproportionately unemployed or underemployed, and poorly represented in those channels and interest areas where change would normally begin. In addition to this, of course, is the very pronounced discrimination factor. This would indicate that the activities of this program group would largely be focused upon an equitable allocation of existing resources to counteract decay in this respect. For the long range, a better grasp of the nature of the problem and the contingencies which would adversely affect progress would depend upon research in this respect. For example, at the present time there is a migration of rural Spanish speaking to urban areas, due to the overtake of agricultural mechanization and technology. While the Spanish speaking community is an urban pouulation at the level of 80 percent, this migration will compound the housing problems for the next 8 to 10 years. The housing solution therefore would appear to be, in this instance, correlated and coordinated with economic development programs in rural areas to stem the migration.

The activities of this program group would also be directed at current programs support by the Federal Government and all other similar operations in order to facilitate the improvements in housing for the community. This program staff will consist of an associate director, two program specialists, and secretarial help. Estimated personnel cost: $51,000.

4. Economic development

The concentration of this program group will be directed to the following problem areas in order to deal more effectively with such a broad subject as economic development. These areas are:

(1) the lack of business know-how.
(2) the lack of adequate financing.
(3) the absence of minority controlled financial institutions.
(4) lack of Federal programs which have the capability of meeting special needs for the Spanish speaking.
(5) low educational attainment.
(6) inability to qualify for bonding and insurance.
(7) complete absence of useful data upon which specific actions may be based.

While the problems enumerated above indicate the necessity for concerted research, equally important would be extensive involvement in currently funded programs and in the planning of future programs in order to increase the current level of services delivered. This program staff will consist of an associate director, two program specialists, and secretarial help. Estimated personnel cost: $51,000.

5. Seasonal farmworkers

The problem of the underemployment and unemployment of seasonal farmworkers since the mid-1950's which was precipitated by agricultural technology is the source of the ghetto evil. A recent estimate indicates that the trend from rural to urban areas will continue through 1980, at which point, a further reduction of 575,000 rural jobs will have disappeared. In this connection the entire Mexican migrant population is included. However, during this transition critical problems must be addressed to relieve the dire plight of this most distressed group in the poverty spectrum. There are two special areas of need in this respect:

(1) assistance of all kinds by means of Federal, State, municipal, and private cooperation in the migrant streams as well as the outsettling areas.
(2) corresponding assistance but with permanent affects in the home base areas, for example, the lower Rio Grande region.

The effect of this program group will be primarily to address the critical needs of rural farmworkers by means of emergency programs and the education of the migratory worker with respect to his future. This program staff will consist of an associate director, two program specialists, and secretarial help. Estimated personnel cost: $51,000.

As emphases change, there may be a reassignment of personnel within program areas as needed. Also, there is under consideration a plan to establish a field representative in several regional offices which serve concentrations of Spanish speaking, to function as field observers, technical advisers, coordinators, and catalysts. Such personnel would be chosen from the existing staff. A secondary effect of this move would be to eliminate the need for extensive travel on the part of headquarters personnel. Duties would be confined to establish goals, and resources and facilities would be mustered from interface groups.

ADMINISTRATIVE OPERATIONS

1. Consultants

Due to the nature of Cabinet Committee activities, the staff must rely upon the short-term employment of consultants as the need arises. Control of expenses in this regard is exercised by the Administrative Operations Office.

2. Personnel Office

This department supplies the personnel needs of the Cabinet Committee and, in addition, processes an unusual number of applications from Spanish-speaking personnel from all over the United States. It has established a talent bank and is in the process of developing a system capable of cataloging qualified personnel and making their availability known to Federal, State, and private interests to facilitate their employment.

3. Public Information Office

The Public Information Office supplies the technical capability of representing sentiments and needs of the Spanish-speaking community to the media, the general public, and Congress; and of representing the points of view of the Federal Government to the Spanish-speaking community. In addition, it undertakes special projects such as the development of informative publications, catalogs, and so forth.

4. Congressional Relations Office

This office conducts the usual activities associated with the congressional relations function. It is incumbent upon this office to apprise considerable legislation from the standpoint of its effect on the Spanish-speaking community inasmuch as the needs of the Spanish-speaking community are so extensive. The responsibility for the development of proposed legislation for Cabinet Committee coordination and ultimate sponsorship of some Federal departments or agencies lies in this function.

Cabinet Committee on Opportunities for Spanish Speaking People
Salaries and Expenses

Programs and Financing (in thousands of dollars)

Identification code 30-18-3500-01-908	1971 actual	1972 estimate	1973 estimate
Program by activities:			
Resolution of problems of Mexican Americans, Puerto Ricans, Cuban Americans, and other Spanish speaking groups (program costs, funded) 1	586	836	1,272
Change in selected resources 2	18	24	-12
10 Total obligations	604	860	1,260
Financing:			
25 Unobligated balance lapsing	121	30	.....
40 Budget Authority (Appropriation)	725	890	1,260
Relation of obligations to outlays:			
71 Obligations incurred, net.	604	860	1,260
72 Obligated balance, start of year	127	119	60
74 Obligated balance, end of year	-119	-60	-123
77 Adjust inexp. accts.	-27	...	.....
Outlays	586	919	1,197

1) Includes capital outlays as follows: 1970. $1 thousand; 1971, $1 thousand; 1972, $3 thousand; 1973, $15 thousand.

2) Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $60 thousand (1971 adjustments, - $53 thousand); 1971, $25 thousand; 1972, $49 thousand; 1973, $37 thousand.

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 30-18-3500-01-908		19 71 actual	19 72 estimate	19 73 estimate
	Personnel compensation:			
11.1	Permanent positions	306	436	698
11.3	Positions other than permanent	53	75	80
11.5	Other personnel compensation	3	6	10
11.8	Special personal services payments		2	--
	Total personnel compensation	362	519	788
	Personnel benefits:			
12.1	Civilian	27	41	63
13.0	Benefits for former personnel	...	...	...
21.0	Travel and transportation of persons	62	80	120
22.0	Transportation of things	...	2	3
23.0	Rent, communications, and utilities	35	68	109
24.0	Printing and reproduction	38	50	60
25.0	Other services	74	87	92
26.0	Supplies and materials	5	8	10
31.0	Equipment	1	5	15
32.0	[illegible]			
33.0	[illegible]			
41.0	[illegible]			
42.0	[illegible]			
43.0	[illegible]			
44.0	[illegible]			
99.0	Total obligations	604	860	1,260

Cabinet Committee on Opportunities for Spanish Speaking People
Salaries and Expenses
Personnel Summary

Identification code 30-18-3500-01-908	1971 actual	1972 estimate	1973 estimate
Total number of permanent positions	35	35	55
Full-time equivalent of other positions	3	5	5
Average number of all employees	29	38	58
Average GS grade	8.4	8.8	8.8
Average GS salary	$13,889	$13,003	$12,255

DETAIL OF PERMANENT POSITIONS

Identification code 30-18-3500-01-908	1971 actual	1972 estimate	1973 estimate
Grades and Ranges			
Executive Level V $36,000	1	1	1
GS-17 $32,546 to $36,886	1	1	1
GS-16 $28,129 to $35,633	-	1	1
GS-15 $24,251 to $31,523	2	1	1
GS-14 $20,815 to $27,061	3	5	6
GS-13 $17,761 to $23,089	2	2	7
GS-12 $15,040 to $19,549	5	1	-
GS-11 $12,615 to $16,404	3	2	2
GS-9 $10,470 to $13,611	4	1	6
GS-8 $ 9,493 to $12,337	2	1	-
GS-7 $ 8,582 to $11,156	4	6	12
GS-6 $ 7,727 to $10,049	3	4	7
GS-5 $ 6,938 to $ 9,017	2	5	7
GS-4 $ 6,202 to $ 8,065	1	2	2
GS-3 $ 5,524 to $ 7,180	2	2	2
Total permanent positions	35	35	55
Unfilled positions, June 30	13	—	—
Total permanent employment - end of year	22	35	55
Higher level positions			
Executive Level V $36,000			
Chairman	1	1	1
GS-17 $32,546 to $36,886			
Executive Director	1	-	-
Executive Director of Program Evaluation and Coordination	-	1	1
GS-16 $28,129 to $35,633			
Director of Operations	-	1	1

TUESDAY, APRIL 18, 1972.

FEDERAL MEDIATION AND CONCILIATION SERVICE

WITNESSES

J. CURTIS COUNTS, DIRECTOR
LOWELL M. McGINNIS, DEPUTY DIRECTOR
LAWRENCE E. EADY, DIRECTOR, ADMINISTRATIVE MANAGEMENT
STEPHEN P. LEJKO, ASSOCIATE DIRECTOR, ADMINISTRATIVE MANAGEMENT
GUY MARINO, CHIEF, BUDGET AND FINANCE DIVISION

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	7,763	8,136	7,968
Positions other than permanent	38	101	101
Other personnel compensation	12	15	15
Total personnel compensation	7,813	8,252	8,084
Personnel benefits: Civilian	674	716	707
Travel and transportation of persons	527	640	640
Transportation of things	23	23	23
Rent, communications, and utilities	364	411	461
Printing and reproduction	16	16	16
Other services	127	120	172
Supplies and materials	40	40	40
Equipment	96	46	46
Insurance claims and indemnities		1	1
Total obligations	9,680	10,265	10,190

PERSONNEL SUMMARY

Total number of permanent positions	438	431	431
Full-time equivalent of other positions	5	8	8
Average paid employment	440	437	437
Average GS grade	11.1	11.1	11.1
Average GS salary	$18,253	$18,521	$18,559

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Mediation and conciliation of labor disputes	8,007	8,416	8,354
2. Ad hoc boards, panels, mediators, and consultants	5	125	125
3. Administration	1,640	1,724	1,711
Total program costs, funded	9,652	10,265	10,190
Change in selected resources [1]	28		
Total obligations	9,680	10,265	10,190
Financing: Unobligated balance lapsing	42		
Budget authority	9,722	10,265	10,190
Budget authority:			
Appropriation	9,726	10,289	10,190
Transfer to "Operating expenses, public buildings service," General Services Administration	−4	−24	
Appropriation (adjusted)	9,722	10,265	10,190
Relation of obligations to outlays:			
Obligations incurred, net	9,680	10,265	10,190
Obligated balance, start of year	607	629	659
Obligated balance, end of year	−629	−659	−651
Adjustments in expired accounts	−48		
Outlays	9,610	10,235	10,198

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $40,000; (1971 adjustments, −$48,000); 1971, $20,000; 1972, $20,000; 1973, $20,000.

Mr. FLOOD. We now have the Federal Mediation and Conciliation Service.

The presentation will be made by J. Curtis Counts, Federal Mediation and Conciliation Service Director.

I see you have a statement. How do you wish to proceed?

Mr. COUNTS. If it pleases you, sir, I will introduce it in the record.

Mr. FLOOD. Suppose you do.

(The statement follows:)

STATEMENT BY FEDERAL MEDIATION AND CONCILIATION SERVICE DIRECTOR, J. CURTIS COUNTS, BEFORE THE LABOR, HEALTH, EDUCATION, AND WELFARE SUBCOMMITTEE OF THE HOUSE COMMITTEE ON APPROPRIATIONS

Mr. Chairman and members of the Committee:

I am pleased to have the opportunity to appear before you and present the Federal Mediation and Conciliation Service's appropriation request for the fiscal year 1973.

STATUTORY RESPONSIBILITY

The mission of the Service is to avoid, minimize, and assist in the settlement of labor-management disputes in the private and public sectors of the Nation, expecting the railroad and airlines industries. The statutory and other legal authorities and the program structure to carry out this responsibility are set forth in detail on pages 2 through 4 in the narrative justification of our budget request.

PROGRAM EFFECTIVENESS

The FMCS is effectively and efficiently discharging its responsibility. In fiscal year 1971, our mediators lent their assistance in settlement without work stoppage of more than 4,600 disputes, involving well over 1,500,000 workers. While it is not claimed that all of these cases would have resulted in work stoppages, it should be noted that the mediators normally enter only those dispute situations where a strike or lockout is highly probable. Certainly mediation assistance avoided stoppages in many of these cases.

In addition to the nonstoppage cases, the FMCS was involved in 2,000 bargaining situations in which strikes developed despite the very best efforts of the mediators. These cases involved some 900,000 workers. Many of these work stoppages were shortened in duration through the constructive efforts of our mediators.

It is estimated that the Service avoided between 14 and 15 million man-days of strike idleness through its disputes settlement and preventive mediation efforts. This strike-time avoidance saved well over $400 million in wages that would otherwise have been lost. This figure does not include the substantial "savings" accrued in the form of production, profits, and taxes that also would have otherwise been lost. Basis for this estimate is set forth on pages 23 through 25 of the justifications section of the budget request.

Our preventitve mediation program was equally effective. This program is specifically aimed at improving the basic employer-union relationship during noncrisis bargaining periods in the interest of avoiding future disputes. For example, the Service recently succeeded in obtaining settlement in a 10-month labor controversy at the Newark Evening News, one of the Nation's leading newspapers. With the cooperation of management and the unions, we are initiating a preventive program designed to assist the parties to resolve their problems apart from a period of crisis.

The effectiveness of the Service is further evidenced in terms of acceptance by labor and management. A recent survey by two University of Kentucky professors of employers and labor organizations involved in cases mediators had helped settle in the southeastern States confirms this. Their finding, as published in the February 1972 issue of the Personnel Journal concludes in part:

"The parties indicated that mediators are forceful in negotiations. Labor and management overwhelmingly responded that mediators vigorously pressed them for a solution to the issues. And over 80 percent of both management and labor indicated that mediators made constructive suggestions to aid the parties. . . . The image of the mediators was basically favorable. They were seen as competent, knowledgeable and fair." A copy of this survey is attached to this statement.

BUDGET RESTRAINTS

At this point I want to emphasize that the budget request for the next fiscal year is again an austere one, and is in keeping with the administration's efforts to reduce Federal employment, curb expenditures, and improve efficiency.

MANPOWER AND FINANCIAL REQUIREMENTS

In terms of employment, the Service's personnel ceiling for fiscal years 1972 and 1973 is limited to 431 permanent positions, as determined by the Office of Management and Budget. This is a reduction of seven positions below the number authorized in the appropriated for fiscal year 1972. These positions are being eliminated by attrition during the latter part of fiscal year 1972.

The appropriation request for fiscal year 1973 is $10,650,000, which is a net increase of $264,000 over fiscal year 1972. Included in both years are amounts necessary for increased pay costs due to enactment of Public Law 92–210.

A comparative table for fiscal years 1972 and 1973 set forth on page 1 of the justification materal provides a summary of these estimates, by object class. A more detailed analysis of manpower and financial requirements and further narrative justifications are presented beginning on page 26.

INCREASED EFFICIENCY

The Service is constantly on the alert to the need for improving its operations in order to make it more responsive to the public, labor, and management. As I mentioned to the committee last year, through our program evaluation techniques we can identify fluctuations in workload and move our people to areas which need more attention. This provides us with the capability of meeting new demands for our services and increases the efficient utilization of our staff.

Similarly, we have improved our internal operations by computerizing our arbitration services during fiscal year 1972. This is an important administrative function in the field of labor-management relations. The service maintains a select roster of over 1,000 qualified private citizens from which parties can select an arbirtator to adjudicate their differences. During fiscal year 1971, the Service provided over 13,000 panels, including some 80,000 biographical sketches, to the parties requesting this service. The arbitration workload is expected to continue its historic upward trend in fiscal years 1972 and 1973, as shown in the workload projections on page 14 of the justification material. The recently introduced automated system will enable us without increase in staff to absorb anticipated increases in arbitration requests and maintain a response time to the parties of 1 to 2 days.

MAJOR NEGOTIATIONS IN FISCAL YEARS 1972 AND 1973

Calendar 1971 was one of the most active years in the history of the Service. Although fiscal 1972–73 is anticipated to be less active in terms of major bargaining situations, there is every reason to expect that a very heavy caseload will continue.

Contracts involving 4 million workers will be bargained in the trucking, electrical manufacturing, construction, apparel, gas and electric utilities, offshore maritime and rubber industries.

Approximately 3,000 contracts will be involved in the construction industry alone.

Bargaining will continue to be conducted under an incomes policy. The limitations of such policy have increased mediation difficulties and settlement problems considerably. Contracts are of shorter duration. Savings and reopener clauses are being introduced in collective bargaining agreements as a "hedge" against possible Pay Board disapprovals. Emphasis, because of incomes limitations on wage and benefit increases, has shifted to noneconomic items which further complicates mediation settlement efforts.

Organization in the Federal sector now stands at an all-time high. Today, 53 percent of the work force is organized into bargaining units of the exclusive representative type.

In fiscal 1971 our Service made 385 Federal public sector assignments, up from 63 in fiscal 1970. While this is a dramatic increase in the mediation caseload it should be noted that heretofore union and employee attention primarily has been directed to organization and not to the development of collective bargaining issues. This shift of emphasis to bargaining promises to more than double the

Federal sector caseload. As of the first 6 months of fiscal year 1972 the Service was involved in 106 cases as opposed to a total of 101 cases for the entire fiscal year of 1971.

Despite our strict criteria for involvement in non-Federal public sector disputes the level of such activity likewise continues to increase.

WORKLOAD PROJECTIONS

The Service workload projections presented on page 14 show a continued high level of mediation activity in terms of cases and assignments for fiscal years 1972 and 1973. In fiscal year 1973, it is estimated that 28,000 dispute case assignments will be processed by our staff of 254 mediators. All of these cases will receive attention. Mediators will have to check them out and follow them through until final agreements are reached. We anticipate that out of these 28,000 assigned cases, about 8,000 will become "active," meaning that the mediators will participate at the bargaining table with the parties.

The graph on page 15 shows the continued increase in the number of meetingse required in dispute mediation cases. This attests to the complexity and extensive problem areas which are inherent in today's collective bargaining environment. For example, during the 1964–71 period, the number of meetings conducted annually increased from 26,000 to 32,000—a growth of 23 percent, while the mediator strength increased from 238 to 253—a growth of 6 percent. It is estimated that the Service mediators will conduct some 35,000 dispute mediation conferences in fiscal year 1973. In terms of individual mediator workload, this could mean that each mediator on the average would conduct 140 dispute case meetings in fiscal 1973—a substantial increase from the 111 meetings per mediator in fiscal 1964 and 128 in fiscal 1971.

Preventive mediation activities are expected to increase both in number of cases and complexity. Comparison of the number of cases projected in fiscal 1972–73 is set forth on page 14 of the budget estimate. Because of the importance of disputes-avoidance a continuing program has been established to update resource material and develop new approaches to labor-management problems. A coordinated Service-wide program has been initiated which will enable mediators to employ techniques used in successful preventive activities, and to adapt them to the parties with whom they are working. Increased emphasis on innovative and creative approaches to disputes-avoidance is essential if the FMCS is to successfully discharge its responsibilities.

LABOR-MANAGEMENT ATTITUDES TOWARD MEDIATION

(By Joseph Krislow, Professor, University of Kentucky, Louisville, Ky., and John F. Mead, Associate Professor, University of Louisville, Louisville, Ky.)

> Management and Labor representatives who participated in this survey, expressed similar views regarding mediation. They undoubtedly welcomed the mediator's participation. The image created in the minds of the public by the mediator was basically favorable.
>
> They expected the mediator to be "forceful"—more than passive assistance was expected.

NOTE.—Joseph Krislow received his B.S. Ed. from Ohio University, his M.A. from Western Reserve University, and the Ph. D. from the University of Wisconsin. He formerly served on the faculties of Baldwin Wallace, Western Reserve, Ohio State and Johns Hopkins Universities, prior to which he was executive secretary, Ohio Councils, AFSCME, AFL–CIO, and research and education director, Kentucky State AFL–CIO, and a social insurance research analyst with the Social Security Administration. Dr. Krislow was a Fulbright Professor at Trinity College, Dublin, Ireland, during 1970–71. John F. Mead held a variety of positions with the General Electric Co. for 8 years before entering the teaching profession. Before assuming his present post, he was a

member of the faculty at the University of Kentucky and the University of Toledo. Dr. Mead graduated from Tulane University, and received his B.S. degree from the University of Wisconsin and the Ph. D. from the University of Kentucky.

Mediation is typically defined as the intervention of a third party, usually a Government employee, into a potential or actual impasse in labor negotiations. The mediator's objective is to produce an agreement between the parties, preventing or ending a strike. The process is entirely voluntary because mediators have no power to make binding decisions.

Literature regarding mediation is relatively meager. With the exception of a few case studies,[1] no attempt has been made to ascertain the general attitudes of labor and management toward mediation. Finding out about these attitudes is useful because it adds to our understanding of the bargaining and mediation process.

The results of a recent survey of such attitudes toward mediation were derived from responses to a questionnaire mailed to firms and unions in the Southeast participating in mediation during fiscal 1969. Specifically, the study covers the geographical area of region III of the Federal Mediation and Conciliation Service (FMCS). It includes the Southeastern States, as well as a portion of Virginia and Kentucky, and Puerto Rico and the Virgin Islands. Questions in the survey dealt with attitudes toward the mediation process, focusing on techniques, results, and timing. In addition, the respondents were asked to evaluate the performance of the mediator who served in their latest negotiations.[2]

Management and labor representatives participating in the survey indicated considerable support for existing mediation techniques and mediators. The parties were divided as to whether potential mediators can learn mediation techniques or acquire the ability to work with the parties. Nevertheless, they expressed firm views as to how a mediator should behave. In general, the parties prefer an "active" rather than a "timid" mediator. Even a passive mediator, however, acts as a "catalyst" to an agreement.

Only a few management and labor representatives agreed with the conventional reasons typically cited to explain a party's refusal to accept mediation. Nevertheless, most management representatives and a sizable minority of labor were dubious about the favorable public relations image created by accepting mediation. Perhaps the best explanation for the acceptance of mediation is to be found in the overwhelming management and labor view that there would be an increased number of strikes if there were no mediation, and their overwhelming disagreement with the view that most disputes would turn out about the same without the participation of a mediator.

THE PROCESS AND RESULTS OF MEDIATION

Compulsory mediation has been suggested as a means to reduce the economic consequences of impasses in negotiation. Fifty-two percent of the union respondents were opposed, but two-thirds of the management representatives were in favor (See Table 1, question 1).

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[1] See, for example, Ann Douglas, *Industrial Peacemaking*. New York, New York, 1962 or Edward Peters, *Conciliation in Action: Principles and Techniques*. New London, Connecticut, 1952.

[2] 660 questionnaires were mailed, and from these, 481 replies were received. Approximately 45 percent of the firms (302) and 27 percent of the unions (179) replied. Some of the firms and unions declined to answer the questions. Some of them completed only one questionnaire for several mediation situations. Others did not identify themselves. As a result, the usable replies consisted of approximately 135 for labor and 235 for management. Some questions used in the survey were from Bernard P. Indik, Bernard Goldstein, Jack Chernick, and Monroe Beckowitz, The Mediator: *Background, Self-Image, and Attitudes*, (New Brunswick, N.J.: Institute of Management and Labor Relations, Rutgers University, 1966).

It should be recognized that this study is limited to firms and unions who were involved in mediation and who chose to participate in the survey. Nothing is known of the attitudes of labor and management who did not have mediation or who declined to participate. Further, the data are meant to be indicative of attitudes, but they cannot be treated as statistically unbiased.

TABLE I.—ATTITUDES OF LABOR AND MANAGEMENT TOWARD THE PROCESS AND RESULTS OF MEDIATION

[In percent]

	Agree			Disagree			
	Strongly	Mildly	Undecided	Strongly	Mildly	Total percent	Number
1.1 Legislation should require the parties to utilize mediation before a strike can legally begin:							
Labor	28	14	6	45	7	100	133
Management	48	19	6	19	8	100	239
1.2 The need for mediation is a sign of immaturity on the part of management of labor:							
Labor	15	5	3	64	13	100	137
Management	7	6	3	66	18	100	241
1.3 The general public appreciates the contribution of mediation to the collective-bargaining process:							
Labor	43	25	16	7	9	100	133
Management	16	28	24	14	18	100	238
1.4 Mediation should be accepted because it creates a good image:							
Labor	36	21	8	25	10	100	134
Management	9	26	12	35	18	100	239
1.5 It has been stated that the stronger party in a dispute will not request or permit mediation:							
Labor	8	9	10	53	20	100	135
Management	8	12	16	33	31	100	238
1.6 Some authors state that there are advantages to the refusal of mediation to maintain conflict. For example, a union might want to strike to educate its members, a company may want to work down inventories:							
Labor	11	18	12	40	19	100	133
Management	6	30	21	31	12	100	237
1.7 Management representatives generally accept the services of mediation enthusiastically:							
Labor	18	28	10	23	21	100	136
Management	13	39	10	16	22	100	239
1.8 Labor representatives generally accept the services of mediation enthusiastically:							
Labor	32	43	1	14	10	100	135
Management	20	41	13	10	16	100	237
1.9 Mediation works best for small companies:							
Labor	12	9	15	50	14	100	135
Management	9	14	27	30	20	100	238
1.10 Without mediation the number of strikes in industry would increase significantly:							
Labor	56	19	11	9	5	100	134
Management	36	30	13	9	12	100	238
1.11 A majority of disputes involving mediation would turn out about the same without the participation of the mediator:							
Labor	8	13	6	51	22	100	134
Management	11	29	13	24	23	100	238

Labor's preference for mediation may be explained by the fact that it gains some advantage in being able to publicly accept mediation which, in turn, gives the impression of a conciliatory attitude. Use of mediation may also be used to convince the rank-and-file of conciliatory attitudes. Edward Peters of the California State Conciliation Service states: "All concilition agencies, I am sure, have a certain number of cases each year which originate from a union business agent who wants to convince his committee and the rank-and-file membership that he has left no stone unturned in his efforts to win benefits by all means short of a strike." [3] Management representatives undoubtedly believe that the mediator can contribute to the settlement and that he may persuade the union committee to reduce their demands.

[3] Edward Peters, "The Mediator: A Neutral, A Catalyst or a Leader?", *Labor Law Journal*, October, 1958, p. 766.

Neither party considered the use of mediation as a sign of immaturity (question 1.2). Labor thinks of mediation as a tool to be used judiciously to obtain favorable public support. More than half believed that mediation should be accepted because it creates a good public image (question 1.3). And about two-thirds of the unionists believed that the general public appreciated the contribution of mediators to industrial peace (question 1.4).

Management was skeptical that a favorable public relations image results if mediation is accepted. Only 35 percent of management believed that a good image necessarily results from accepting mediation (question 1.4). Furthermore, management was much less certain about the general public's appreciation of mediation. Only 44 percent of the managers believed that the public appreciated the process while another 24 percent were undecided. Because both labor and management expressed some belief in public appreciation of mediation, the mediator can use this belief to facilitate discussions and agreement between the parties.

Both labor and management do on occasions refuse the services of a mediator. A party in a strong position vis-a-vis the other might want to refuse mediation; the weaker party might accept mediation. Neither labor nor management, however, believed that acceptance of mediation indicates either strength or weakness (question 1.5).

Management and labor representatives indicated support for existing mediation technique P–88.

Refusal of mediation by labor, management, or both, could result from a desire to maintain conflict. Clark Kerr argues that the desire to maintain conflict can stem, internally or externally, from a desire for more power or income; to strengthen the organization; or to vent generalized dissatisfaction.[4] A majority of labor and management respondents denied that mediation is refused for the above reasons (question 1.6). There was, however, a minority (29 percent for labor and 36 percent for management) that believed one side or the other might, in fact, wish to avoid settlement to maintain conflict, and would, therefore, refuse mediation.

That the parties do, in fact, accept mediation was indicated by their responses to inquiries as to whether management and labor did accept mediation services "enthusiastically". About half of both management and labor respondents indicated that management representatives accepted mediation enthusiastically, while a substantially higher proportion of both management and labor (75 percent and 61 percent, respectively) saw labor representatives accepting mediation enthusiastically (question 1.7 and 1.8). Union representatives, typically the aggressors in bargaining, may expect more assistance from mediation than management representatives.

Labor thinks of mediation as a tool to be used judiciously to obtain favorable public support.

In addition to the desires to maintain conflict, Kerr also argues that mediation may be accepted or refused depending upon the negotiators' skill and sophistication. In situations in which these skills and sophistication are lacking, mediators may need to teach the parties and their constituents how to negotiate. Lack of skill tends to exist "where small employers and local unions are involved and the members and leaders are inexperienced." These, Kerr asserts, are the most frequent negotiating situations. Hence, he argues that mediation serves a positive purpose for small firms and unions but becomes less and less effective as firms grow larger and more sophisticated.[5] Hence, it could be concluded that the need for mediation might decline as firms and unions get larger.

William Simkin, a former director of the FMCS, disagreed with the Kerr hypothesis.[6] He stated that mediation was most effective when used by large firms and unions. The complexity and continuing nature of problems encountered by the larger organizations are often not readily amenable to solution in collective bargaining. Hence, it is necessary, at times, to develop long term relationships between the mediation service and the parties. Because the issues between small firms and unions are usually less complex and do not involve continuing negotiations, mediation is less critical in these negotiations.

To test the two views, labor and management were asked if mediation did work best for small companies. Both labor and management strongly rejected the Kerr

[4] Clark Kerr, "Industrial Conflict and Its Mediation", *American Journal of Sociology*, XL (July, 1954), pp. 230–245.
[5] Ibid., pp. 240–242.
[6] Interview, November 1968.

hypothesis; only one-fifth of both groups indicated that mediation works best in small companies (question 1.9). The attitudes cited by the respondents prevailed whether they were from small, medium, or large organizations.

Substantial support for mediation was suggested by the respondents' judgments regarding the results of mediation. Three-fourths of labor representatives and two-thirds of management indicated that strikes would increase significantly without the use of mediation (question 1.10). Moreover, the parties did not agree "that a majority of disputes would turn out about the same without the participation of the mediator." About three-fourths of labor respondents and almost one-half the management representatives disagreed with that judgment (question 1.11). It is apparent that management is more skeptical than labor regarding mediation's impact.

THE TECHNIQUES OF MEDIATION

The training and skills required of mediators are a subject of debate. One school argues that mediation is an art that must be learned from experience. The FMCS appears to accept this view. It wants candidates, whether from management, labor, Government or academic areas, to have previous experience in bargaining, personnel administration, arbitration, or similar exposure.[7]

Another school argues that mediation can be treated as a science in which skills and techniques can be taught. The FMCS does not deny this possibility. In addition to formal training for new mediators, the Service recruits "young men of unusual potential but lacking in labor relations experience." [8] who will ultimately become full fledged mediators.

When queried about the ability of mediators to learn their craft, labor and management were divided about the ability of mediators to learn by experience. As indicated in table II, 56 percent of the labor representatives and 46 percent of management believed that mediation techniques are easily learned by experience (question 1). A large group (35 percent for labor and 44 percent for management) disagreed.

Another aspect of a mediator's performance is his ability to work effectively with the parties. Regardless of his factual knowledge and his knowledge of mediation techniques, he must be able to work with the parties. Can this ability be taught? The parties continued to be divided, but a majority disagreed when asked whether "the ability of a mediator to work effectively with labor-management people cannot be taught" (question 2.2).

Both labor and management had definite attitudes regarding the mediator's actions, believing that the mediator acts as a catalyst to encourage agreement even if he does nothing but sit in on meetings (question 2.3). However, a substantial majority of both labor and management preferred that the mediator be too forceful rather than too timid in dealing with the parties (question 2.4).

The parties indicated some specific guidelines for the mediator to follow. Three-fourths of the managers and 70 percent of the labor representatives felt that mediators should confine their actvities to those issues proposed by the parties (question 2.5). Further, even when the mediator made contributions concerning the agreed upon issues, the parties strongly believed (particularly management) that any suggestions at a joint-meeting session should be cleared in advance (question 2.6).

In joint meetings of labor and management, the parties believed the mediator should not vigorously support the position of either party (question 2.7). It was, however, acceptable to the parties if mediators support the opposition's point of view when meeting separately (question 2.8).

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[7] *Employment Opportunities*—Federal Mediator Positions, Federal Mediation and Conciliation Service, (Washington, D.C. 1963).

[8] *20th Anniversary Report*, 1947–1967, Federal Mediation and Conciliation Service, (Washington, D.C. 1967), p. 59.

Mediation serves a positive purpose for small firms and unions, but becomes less effective as firms grow larger.

TABLE II.—ATTITUDES OF LABOR AND MANAGEMENT TOWARD SELECTED TECHNIQUES OF MEDIATION (IN PERCENT)

	Agree		Undecided	Disagree		Total percent	Number
	Strongly	Mildly		Strongly	Mildly		
2.1 Mediation techniques are easily learned by experience:							
Labor	32	24	9	22	13	100	134
Management	20	26	10	25	19	100	237
2.2 The ability of mediators to work effectively with labor-management people cannot be taught:							
Labor	25	17	8	32	18	100	133
Management	15	18	11	30	26	100	237
2.3 Even if a mediator does nothing but sit in on a meeting, he acts as a catalyst to encourage agreement:							
Labor	37	39	1	18	5	100	134
Management	25	44	5	17	9	100	237
2.4 It is better for a mediator to be too forceful than too timid:							
Labor	43	23	13	12	9	100	135
Management	28	29	20	10	13	100	236
2.5 Mediation should be restricted to those issues suggested by the parties:							
Labor	55	15	4	18	8	100	135
Management	59	16	5	11	9	100	238
2.6 The mediator should clear in advance with each party before he makes suggestions at a joint negotiating session:							
Labor	55	13	5	20	7	100	132
Management	67	17	2	5	9	100	236
2.7 Sometimes in joint conferences the mediator should aggressively support the position of 1 side or the other on an important issue:							
Labor	16	9	2	67	6	100	134
Management	16	17	3	53	11	100	236
2.8 When meeting separately with 1 of the parties, it is quite in order for a mediator to vigorously support the position of the other party on an important issue:							
Labor	35	25	7	26	7	100	131
Management	34	26	3	27	10	100	236
2.9 The mediator should hesitate to call for a separation of the parties unless there is a real possibility of achieving something:							
Labor	36	15	7	29	13	100	134
Management	23	14	6	36	21	100	235
2.10 When a mediator conveys a position from 1 party to another, he must exert the same degree of pressure that the parties would exert on each other if they were face to face:							
Labor	28	15	7	35	15	100	134
Management	25	8	6	39	22	100	235
2.11 Panel mediation (more than 1 mediator from the same agency) provides better mediation:							
Labor	7	6	47	32	8	100	133
Management	3	7	44	35	11	100	235

TABLE III.—ATTITUDES OF LABOR AND MANAGEMENT TOWARD THE MEDIATOR IN THEIR LATEST NEGOTIATIONS (IN PERCENT)

	Agree		Undecided	Disagree		Total percent	Number
	Strongly	Mildly		Strongly	Mildly		
3. The mediator pressed the parties for a solution to the issues:							
Labor	54	26	2	10	8	100	163
Management	38	41	4	7	10	100	257
3.2 The mediator made constructive suggestions to resolve issues:							
Labor	61	27	2	6	4	100	162
Management	45	36	6	9	4	100	254
3.3 The mediator helped me understand the other parties' position:							
Labor	31	29	4	24	12	100	161
Management	19	38	6	21	16	100	256
3.4 The mediator helped me retreat from a difficult position:							
Labor	31	29	4	24	12	100	161
Management	8	17	14	40	21	100	252
3.5 The mediator understood the complexities of the issues:							
Labor	68	22	4	2	4	100	162
Management	55	32	2	7	4	100	259
3.6 The mediator had a large backlog of accumulated knowledge of collective bargaining:							
Labor	77	18	4	1	0	100	169
Management	63	24	9	2	2	100	258
3.7 The mediator showed no favoritism toward either of the parties:							
Labor	76	15	6	2	1	100	163
Management	61	25	8	2	4	100	258
3.8 In your latest negotiation involving the use of mediators, the mediation process prevented or reduced the possibility of a strike:							
Labor	47	19	10	20	4	100	161
Management	28	25	13	26	8	100	256

Labor and management were skeptical of the technique of calling for separation of the parties to facilitate agreement. Indik et al., argue that mediators call for separation even when there isn't a real possibility of achieving something "in order to forestall deterioration in negotiations or avoid a complete breakdown." [9] About half of the unionists and about 40 percent of the managers said that a mediator should hesitate to call for a separation without a real possibility of achieving something (question 2.9).

The parties also expressed the view that a mediator should be less forceful than the parties themselves when conveying a proposition from one party to the other. About half the labor representatives and 60 percent of the management representatives disagreed with the view that a mediator must "exert the same degree of pressure that the parties would exert on each other" when conveying a position from one party to the other (question 2.10).

It is sometimes argued that a panel could be more effective than one mediator. Each mediator could discuss the issues with a party and then the two mediators could privately develop proposals to facilitate negotiations. Labor and management tended to disagree. Almost half of the firms and unions were opposed to dual mediation. Further, very few of the respondents were strongly in favor of the concept. Slightly less than half of both union and management respondents were undecided (question 2.11). Presumably, the large undecided vote hinges on the lack of experience with dual mediation.

PARTIES VIEW THE MEDIATOR

The parties indicated that mediators are forceful in negotiations (question 3.1). Labor and management overwhelmingly responded that mediators vigorously pressed them for a solution to the issues (90 percent for labor; 79 percent for management). And over 80 percent of both management and labor indicated that mediators made constructive suggestions to aid the parties (question 3.2).

[9] Indik, Bernard P., et al., *op cit.* p. 45.

The training and skill required of mediators are a subject of debate

An important technique in promoting solutions is to inform a party of the opponent's viewpoint and the reasons for that viewpoint. About 60 percent of the respondents from both sides agreed that the mediator was constructive in helping them to understand the other parties' proposals and positions (question 3.3).

Aiding the parties to retreat from a difficult position is regarded in the literature as a primary function of the mediator. Stevens asserts: "One of the mediator's functions is saving face, which is useful when one or both parties want to dissolve a certain kind of commitment and when its dissolution may open the way to agreement." [10] Management did not believe that mediators assist them in the process of retreat. About 60 percent of them disagree with the statement that the "mediator helped me retreat from a difficult position." About the same proportion of labor representatives indicated that the mediator did help them retreat from a difficult position (question 3.4).

This discrepancy in attitudes may possibly be explained by the nature of bargaining. Labor usually acts as the agressor in negotiations, asking for changes in the status quo. Consequently, it may find itself in an awkward position and must retreat gracefully more often than management representatives. The problem is particularly acute for labor representatives if the initial demands have been publicized and, therefore, rank-and-file expectations are unrealistic.

The parties strongly believed that any suggestions to be made by the mediator at a joint meeting session should be cleared in advance

Management and labor representatives testified favorably when asked about the mediator's knowledge of collective bargaining. Overwhelmingly, the respondents indicated that the mediator understood the complexity of issues, that he had a large backlog of accumulated knowledge and that the mediator showed no favoritism toward either of the parties (question 3.5, 3.6, and 3.7). The skill and knowledge evidently must have been extremely valuable to the parties. The majority of the respondents (66 percent for labor; 53 percent for management) indicated that the mediation process either prevented or reduced the possibility of a strike in their latest negotiations (question 3.8).

Discussions of mediation are replete with references to the proper timing of the mediator's entrance into negotiations. Some observers favor early intervention; others favor waiting until an impasse is reached.[11]

The mediator entered when negotiations were well underway, according to the following management and labor responses, stated in percentages:

MEDIATOR ENTERED

	At start	Early	Well underway	After strike	Total
Labor	2	7	88	3	100
Management	1	7	82	9	100

Labor and management respondents also overwhelmingly approved of the timing. More than three-fourths of both labor and management responded that, during their latest negotiations, the mediator should have entered when negotiations were well underway. Interestingly enough, only 2 percent of the labor respondents and 9 percent of the management respondents indicated that the mediator "should not have entered their latest negotiation."

With a few exceptions, both management and labor representatives who participated in this survey expressed remarkably similar views regarding mediation. Because the parties had similar attitudes regarding the role and results of mediation, they undoubtedly welcomed the mediator's participation. This implicit understanding regarding the mediator's role undoubtedly enhances his possibilities of aiding the parties to reach an agreement.

On several occasions the parties expressed the view that a mediator "made a difference." They believed that the mediator helps avert strikes and also pro-

[10] Carl M. Stevens, "Mediation and the Role of the Neutral", *Frontiers of Collective Bargaining*, Dunlop and Chamberlain, ed. (New York: 1967), p. 283.

[11] For a proponent of early intervention, see Elmore Jackson, *Meeting of Minds—A Way to Peace Through Mediation* (New York: 1952), pp. 26–27. For an opponent of early intervention, see Herbert R. Northrop, "Mediation—The Viewpoint of the Mediated", *Labor Law Journal*, October, 1962, p. 837.

motes settlements which are different from those which would have resulted had he not participated. The dimension of this difference needs to be investigated.

The image of the mediators was basically favorable. They were seen as competent, knowledgeable and fair. The view was also expressed that they should be "forceful." Apparently, the parties expect more than passive assistance from the mediator. The limits of this assistance have only been partially explored in this study, but it appears that mediators need to increase their participation without appearing to dominate the negotiations.

Mr. FLOOD. Do you want to comment on it?

GENERAL STATEMENT

Mr. COUNTS. Let me make this statement.

Calendar 1971 and up through the 6 months of fiscal 1972 have been and promise to continue to be one of the most active periods in the history of collective bargaining. Certainly, if you review what has occurred, you will note that we have been in a period in which major pattern setting industries have been involved in collective bargaining.

Starting in January 1971 we had the oil industry, we went from oil into cans, cans to aluminum, aluminum into copper, copper into steel, steel to communications, communications to coal, longshore west coast, east coast, aerospace and we are facing in 1972 continued negotiations in industries such as trucking, offshore maritime, apparel, and many other industries that are important to our economy.

For example, in the 1971–72 period there were some 5 million individuals that were affected by this bargaining. There are another 5 million individuals that received the highest deferred increases in the history of collective bargaining, about 7.8 percent on the average. There were some 3 million that received cost-of-living increases. This was also a period in the Federal public sector when organization reached an all time high. Where today they are some 53 percent organized in that sector as opposed to about 22 percent in the private sector. It also was a period of time in which organization in the agricultural sector became a fact of life and another period in which we became involved for the second or third time in our experience in the organized sporting field.

Now fiscal 1972–73 promises to be less active in terms of major pattern setting bargaining, but it promises to be a tremendously important year in terms of involvement, in terms of complexity, and in terms of the need for our services.

There are about 4 million individuals involved as opposed to 5 million in the 1971–72 period I discussed. There are about 6.9 million that will receive deferred increases. This time the percentage is about 6.1 percent down from 7.8 percent.

The number of individuals receiving cost-of-living increases is up from the 3 million in 1971–72 to about 4.3 million.

FEDERAL PUBLIC SECTOR

On top of that, in my judgment the organization in the Federal public sector has now really been effectively concluded. The conversion from the fractionalized bargaining units into the exclusive representation units has been accomplished. There is a good deal more concentration on the part of union organizations on the development of col-

lective bargaining agreements than there has been at any time in my experience with the Federal public sector.

I think this is evident by the number of mediation assignments we have made. If my memory serves me correctly, we made some 385.

Mr. FLOOD. What do you mean by the Federal public sector?

Mr. COUNTS. I am talking about the responsibilities that we have under Executive Order 11491 which has to do with organization of individuals in the employment of the Federal Government as opposed to the non-Federal public sector which would include bargaining with local counties, municipalities and States.

These assignments by way of illustration were about 385 in 1971 which is up from about 63 in 1970.

Beyond that in terms of involvement, Congressman Flood, I think there are a couple of things that really need to be noted.

EFFECTS OF WAGE-PRICE CONTROLS

Certainly our responsibility has become a great deal more complex and difficult under the income policy we now find ourselves operating under. Because of the restrictions upon economic benefits—and this Executive order only applies to economic benefits, it does not go to the so-called noneconomic benefits—we are finding many things occur. For example, savings clauses are being introduced into collective bargaining agreements which provide for reopeners or renegotiation in the event that the pay board approval of negotiated increases is not given.

We are seeing a switch from emphasis upon the economic to the noneconomic, and the involvement of the parties with issues that have been at the very best most difficult ones, the so-called management responsibilities, rights to subcontract, job security, that type of thing. The ability to accommodate, to come up with solutions, to reach the determinations and effective decisions is infinitely more difficult where the ability to adjust in terms of economic benefits is restricted.

TREND TOWARD SHORTER CONTRACTS

I think also that we ought to note that the duration of the contracts are trending toward shorter term contracts. In construction for example, which is one of the large industries that we negotiate or will be negotiating this time around, the contracts are being developed at about a 12-month duration as opposed to past practices of 2 or 3 years. This could result in substantially large increases, and I underscore the "could", of activity for our service.

For while it is very clear that fiscal 1972–1973 is not in terms of major pattern setting industries a year such as the one we have been through, it certainly indicates from every factual aspect the possibilities of continuous concentrated involvement. So we are looking for a very large year.

STEPS TAKEN TO MAINTAIN AUSTERE BUDGET

With that as a matter of background or climate, I would like to say to you that we are coming to you with a budget which is even more austere than those that we have previously presented to you.

We have been very pleased with the treatment that has always been accorded to us and the consideration that has been given to us by your committee and by that of the Senate. The 1972 fiscal budget provided for 438 positions. As a result of OMB action, as a result of the implementation of the administration policy with respect to tightening the budget reins, the 438 positions approvals were reduced to 431. This position strength has been continued as a part of our 1972–73 presentation.

We have gone along with this on the basis of it being the administration policy and our desire to be cooperative with the administration, and upon the assumption and really upon the record that we could get the job done. We still adopt that position, but there are realities that I think we have to look at.

One of the very real things that is part and parcel of our doing business is that we managed to survive during these past 2 years with our position complement because we had been granted additional positions as a result of bargaining in the Federal public sector. Executive Order 11491 was effective 2 years ago. The lack of development of workload in the public sector gave us the ability to use those individuals in jobs other than the public sector.

We have increased our efficiency tremendously, and as I indicated to you in our discussions last year, by means of our automated record-keeping system we have been able to keep a very close watch on the activities of our professionals across the country, we have been able to transfer personnel to where the work is. We have been able to reduce our complement of people in the national office and send them out into the field and to effectively borrow from the field to meet national bargaining situations when they occur.

We also have the ability as a result of individuals who have retired recently in our service to employ them on an ad hoc basis when, as, and if the situation is such as to demand their services.

We have continued and are continuing our development of our automated arbitration process. While that service to the public has increased by more than 100 percent over the past 5 or 6 years and is continuing at an increase of about 23 percent, we have been able and are developing our ability to handle the increase through automated processes without increasing our personnel.

I think we have done that at a favorable cost to the Government. We have utilized NASA systems made available to us without cost. We are renting the computer of the Department of Justice, and we are developing our abilities to further get data and information that has to do with dispute situations that we feel will effectively enhance our ability to do the job.

One other thing we have done has been to take a much harder line with respect to our responsibility to handle only those cases that have a substantial impact on interstate commerce. This is a most difficult thing because small disputes are as important in many instances, not only in terms of impact upon those that are directly involved but in potential impact upon the areas of a particular economy.

I mention all of this because if this year continues at the pace it is going it will be a real accomplishment in my judgment to effectively handle the workload under the appropriation recommendation that has come through OMB, but we are willing to try.

DELETION OF CERTAIN APPROPRIATION LANGUAGE

Mr. FLOOD. Your budget proposal is to delete several provisions previously included in your appropriation language. This is really something new for us. We certainly are not opposed to that. In fact we favor it. Our pet hate is excess verbiage in appropriation bills. We would like for you to explain briefly why the provisions are no longer needed. You can tell us now or supply it for the record.

Mr. LEJKO. Mr. Chairman, the Office of Management and Budget asked us to simplify the language included in our appropriation act. So initially we have just added the words "Federal Mediation and Conciliation" to it at their request. We have eliminated several provisions; namely, reference to sections 205 and 206 which are already included under 29 U.S.C. 171 to 180.

Mr. FLOOD. Supply those for the record.

(The information follows:)

Delete:

1. "Temporary employment of conciliators and mediators on labor relations at rates not to exceed the per diem rate equivalent to the rate for GS–18."

Authority for the above is contained under title IV of the general provisions of the Departments of Labor, and Health, Education, and Welfare, and Related Agencies Appropriation Act.

2. "And Government-listed telephones in private residences and private apartments for official use in cities where office mediators are officially stationed, but no Federal Mediation and Conciliation Service is maintained."

The above language is no longer required since all of the FMCS offices are located either in Government-owned or leased space.

Mr. COUNTS. It is a compliance with the OMB request and we are not significantly deleting from our request to you items of substance in terms of budget amounts.

PROVISION FOR OFFICIAL ENTERTAINMENT EXPENSES

Mr, FLOOD. On the other hand, you are adding a provision to permit you to use not to exceed $1,000 for official receptions and representation expenses. I have said a lot of nice things about you for cutting out language and I can say a lot of bad things about you for coming in with this kind of thing. This is one thing the appropriation committee doesn't like.

Mr. COUNTS. Let me give you a little history.

Mr. FLOOD. Never mind the history.

Mr. COUNTS. A little background because I think it adds to it. I am not trying to be humorous.

Every year since I have been here, I have spoken of this problem with the Office of Management and Budget, and I have pointed to them the problems of distinguishing between a legitimate business expense and one that is not a legitimate business expense. As a result of our situation with respect to negotiations, we very often are required—when I say we, I am speaking of myself personally—to assume expenses that in my judgment do not properly belong to me.

For example, in the national trucking negotiations we were negotiating with the totality of the Teamster organization and the totality

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of the trucking industry. These negotiations continued over a period of about 36 hours without interruption. The parties were located in the conference room that we had rented. During a recess period, because there was no adjournment for dinner or anything else, sandwiches and coffee were ordered by the Teamster organization that was there and the parties in lieu of taking time out for dinner had this repast. This appeared on my bill to the tune of $85. Now this type of situation, I don't think, is one that should be the responsibility of a Government servant to handle.

I don't think it should be my responsibility to pay for the luncheons that we provide for the labor attachés from time to time.

Beyond that it is my experience, and I have operated under GAO surveillance as a part of the Defense industry, to believe that an amount of this size, which is minimal to say the least, can be adequately and effectively controlled and audited. It is not any amount, sir, that I feel affords any opportunity to take advantage of anything, merely to make ourselves whole.

ADEQUACY OF STAFF LEVEL

Mr. FLOOD. You are asking for no increase at all in the staff for 1973?

Mr. COUNTS. That is right.

Mr. FLOOD. In fact your staffing for both 1972 and 1973 is essentially below that for 1971. Yet you tell us that the number of disputes that you are called upon to mediate continue to increase.

Do you think the budget will permit you to do that job as well as you have done in the past?

Mr. COUNTS. As I indicated in my statement, our ability to do that has been predicated upon a more effective utilization of the human resources and the physical resources that we have had available to us. We are continuing those efforts. But certainly in all fairness to ourselves, if we do see the continued development of the public sector bargaining, if we do become involved in the agricultural sector—and it is not clear we will be, but legislation is pointing in that direction—and if the complexity of the mediation bargaining on the issues continues, and increases as it has under the incomes policy, then we are going to be hard put to move this with the existing people we have.

As I have indicated to you we are cooperating with the administration in its desire to run a tight ship. But I make no bones about it, if this thing goes as it has been going, we may be back here asking for a supplemental appropriation.

BREAKDOWN OF WORKLOAD BETWEEN PUBLIC AND PRIVATE SECTORS

Mr. FLOOD. You talked about this in your original presentation. I have a few questions on it. I don't know how much further you might want to go.

Suppose you tell us the percentage of your activities that are involved in the private sector, the public sector and in the non-Federal public sector? Do you have any percentages?

Mr. COUNTS. I could develop them for you very easily. In 1971 we made 385 assignments in the Federal public sector and we had about

60 such assignments in the non-Federal public sector. This compares with over 20,000 assignments in the private sector. So in terms of percentages, it is minimal.

COMPUTERIZED ARBITRATION SELECTION AND PROCESSING

Mr. FLOOD. You mentioned also the computerized arbitrator selection and processing system. How does that work? It is all right if it works?

Mr. COUNTS. It is developing, we think, very nicely and will be one of the better accomplishments in terms of efficiency and savings to the Government.

This service provides the labor-management community with lists of arbitrators to settle essentially their grievance or contract disputes.

During fiscal 1971–1972 we furnished over 13,000 such panels. The average number of arbitrators included on a panel list was seven. This meant that we had to hand pull some 91,000 biographies, that in the case of the 13,000 panels we had to send at least 26,000 letters to the parties, one to management and one to labor, advising them of the appointment. We had to hand select these panels as a result of going through a manual listing or card indexing of the arbitrators on the list.

The beauty of the computer is that we punch into the computer the names of the arbitrators that are on our list and complete biographical information. Beyond that we have an ability to determine whether or not they are available in terms of not having cases outstanding or not having temporarily removed their names from the list.

If, for example, we wanted a panel of arbitrators to hear a discharge case in Wilkes-Barre, Pa., we would ask the computer to give us a list of arbitrators in that geographic area who are familiar with discharge cases and who were available. Immediately we would get back a list of those that were available. At this point we do make a human selection of the individuals on the panel. We then place that list back into the computer. It produces the biographies of the individuals that are involved, prints the letters to the parties advising them of their selection and gets this mechanical work done very quickly. The real beauty of it is that the average grievance that comes through the private sector and through this type of procedure takes about 5½ months before it gets to the arbitration procedure, and this is terribly long and is disruptive of the very thing we are charged to do, and that is to avoid disputes and to promote industrial peace.

The use of the computer is moving our response time from 15 days down to where we are now at about 10 and as this thing develops we expect to have a 24- to 48-hour turnaround time.

Mr. FLOOD. What is the cost of operating this thing?

Mr. COUNTS. I think it is $30,000.

Mr. FLOOD. Is that more than the old system?

Mr. COUNTS. That is more. We have handled a 23-percent increase without additional personnel and without the use of temporaries or significant use of temporaries.

Mr. FLOOD. Will it save money in the long run?

Mr. COUNTS. Our judgment is it will absolutely save a tremendous amount of money in just the mechanics of the thing, but in the development of our mission it will be tremendously important. We can ask

the computer to tell us all of the arbitrators that have had cases outstanding for 30 days, and as a result of that we can follow up and get a decision. Our regulations call for a 30-day determination or decision rendering obligation.

Arbitrators go as long as a year without rendering decisions. We can improve performance, we can monitor. There are so many things that this can do.

Mr. FLOOD. What about saving money right now?

Mr. COUNTS. I would say this very definitely, and we can develop figures for you, is a very substantial cost reducing item.

Mr. FLOOD. Mr. Patten.

PREVENTIVE MEDIATION

Mr. PATTEN. I read your paragraph about preventive mediation and in the same paragraph you give the Newark News as an example. They were out 9 or 10 months. I miss the point.

Mr. COUNTS. I think this is one of the very key things. Let me answer your question and then I will give you another illustration.

The Newark News actually went out of business, and the reason they went out of business was that their relationships with their bargaining agencies were such that they lacked an ability to get an agreement. We were able through our efforts to assist the parties to reach agreement and to put them back into business and to come up with 1,000 different jobs. We could walk away from that and say, amen, you are back in business.

But we recognized as a result of that experience that these people needed a tremendous lot of help in getting themselves to a process of expertise and understanding of the collective bargaining process and more importantly the administration of the collective bargaining agreement. We are sending in one of our best commissioners and our regional director to set up an ongoing program so that the problems that have existed between these parties will be developed, brought out into the open, discussed and hopefully determined as a result of objectivity and apart from a period of crisis.

A better example in terms of not having a dispute would be the Detroit publishing industry where, after 9 successive years of costly strikes, we went to them in advance of negotiations, talked of their problems which was one primarily of step-laddering one union against the other, got them to sit down with everybody together, and for the first time in 9 years worked out an agreement without a strike.

This, Congressman, is what we feel is the best tool that we have to avoid disputes, to get in and to have the parties face up to their problems and to recognize in advance of the period of crisis what is in the best interest of the whole. That is what we have done, sir.

Mr. PATTEN. I assumed being a horse player you would go in and save the Telegraph.

Mr. COUNTS. It is not beyond the realm of possibility, but I am not going to make you any promises down there if what I read in the paper is true about that dispute. Maybe they don't want to be saved.

Mr. PATTEN. They had their offset printing in my district. It is an expensive paper. They cost a dollar apiece don't they?

Mr. COUNTS. Yes, sir.

Mr. PATTEN. I have no further questions, Mr. Chairman. That is not to say we don't watch the work of your service with great interest, with great hope when we see you go into action.

CONGRESSIONAL INTERVENTION IN LABOR DISPUTES

I always have an itch to ask you fellows about your current problems. On policy, for instance, I didn't like to see the Congress get a bill like the one on the longshoremen strike. I think in the long run this is going to be self-defeating. I didn't like the President waving that bill out in Peking. I saw red when he did that.

I think we make a lot of mistakes and a lot more can be done.

I think you promised me last year you would give me some pointers so I could be an advocate here of where we ought to go. I didn't get my pointers from you.

Mr. COUNTS. We are mindful of our discussion here and actually we were pleased with the suggestion you made. And we have implemented and carried forward on that promise.

Specifically we may have been remiss in not sitting down with you as an individual, but we did, for example, fill in Congress, both sides of the aisles, the subcommittees that were involved, in the longshore situation. And we cannot as a neutral improve our acceptability by getting on one side of an issue or the other. But certainly we are continuing our information to you of disputes in your constituency of the issues, the settlement of them, and we want to be helpful.

Certainly no one in this administration to my mind is more mindful of the need to avoid sending labor disputes to Congress for settlement. This is not anything that makes sense, and that is why it is so important that we be equipped to discharge these responsibilities. I believe in the collective bargaining system and certainly anyone who does feels the best decisions are those that are made by the parties themselves and not those that are developed by a third party who does not have to live with it.

Mr. PATTEN. Would you agree that throwing these resolutions for labor settlement into the Congress would help destroy collective bargaining? I have heard generalizations.

Mr. COUNTS. As a generalization, yes. I would not go that route. But I think you have certain situations such as the transportation industry where the ability to get the job done with the tools at hand are such that there is a requirement that you gentlemen look at the situation and that we be given the tools to handle those special kinds of problems.

But nobody that believes in the free collective bargaining system, and I think this is what we are talking about, wants to encourage a system of compulsory binding arbitration to settle labor disputes.

Mr. FLOOD. Mr. Michel.

IMPACT OF WOMEN'S RIGHTS ISSUE

Mr. MICHEL. Have you encountered significant increases in the problems of mediation with respect to women's rights with all of the talk of women's liberation?

Mr. COUNTS. No, sir; we have not had any significant impact of that issue in our settlement activities. We have been watching this very closely.

A good deal of this is being done away with in my judgment as a result of the restrictions of State legislation being taken off the boards.

In matters of pay and economic benefits, the woman in the work force is, in the cases we are involved in, receiving the same amount of money. The notable exception to this, and I don't know whether this is fact or not, but I listened to it very carefully—during the CWA national telephone negotiations the union made strong reference to the fact that the females were not in the production jobs and they were in the clerical jobs. How much fact there is to that, I don't know—I suspect you could have female wiremen but I don't think it is a reality and we really haven't seen that.

In the Federal public sector and the non-Federal public sector, the female is a much more important problem in my judgment because you have so many more of them involved, but not from a standpoint of not getting the same benefits.

BARGAINING OUTLOOK

Mr. MICHEL. You say in your testimony that contracts involving 4 million workers will be bargained in the trucking, electrical, manufacturing, construction, apparel, gas-electric utilities, offshore maritime, and rubber industries and that approximately 3,000 contracts will be involved in the construction industry alone in this coming year.

Mr. COUNTS. That is right.

Mr. MICHEL. Isn't it true that the following year there will be significant number of big contracts that will be opening up?

Mr. COUNTS. Yes. 1972–73 in terms of major pattern setters does not however promise to be nearly the year that 1971–72 was.

The construction industry, I think the significant thing about that is that with the stabilization policies that we now have, the income policy, that the trend is away from the extended agreement, and the construction industry agreements are being developed on a 1-year term. This means that next year, for example, instead of dropping back to say 2,000 construction contracts coming up you very likely will have 5,000 and this will compound and make the problem a lot heavier.

The trucking industry is one that is a tremendously important one and if you look at the national trucking situation and where that agreement was blown sky high in Chicago, and that is $1.15 settlement became $1.85 and the $1.85 went from trucking into auto, auto into can, can into aluminum, I think you can see really the importance of these things and why it is so necessary to have the tools to do something about it.

BASEBALL PLAYERS STRIKE

Mr. MICHEL. I see you got involved in the baseball dispute.

Mr. COUNTS. Yes, sir.

Mr. MICHEL. Do you anticipate having to get into that from year to year?

Mr. COUNTS. I would hope not. Apart from the individuals, the groundskeepers, the hot dog vendors, and the economic impact upon those people, this is a situation that can best be handled by the parties themselves.

It isn't the type of dispute we are looking to get into. It is great for your P.R. Everybody is interested in it. This was not a classic bargaining situation.

Mr. MICHEL. I think the record speaks for itself on that. Thank you.

NUMBER OF POSITIONS FILLED

Mr. CONTE. Of the 431 permanent positions currently allotted to FMCS, how many are actually filled?

Mr. COUNTS. Currently we have 421 permanent positions filled—the vacancies result primarily from death and retirement. Commitments to fill six vacant positions have been made. The remaining four will be filled in June.

PROGRAM EVALUATION TECHNIQUES

Mr. CONTE. What new demands for your services were revealed last year through your program evaluation techniques?

Mr. COUNTS. The expansion of requests for handling representation elections in the agricultural industry would be about the only request for a "new type" of service. Through an analysis of our automated case reporting system, we are able to determine the fluctuations in the workload and the complexities of the cases involved among our various locations. For example, in fiscal year 1972 we closed one field office and transferred the mediator to another location with increased workload. In several other locations we decreased our staff and reassigned the mediators to offices where the demands for our services have been steadily on the increase.

NONECONOMIC BARGAINING ITEMS

Mr. CONTE. What major noneconomic items have been emphasized most recently in collective bargaining agreements because of income limitations on wage and benefit increases?

Mr. COUNTS. Issues having to do with job security, seniority and inverse seniority, plant removals, subcontracting, work practices, contract duration, saving clauses to recover or negotiate disapproved economic benefits, are such major noneconomic issues.

EFFECT OF WAGE-PRICE CONTROLS

Mr. ROBINSON. In general, what is the policy of the Service, when called into wage dispute cases, with respect to hewing to the line of the basic wage increase standards established under the economic stabilization program?

Mr. COUNTS. The Service has not been charged with the responsibility of policing the wage-price guidelines. This responsibility has been vested in the Pay and Price Boards, the Internal Revenue Service and the Department of Justice.

At the time of the initiation of phase I, the Service promulgated a policy to be followed by all of its field mediators. Each mediator is charged with the responsibility of advising both company and union about the necessity of cooperating with and following the guidelines promulgated by the Pay Board in arriving at their settlements. We are not a regulatory agency. We cannot force the parties to agree or not to agree to anything. We can, and do effectively use the mediation tools that are available to us. It has never been the philosophy of this Service to seek settlements for the sake of settlement without regard to existing laws, governmental policy, and the public welfare. The present policy is also consistent with the policy the Service has adopted with reference to problems involving racial discrimination and the like.

Mr. FLOOD. Thank you very much.

Mr. COUNTS. Thank you.

JUSTIFICATION OF THE BUDGET ESTIMATES

FEDERAL MEDIATION AND CONCILIATION SERVICE
SALARIES AND EXPENSES
COMPARATIVE BUDGET ESTIMATE
FISCAL YEAR 1973 OVER FISCAL YEAR 1972

Description	Fiscal Year 1972		Fiscal Year 1973		Increase (+) or Decrease (-) Over 1972 Estimates	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel Compensation						
Office of the Director	9	$ 191,342	9	$ 194,855	- +	$ 3,513
Office of Mediation	8	159,020	8	163,475	- +	4,455
Office of General Counsel	8	100,107	8	104,591	- +	4,484
Office of Planning and Development	4	75,199	4	77,581	- +	2,382
Office of Information	3	50,200	3	51,787	- +	1,587
Administrative Management	36	415,415	36	431,698	- +	16,283
Total Departmental	68	991,283	68	1,023,987	- +	32,704
Total Field	363	7,202,717	363	7,372,013	- +	169,296
Extra day's pay		63,000		---	-	63,000
Total Permanent Positions	431	8,257,000	431	8,396,000	- +	139,000
Positions other than Permanent		83,000		103,000	+	20,000
Other Personnel Compensation		15,000		15,000		---
TOTAL PERSONNEL COMPENSATION		$8,355,000		$8,514,000		+ $159,000
Other Objects						
Personnel Benefits		734,000		737,000	+	3,000
Travel and Transportation of persons		640,000		640,000		---
Transportation of things		23,000		23,000		---
Rents, communications and Utilities		411,000		461,000	+	50,000
Printing and reproduction		16,000		16,000		---
Other services		120,000		172,000	+	52,000
Supplies and materials		40,000		40,000		---
Equipment		46,000		46,000		---
Insurance claims and Indemnities		1,000		1,000		---
Total Other Objects		2,031,000		2,136,000		+ 105,000
TOTAL OBLIGATIONS		10,386,000		10,650,000		+ 264,000
Financing						
Appropriation		10,289,000		10,190,000		- 99,000
Expenses to "Operating Expenses, Public Bldg Service", General Services Administration		-24,000		---		+ 24,000
Appropriation (adjusted)		10,265,000		10,190,000		- 75,000
Supplemental for pay increase		121,000		460,000		+ 339,000
TOTAL OBLIGATIONS		10,386,000		10,650,000		+ 264,000
COMPARATIVE ESTIMATE BY ACTIVITIES						
1. Mediation and Conciliation of Labor Disputes		8,532,000		8,736,000		+ 204,000
2. Ad hoc boards, Panels, Mediators and Consultants		105,000		125,000		+ 20,000
3. Administration		1,749,000		1,789,000		+ 40,000
Total program costs, funded		10,386,000		10,650,000		+ 264,000
Change in selected resources		---		---		---
TOTAL OBLIGATIONS		10,386,000		10,650,000		+ 264,000

FEDERAL MEDIATION AND CONCILIATION SERVICE

NARRATIVE JUSTIFICATION

BUDGET ESTIMATES FISCAL YEAR 1973

SALARIES AND EXPENSES, FEDERAL MEDIATION AND CONCILIATION SERVICE

STATUTORY AND OTHER LEGAL AUTHORITIES

The mission of the Service is to prevent and to minimize labor-management disputes throughout the Nation, both in the private and federal sectors of the economy, excepting the railroad and airline industries. In particular, the agency objective is to prevent work stoppages and to reduce their duration when they occur. Statutory and other legal authorities which authorize the mediation program are:

A. The Labor Management Relations Act, 1947 (Title II) directs the Service to prevent and minimize interruptions of the free flow of commerce growing out of labor disputes; to assist parties to labor disputes in industries affecting commerce to settle such disputes through conciliation and mediation.

B. Executive Order 11491, dated October 29, 1969, as amended by Executive Order 11616, dated August 26, 1971, makes mediation and conciliation facilities available to Federal agencies and labor organizations in the resolution of negotation disputes.

C. Executive Order 11374, dated October 11, 1967, transferred the responsibilities of the Missile Sites Labor Commission (created by Executive Order 10946) to the Federal Mediation and Conciliation Service.

D. Executive Order 11482, dated September 19, 1969, established the Construction Industry Collective Bargaining Commission. This order provides for close coordination of the mediation activities of the Service and the work of the Commission. The Director of the Service is one of the four public representatives on the Commission.

PROGRAM STRUCTURE

A brief description of the major elements of the program structure designed to accomplish the Service objectives is as follows:

A. Dispute Mediation

1. Private Sector. Dispute mediation in the private sector is concerned with providing assistance, when needed, in connection with the negotiation or renegotiation of a collective bargaining contract. It is frequently referred to as "crisis" mediation. Usually the mediator does not enter the negotiations unless an impasse appears likely or has been reached and the possibility of a work stoppage is imminent.

2. Public Sector. Dispute mediation in the public sector divides into two parts; federal sector bargaining and non-federal sector bargaining.

In the federal sector, Executive Order 11491, as amended by Executive Order 11616, places responsibility on the Service for providing mediation and conciliation facilities to Federal agencies and labor organizations in the resolution of negotiation disputes. The Service has promulgated rules and regulations setting forth the manner and the circumstances under which mediation assistance and services will be available to the parties.

In the non-federal sector there is no clear charter for the Service to provide mediation assistance. Policy-wise the Service will provide mediation assistance in the non-federal sector only if the following criteria are met:

(a) There is a joint request of the parties for the service.

(b) There is no functioning State or local mediation agency available.

(c) An impasse has been reached following intensive collective bargaining efforts.

(d) Approval for mediation assistance is given at the National FMCS level.

The Service continues to encourage local and state governments to develop their own dispute

settlement mechanisms and legislation for the Public Sector bargaining.

B. Preventive Activity

In both the private and public sectors the major purpose of the Service's preventive activity is dispute avoidance through the long-term improvement of the labor-management relationship. The technique is to encourage the parties to discuss their problems away from and without the tensions of a strike deadline or a contract expiration. Training forums are important adjuncts to the process. This continuous dialogue and forum approach is a highly significant development in labor-management relations as a means for the parties to improve their working relationships. The Service believes strongly that preventive mediation is the best tool available to minimize work stoppages.

C. Public Information and Education Activities

This is an important supporting function to the total mediation effort. Typical activities include mediator participation in labor relations conferences or forums, seminars co-sponsored with universities, speeches before professional groups, press relations, and other activities related to the collective bargaining and mediation function.

D. Arbitration Services

This is a commonly accepted procedure used by labor and management to solve problems that arise out of the interpretation and implementation of an existing agreement. It is usually the terminal point of the grievance procedure contained in the agreement; the acceptance by the parties results in settlement of grievances and other disputes without resort to work stoppages. The Service contributes to better labor-management relations by making available to the parties, panels of skilled arbitrators from which selections of individuals can be made by the parties to hear and decide the issues in dispute. The parties pay the arbitrator's fee and other related expenses. The Service has implemented an automated arbitrator selection and reporting system in Fiscal Year 1972.

RECENT HIGHLIGHTS

Wage-Price Freeze

Calendar year 1971 proved to be one of the most active and difficult years in the history of collective bargaining. There is every reason to believe that the requirements for mediation activity in reducing labor-management strife will continue to be substantial during the remainder of the present fiscal year and in the budget year ahead.

The Economic Stabilization Program has confronted the Service with additional challenging assignments. For example, as a result of the 90-day wage-price-rent freeze, the Service was requested by the Administration to give leadership during the freeze period in terminating existing work stoppages.

In early November 1971, approximately 464 strikes involving 179,000 employees were terminated as a direct result of accelerated mediation efforts initiated as a result of Executive Order 11615 (the freeze order). An estimated additional 200,000 employees returned to work as a result of the agreements affecting the striking 179,000 workers.

Phase Two Wage-Price Controls

In mid-November the freeze was lifted and a system of wage and price controls, or Phase Two, was instituted in its stead.

These restrictions have injected new complications into collective bargaining and substantially increased the problems faced in the mediation process.

For example, many of the strikes ended through mediation during Phase One, provided for settlements which postponed scheduled increases to a future date, since they were not immediately payable during the 90-day freeze period. Many of these increases were subject to Pay Board approval during Phase Two. Where increases may have been only partially approved by the Pay Board, the parties sought further negotiations to revise their settlement terms. Another large group of situations arising during Phase One resulted in mere extensions postponing contract settlement efforts until stabilization policies became clarified. There was also an increase in the number of shorter term contracts, often of one year's duration instead of the usual three-year term.

The Service also has a special responsibility under a separate wage stabilization procedure established for the construction industry, as administered by the Construction Industry Stabilization Committee, to assist in the settlement of disputes and work stoppages. These efforts resulted in a sharp reduction of construction industry strike activity during the 1971 calendar year.

Most of this bargaining occurred in the Spring and early Summer months. However, some serious strikes did occur during the first half of Fiscal Year 1972.

How long the present Phase Two of the incomes policy will remain in effect is not known. It is known, however, that the controls system continues to present the bargaining participants and the mediators with special problems that were not present without controls. For example, "non-economic" issues such as job rights, seniority, supplemental unemployment benefits and union security are being pushed harder as demands, due to pay rate limits; contract duration is often a more contentious issue than previously, and matters related to efficiency and productivity are given new emphasis. These are some of the problems that have developed under this program.

Major Negotiations

An unusually large number of major negotiations occurred during Fiscal Year 1972, including those in such industries as telephone, steel, coal, can, aluminum, non-ferrous, aerospace and longshore. In each of these situations, considerable assistance by the Service was required. The telephone industry dispute was settled after a short strike, but the Bell System workers in the State of New York balked at the terms and engaged in a work stoppage that extended over eight months before settlement was reached. This required continued mediation attention. A steel strike was narrowly avoided through timely mediation assistance at the deadline. Strikes occurred among longshoremen on all coasts involving negotiations which extended well over half of the 1972 Fiscal Year, requiring considerable mediation attention in all ports. Aerospace contracts have been negotiated peacefully in all instances, although difficulty was encountered when the pacts were only partially approved by the Pay Board.

Such major disputes as those just mentioned capture considerable public attention. Yet, smaller bargaining situations, in which only a few thousand or even a few hundred employees are involved, can pose serious problems for the states or communities in which they are located, with the potential of substantial local economic disruptions. This type of mediation case load continues without abatement, replete with all the stabilization and other problems which complicate the negotiations in the larger bargaining units.

Thus a continuing high level of mediation responsibility for the remainder of the present fiscal year and for the foreseeable future thereafter is anticipated. An unusually heavy load of construction industry bargaining is expected to begin within the next few months, when the annual bargaining "season" in this important industry gets under way. The large number of expiring construction contracts will be augmented by those negotiated

during 1971 for only a single year's duration as stopgap agreements pending economic developments.

Additional contract bargaining is due in the aerospace industry during the current fiscal year, as well as in the important maritime (offshore), shipbuilding, apparel and broadcasting industries, among others. There is significant defense concern in a number of these bargaining situations.

SUMMARY OF FISCAL YEAR 1973 BUDGET ESTIMATE

The Service's work program for the budget year 1973 is a continuation and intensification of the mediation, preventive activities and arbitration services of recent years. Our efforts in Fiscal Year 1973 will continue to provide (1) prompt and efficient servicing of dispute situations in which labor and management are unable to reach agreement through their own efforts; (2) expansion of the Service's preventive activity as an important adjunct to its dispute mediation program; and (3) through its automated arbitration panel service, improved arbitration assistance in the resolution of grievances and other problems that arise out of the terms of existing collective bargaining agreements.

To meet these requirements a total appropriation of $10,650,000 is proposed for the budget year--an increase of $264,000 over Fiscal Year 1972, of which $159,000 is for personnel compensation and $105,000 for other objects. The net increase of $159,000 reflects (1) an increase of $327,000 for annualization of pay costs due to enactment of Public Law 92-210; (2) a reduction of $105,000 as a cost saving in Fiscal Year 1973 of seven positions eliminated during the latter part of Fiscal Year 1972 and (3) a reduction of $63,000 in the cost for the pay of two extra days not required in Fiscal Year 1973.

The estimate for Fiscal Year 1973 will provide funds for a total of 431 positions, the same as for year-end Fiscal Year 1972. This is a reduction of seven positions below the number included in the appropriation for Fiscal Year 1972 in accordance with the Office of Management and Budget directive. The budgeted staff of 431 positions in Fiscal Year 1973 will provide 68 positions for the National Office; and 363 for the field, of which 254 are for full-time non-supervisory mediators.

COMPARATIVE ANALYSIS OF WORKLOAD

A comparison of Service workload activities are shown in the following statistical data tabulations:

TABLE A

A comparison of dispute mediation workload over the past five fiscal years.

TABLE B

A comparison of preventive activity workload for the past four fiscal years. Comparable data not available prior to 1968.

TABLE C

A comparison of the arbitration workload over the past five fiscal years.

TABLE A

Comparison of Dispute Mediation Workload

(Number of Cases Exclusive of Preventive Activity)

Fiscal Years 1967 - 1971

	1967	1968	1969	1970	1971
A. Case Totals					
1. In Process Start of Year	4,781	5,036	5,260	5,113	5,020
2. Assignments	19,602	21,385	21,839	19,769	21,727
3. Total Workload	24,383	26,421	27,099	24,882	26,747
4. In Process End of Year	5,036	5,260	5,113	5,020	4,889
5. Cases Closed	19,347	21,161	21,986	19,862	21,858
B. Analysis by Types of Mediation Activity					
1. Joint Meeting Cases	7,193	7,485	8,028	7,509	7,991
2. Separate Meeting Cases	284	281	269	244	401
3. No Meeting Cases	9,970	10,997	10,667	9,185	9,216
4. No Mediation Activity	1,900	2,398	3,022	2,924	4,250
5. Cases Closed	19,347	21,161	21,986	19,862	21,858
C. Total Meeting Activity					
1. Total Joint and Separate Meetings Conducted	29,380	29,760	31,605	30,334	32,293

TABLE B

Preventive Activity Workload

Fiscal Years 1968 - 1971

	F. Y. 1968	F. Y. 1969	F. Y. 1970	F. Y. 1971[a/]
Total Preventive Activity Assignments	1,322	1,321	1,218	851
Type of Activity				
A. Labor-Management Committee				
1. Joint Meetings	1,215	1,067	936	711
2. Separate Meetings	272	341	254	378
B. Consultation Liaison				
1. Joint Meetings	419	421	478	193
2. Separate Meetings	3,769	3,742	3,644	885
C. Training Sessions				
1. Joint	305	469	634	674
2. Separate	1,410	1,408	1,612	1,127
Total Meetings (Joint and Separate)	7,390	7,448	7,558	3,968

a/ Decrease in workload is due to limitations placed upon assignments qualifying as preventive cases.

TABLE C

ARBITRATION WORKLOAD

FISCAL YEARS 1967 - 1971

PROCESSING REQUESTS FOR PANELS	FISCAL YEAR				
	1967	1968	1969	1970	1971
Number of Requests Received	6,995	7,809	8,479	10,055	12,327
Number of Panels Issued	6,623	8,630	9,679	11,124	13,235
Number of Selections Made by the Parties	3,953	4,103	4,427	5,318	5,759
Number of Direct Appointments Made by the Service at Request of the Parties	42	72	56	65	68

FUTURE OUTLOOK AND WORK PROGRAM FORECAST FOR FISCAL YEAR 1973

The tabulation on page 14 shows the workload projections in terms of cases and assignments for Fiscal Years 1972 and 1973. The growth in workload forecast is based on experience of the three previous fiscal years including the number of meetings conducted compared with mediator strength. The increase in number of meetings attests to the degree of complexity and the extensive complications inherent in today's collective bargaining.

A historical comparison of the total meetings conducted in dispute mediation cases and the year-end mediator strength for the Fiscal Years 1964-71 period with projections to Fiscal Year 1973 is graphically represented on page 15. As will be noted, the number of meetings increased from approximately 26,000 to over 32,000, a growth of approximately 23 percent during the period, while the mediator strength increased only six percent, from 238 to 253. On the basis of this history of yearly increases, it is estimated that the Service's mediators will conduct approximately 35,500 dispute mediation conferences in Fiscal Year 1973.

In terms of individual mediator workload, this could mean that, based on the 254 ceiling, each mediator would be required to conduct an average of 140 dispute case meetings. This is a substantial increase from the 111 meetings per mediator in 1964 and 128 per mediator in 1971.

WORKLOAD PROJECTIONS, FISCAL YEARS 1972 AND 1973

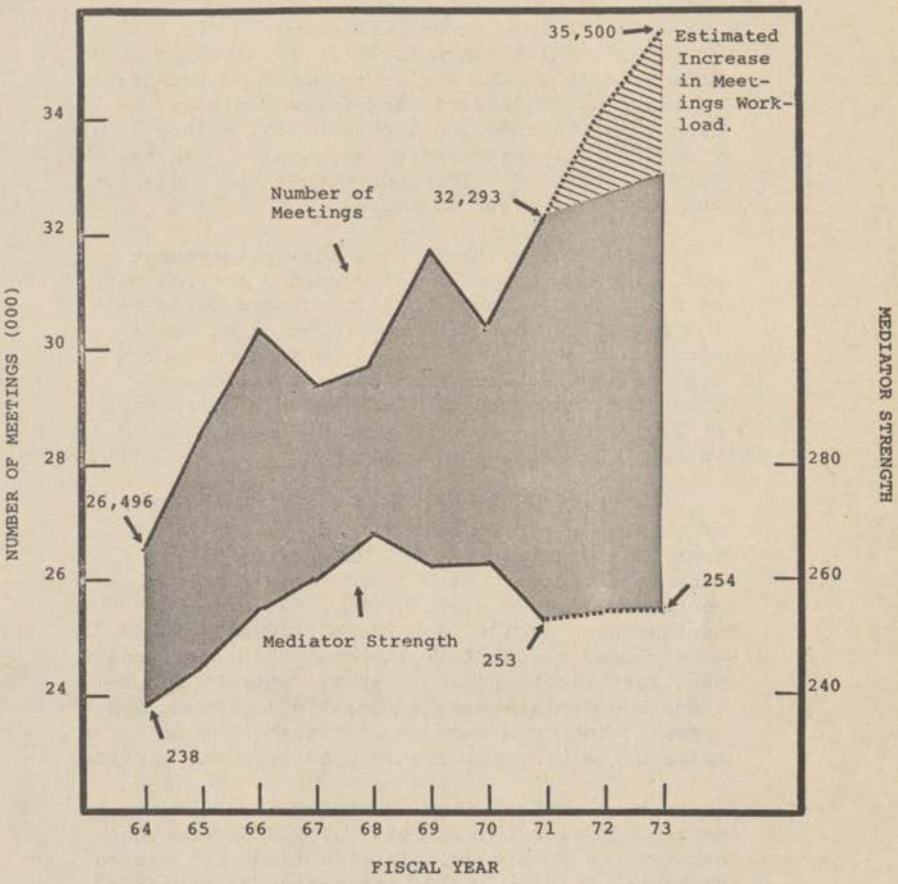
	Actual F. Y. 1971	Estimated F. Y. 1972	Estimated F. Y. 1973
I. Dispute Mediation			
A. Private Sector			
(a) Dispute case assignments in process during fiscal year.	26,747	27,350	28,000
(b) Joint Meeting cases closed.	7,991	8,150[1/]	8,350[1/]
(c) Percentage ratio of joint meeting cases closed to total assignments in process during the year.	29.9%	29.8%	29.9%
B. Public Sector			
(a) Joint meeting cases closed.	142	200[2/]	260[2/]
II. Preventive Mediation			
(a) Total preventive mediation assignments (new case assignments and carryover).			
1. Private Sector.	683	800[3/]	900[3/]
2. Public Sector.	168	275[3/]	400[3/]
III. Public Information and Education			
(a) Total assignments closed.	974	1,050[4/]	1,100[4/]
IV. Arbitration Services.			
(a) Number of panels submitted to the parties.	13,235	15,500[2/]	18,000[2/]

1/Based on the assumption that the percentage ratio (item c) of the three previous fiscal years, 1969-71, will prevail in Fiscal Years 1972 and 1973.
2/Based on the average increase of the three previous fiscal years.
3/Based on the greater emphasis on preventive activity.
4/Based on the re-definition of preventive activity coupled with the increase in public sector activity experienced in the past three fiscal years.

ANALYSIS OF TOTAL DISPUTE MEETINGS

COMPARED WITH MEDIATOR STRENGTH

FISCAL YEARS 1964 - 1973



BASIS FOR WORKLOAD PROJECTIONS FISCAL YEARS 1972 AND 1973

A. Dispute Mediation

1. Private Sector

The Service, under provisions of the Labor-Management Relations Act, 1947, receives notices from a party of the desire to amend or terminate an expiring collective bargaining contract. Eighty to 100 thousand such notices, either individually or in association bargaining, are received each year. They constitute the basis for the Service's major workload.

In addition, there is a steady increment each year to the potential workload arising out of new National Labor Relations Board bargaining certifications after representation elections. In Fiscal Year 1971 the NLRB conducted a total of 7,961 representation elections of which the unions won 4,323. About 54 percent or 2,351 of the elections won by the unions were in manufacturing industries.

The NLRB provides the Service with copies of these bargaining certifications. In Fiscal Year 1971 a total of 3,700 NLRB certifications were received, of which 1,780 mediation assignments were made. Subsequently, 877 of these assignments involved Service participation and were closed successfully through joint meetings. Such certifications are initial contract situations and mediation is especially important and somewhat involved because of the absence of a prior bargaining relationship between the parties.

These notices form the basis for case assignments. In Fiscal Year 1971, 21,727 dispute case assignments were made. In effecting such assignments the Service avoids attempting to mediate disputes which would have only a minor effect on interstate commerce if State or other conciliation services are available to the parties. The guidelines listed below are considered in making jurisdictional determinations in questionable cases.

(a) Tandem Case--Any potential stoppage by the unit in dispute might lead to a stoppage of other units in the same plant or plants.

(b) Defense Impact Case--The company is engaged either as a principal or subcontractor, in the manufacture of material utilized by the Armed Services.

(c) Pattern Setting Case--The outcome of the negotiations with the unit in dispute can set a pattern for settlement of other units in the industry, company or area.

(d) Major Supplier--The company immediately involved is a major supplier of products essential to the production of other companies, so that any interruption of production in the company immediately involved may lead to layoffs or curtailment of hours at the other companies.

(e) No State Agency--There is no active State mediation agency available to the parties.

(f) Other Reasons--Compelling reasons for the assumption of jurisdiction which are not covered by the above criteria.

The dispute mediation workload projection for Fiscal Years 1972 and 1973 is based on the average actual workload in terms of dispute case assignments for the three preceding Fiscal Years (1969-1971). In addition there is added an increment of 1,900 additional case assignments arising out of new National Labor Relations Board bargaining certifications. Actual data for the past few years substantiate the accuracy of this projection.

The estimate of joint meeting cases to be closed for both Fiscal Years 1972 and 1973 is based on the assumption that the actual average percentage ratio which prevailed for the preceding three fiscal years will continue at the same level during Fiscal Years 1972 and 1973. The average yearly percentage ratio is slightly over 29 percent. Translating these figures to mediator activity means that the Service becomes actively involved in approximately three of every ten dispute assignments. The mediators, however, must maintain continuing liaison with both parties in all cases even though active involvement at the bargaining table in some situations is not required. These data reinforce a basic principle of the Service that the parties should first endeavor to reach their own agreement before calling for mediation assistance.

In Fiscal Year 1972, major negotiations took place in aerospace, East Coast Maritime, bituminous coal and longshore, East and Gulf Coast. Each of these major negotiations will have some subsequent patternmaking impact. During Fiscal Year 1973, major negotiations will occur in national trucking, rubber, construction, TV broadcasting, clothing, shipbuilding, off shore maritime, and electrical equipment industries. Some remaining negotiations will carry over in aerospace.

2. Public Sector Mediation

(a) Federal Sector

In 1968 the Service participated in five federal sector cases. Since that time the caseload has doubled with each passing year as follows:

Fiscal Year 1969	17 cases	
Fiscal Year 1970	37 cases	
Fiscal Year 1971	101 cases	
Fiscal Year 1972	106 cases	(first six months)

If the current trend continues, the Service will have assisted in at least 200 cases by the end of Fiscal Year 1972.

One of the reasons for the marked upsurge in federal activity is the change of priorities by the unions from organizing to negotiating. Under Executive Order 10988, informal, formal, consultation rights, and exclusive types of recognition agreements were available.

Under Executive Order 11491, all forms of recognition were invalidated except exclusive. As a result, the federal unions immediately began organizing disenfranchised workers under exclusive recognition. The Labor-Management Services Administration figures reflect the abormal number of unit determination and representation cases during the first year under Executive Order 11491. Fifty-three percent of all federal classified employees are now organized in exclusive representation units.

The union's primary interest in bargaining rather than organizing is reflected by the Service's increased caseload.

Although the scope of federal bargaining continues to be narrow when compared to the private sector, the issues at the bargaining table are difficult and sometimes complex.

A recent study by FMCS staff indicates that the grievance procedure and binding arbitration continue to be the most prevalent issues faced by mediators. After that, ground rules for bargaining, scheduling of workweek, merit promotion, job assignments, and term of agreement are ranged in order of prevalence at the table.

The Civil Service Commission created a task force recently to study issues that are presently non-negotiable. An increase in negotiable issues, which appears likely, will further increase the Agency workload.

(b) Non-Federal Sector

In the non-federal public sector, the Service provides assistance only in those cases which meet its criteria for participation. Within these criteria the Service was active in 59 non-federal public disputes during Fiscal Year 1971. This level of activity is likely to continue and perhaps increase somewhat despite the strict criteria governing participation.

B. Preventive Activity

Section 203 (a) of the Labor Management Relations Act, 1947, As Amended, charges the Federal Mediation and Conciliation Service with the duty "to prevent or minimize interruptions of the free flow of commerce growing out of labor disputes." The Service's supporting Preventive Activity Program is a recognized viable factor in meeting this objective.

Preventive activity entails continuing dialogue during non-crisis bargaining periods for the purpose of cultivating better understanding of mutual problems by the parties and the improvement of relationships between them. Preventive activity has many of the same aspects as dispute mediation without the emotion and pressure of the "crisis" deadline.

In an effort to maximize the effectiveness of the Service's preventive work, a redefinition of preventive activity was effected in March 1971. Additionally, a

continuing program has been established to update preventive resource materials and develop new approaches to labor-management problems. A coordinated Service-wide program will enable each mediator to review techniques utilized in successful preventive activities and adapt them to the needs of the parties with whom he is working. This system of providing mediators with innovative and creative approaches to preventive activity utilized by their colleagues will serve to enhance disputes avoidance.

The preventive activity estimates bear a relationship to the dispute case workload. Most of the preventive mediation activity develops out of dispute case negotiations during which the mediator perceives the need for improvement in one or more aspects of the labor-management relationships. Accordingly, he will, where appropriate, broach the subject to the parties and offer his assistance in getting a program underway which will address itself to particular problems or circumstances hindering a good labor-management relationship. It is only with the consent, cooperation and support of labor and management in a cooperative effort that a mediator engages in preventive mediation activity. Much of this activity must of necessity be performed at the convenience of the parties, which is usually after the regular working hours of the mediator.

It has been noted that a successful preventive endeavor frequently leads to inquiries from other local union and management representatives in the same industrial community about the Service's preventive program.

Since the advent of Executive Order 11491, As Amended, and the increased responsibilities of this agency in the public sector area of labor-management relations, a separate commentary on preventive activity in the public sector appears appropriate. The anticipated increase in preventive activity in the public sector has occurred. This increase results from the parties' needs and desires to accumulate expertise in labor-management negotations.

Special emphasis has been placed on preventive work involving public sector collective bargaining relationships. Throughout government, federal, state, county and municipal, many of the parties are newcomers to contract negotiations, collective bargaining and formalized labor-management relationships. Thus, mediators are being called upon to devote many sessions to familiarize the participants with their respective roles and attendant responsibilities in the bargaining process. As mediators become involved with the parties through contract negotiations and other means, preventive activity will play an increasingly important role in establishing constructive

relationships and measures for dealing with labor-management problems. The estimates for Fiscal Years 1972 and 1973 reflect these assumptions.

C. Public Information and Educational Activities

The public relations and educational assignments are an important adjunct to the total mediation job. The major aim is to help make the bargaining process work better. The mediator staff devotes as much time as is possible, without neglecting mediation or preventive activity assignments, to meet the interest of various segments of the public. Such activities include assisting in planning programs; making speeches before labor and management groups; participating in conferences relating to the topics of collective bargaining and its role in the Nation's economic and industrial life; co-sponsorship with universities in seminars and workshops, interviews; participating in radio and television programs; and other similar activities related to the subject of collective bargaining and the mediation function. In each of the last few years there were approximately 900 or more activities of this nature.

However, as a result of the redefinition of preventive activity, certain assignments which previously had been classified as preventive are now being designated as public information or educational activities; for example, participation in activities with labor and/or management in other than direct ongoing collective bargaining relationships. This potential increase in the number of public information and educational assignments is reflected in the increased workload projections for Fiscal Years 1972 and 1973.

D. Arbitration Services

Arbitration per se is not a part of the individual mediator's job. The Service, however, does perform an important administrative function in the field of labor-management relations through the maintenance of a select roster of over 1,000 highly respected and well-qualified persons from which the parties can select an arbitrator to adjudicate their differences.

Demands for arbitration services continued to escalate during Fiscal Year 1971 and the Service provided an annual record level of 13,235 panels, a 19 percent increase over the previous year. Since Fiscal Year 1967, the arbitration workload as measured by the number of panels issued has increased by approximately 100 percent. Similarly other aspects of arbitration show a

continuing increase in the workload as indicated by the tabulation on page 12. The workload is expected to continue this upward trend in Fiscal Years 1972 and 1973 as shown in the workload projections on page 14.

In order to cope with the increased workload and to make the arbitration function more efficient and responsive to the requirements of the public, labor and management, the Service implemented a computerized arbitrator selection and processing system in Fiscal Year 1972. The system is based on Automatic Data Processing software developed by the National Aeronautics and Space Administration and made available to the Service at no additional cost. The system is installed at the Department of Justice and the Service is sharing their computer facility. Access to the arbitration files is through a remote terminal located at FMCS.

The system is flexible so that it can absorb anticipated increases in arbitration requests, while maintaining a response time to the parties of one to two days. With this improved productivity, it is possible to operate the system with the same number of personnel even with an expanding workload. There are other advantages offered by the system through its automatic query and display features such as: improved monitoring and reporting capability of arbitration activities; equitable distribution of cases among available arbitrators; capability of responding to requests specifying more refined arbitrator experience criteria; and identifying arbitrators who are currently unavailable to accept assignments.

In addition to improving the quality and efficiency of the arbitration service, certain cost savings and related benefits are evident. For example, by utilizing an existing government-owned software package it was possible for the FMCS to eliminate the cost of initial system design and development. Similarly, sharing a government-owned computer facility which has the same system software installed, makes it possible for both agencies to use the computer at the same time and thus share the cost of data processing. Other benefits include elimination of 75 percent of the manual files in the arbitration function and savings in cost of file storage, handling, and additional equipment costs.

PROGRAM EFFECTIVENESS AND ESTIMATED COST/BENEFIT EVALUATION

There is no question that the labor-management community is being well served when the need for mediation exists. Each year the Service receives hundreds of letters from representatives of both labor and management testifying to the effectiveness of the assistance given the parties in their negotiations. These unsolicited testimonials are a sound but nonstatistical indication of the effectiveness of the mediation program.

Endeavoring, however, to relate the cost of operating the mediation program to the benefits achieved to the economy, in terms of work stoppages shortened or averted, is quite complicated because of the many imponderables present. The Bureau of Labor Statistics, as stated in its "Handbook of Methods" does not attempt to measure the cost of strikes in terms of the amount of production and wages lost because of the many complex and interrelated factors for which information is not readily available.

Based on certain assumptions, however, a rough approximation of cost effectiveness may be attempted although obviously no precise validation is possible. The following data, therefore, are presented with this important qualification in mind.

A. Wage Losses Eliminated or Minimized With Active Mediator Participation in Dispute Mediation Cases

1. Cases Settled Without Strikes as a Result of Intensified Mediation Efforts

In Fiscal Year 1971, strike deadlines were postponsed and/or joint meetings were held on deadline dates (on the initiative of the mediator) in 2,921 cases. In about 2,100 of these cases, involving over 665,000 employees in the bargaining units, the additional time and intensive mediation effort prevented any strikes from developing. The potential strike time loss avoided in these 2,100 cases was over 15 million man-days, calculated by use of the BLS average of 23 man-days lost per worker in stoppages for calendar year 1969. Discounting this figure by 50 percent, on the basis that some postponements and subsequent settlements would have been reached without a mediator, or that strike duration would have been less than the BLS average, a conservative figure of 7.6 million man-days saved is estimated.

2. Cases Settled Without Strikes Prior to Deadline Date With Mediator Assistance

In Fiscal Year 1971, 3,563 additional active cases with over 845,000 employees in the bargaining units were closed by FMCS mediators without strikes and without the necessity of postponement of strike deadlines and/or joint conferences on the deadline date. It is a conservative estimate that strikes would have occurred in 20 percent of these cases (involving 20 percent of the workers) without mediator assistance, and that the work time lost, using BLS average number of man-days lost (23 as in 1. above), would have been almost 3.9 million man-days.

3. Strike Cases in Which Strike Time Losses Were Shortened Due to Mediator Assistance

That actual strike time losses are minimized by mediator assistance is a fair assumption. Referring to BLS data for 1969 for purposes of greater accuracy (Bulletin No. 1687), Federal mediators participated in the settlement of 2,007 strike cases involving 987,700 workers and a total of 25,162,300 man-days of idleness.

Assuming that these strikes would have persisted for three working days longer in the absence of mediator assistance (a conservative assumption), it is estimated that over 2.9 million man-days of additional idleness were avoided.

4. Estimated Total Yearly Strike Time Avoided

In terms of man-days, estimated total year strike time avoided is as follows:

	(In Millions)
(a) Cases settled without strikes as a result of intensified mediation efforts by the mediator where deadline dates were postponed and/or joint meetings were held on the deadline date. (1. above)	7.6 man-days

(b)	Cases settled without strikes prior to deadline date with mediator assistance (2. above)	3.9 man-days
(c)	Strike time loses shortened due to mediator assistance (3. above)	2.9 man days
	Total Man-Days Saved	14.4
	At $28.48 per day (based on BLS data of average hourly earnings of $3.56 for manufacturing as of July 1971), the estimated annual wage losses avoided are	$413.0

In terms of Gross National Product, the value of the production of goods and services lost could be several times as great as the estimated wage loss.

Beyond the estimated wage loss, there are other potential losses inherent in strike situations such as decline in earnings and income, reduction in Federal, State and local income and corporate taxes, etc.

In summary, the data point to a high rate of benefit to the Nation's economy in relation to the funds expended for the Service's mediation program ($9,610,000 in Fiscal Year 1971).

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MANPOWER AND AND FINANCIAL REQUIREMENTS

A. Manpower

In accordance with the determination of the Office of Management and Budget, the Service's personnel ceiling for Fiscal Years 1972 and 1973 will be limited to 431 permanent positions. This is a reduction of seven positions below the number authorized in the appropriation for Fiscal Year 1972. As a result, the Service eliminated three positions in the National Office and three mediator positions and one clerical position in the field. A distribution of the positions in Fiscal Year 1973 is as follows:

Permanent	Positions
National Office Staff	68
Regional Director and Assistant Regional Director Positions	14
Non-supervisory Mediator Positions	254
Regional and Field Office Administrative, Stenographic and Clerical Positions	95
Total Permanent	431
Part-Time and Temporary	10
Total	441

The Fiscal Year 1973 estimate includes ten part time and temporary positions--the same as in the present Fiscal Year. These positions are used on an intermittent basis for ad hoc boards and panels, expert mediators and consultatnts, and for temporary employment of clerical and stenographic positions to help meet peak workload volume in the National and field offices.

B. Financial Requirements

The budget request for Fiscal Year 1973 is $10,650,000--a net increase of $264,000 over Fiscal Year 1972. Included in both fiscal years are amounts

necessary for increase pay costs due to enactment of Public Law 92-210 as follows:

	F. Y. 1972	F. Y. 1973	Increase or Decrease
Original Budget Submission	$10,289,000	$10,190,000	-$ 99,000
Transfer to GSA	-$ 24,000	--	+$ 24,000
Appropriation (Adjusted)	$10,265,000	$10,190,000	-$ 75,000
Supplemental for Pay Increases	+$ 121,000	+$ 460,000	+$339,000
Revised	$10,386,000	$10,650,000	+$264,000

The net increase of $264,000 includes an increase of $159,000 for personnel compensation and $105,000 for other objects. These increases are treated in more detail below.

Personnel Compensation--$8,514,000, an increase of $159,000 over Fiscal Year 1972

	F. Y. 1972	F. Y. 1973	Increase or Decrease
Permanent Positions	$ 8,194,000	$ 8,396,000	+$202,000
Extra Days' Pay	63,000	--	-$ 63,000
Total Permanent Positions	$ 8,257,000	$ 8,396,000	+$139,000
Temporary Positions	83,000	$ 103,000	+$ 20,000
Overtime	$ 15,000	$ 15,000	--
Total Personnel Compensation	$ 8,355,000	$ 8,514,000	+$159,000

The net increase of $159,000 in Fiscal Year 1973 reflects $327,000 for increased pay costs due to the enactment of Public Law 92-210. As an offset to the above increase there is a reduction of $105,000 related to the annualization cost of seven positions eliminated during Fiscal Year 1972, and a $63,000 reduction in the cost for the two extra days' pay not required in Fiscal Year 1973.

Personnel Benefits--$737,000, an increase of $3,000 over Fiscal Year 1972

The major items in Fiscal Year 1973 include $587,000 for payment to the Civil Service Retirement Fund--an increase of $10,000 over Fiscal Year 1972; $115,000 for employees Group Life Insurance and Health Benefits--an increase of $3,000 over Fiscal Year 1972; $9,500 for payment to the Bureau of Employees' Compensation--a decrease of $10,000 below Fiscal Year 1972; $21,000 for real estate fees payable by the Agency in connection with official station transfers. The remaining $4,500 is for employee awards and FICA taxes.

Travel and Transportation of Persons--$640,000, the same as for Fiscal Year 1972

Apart from salaries, travel is the principal expense item related to mediation. The major items in this group include $382,000 for mediator case assignments; $135,500 for cost of attendance at national seminars, regional conferences and workshops; $79,500 for the National Office staff and ad hoc boards and panels activity; $25,000 for Regional Directors and Assistant Regional Directors, and the balance of $18,000 for other miscellaneous travel.

Transportation of Things--$23,000, the same as for Fiscal Year 1972

The principal cost factor in this object is transportation of household goods in official station transfers. Twenty-six such moves at an average estimated cost of $800 each are included in the Fiscal Year 1973 estimate. This amounts to $21,000. The remaining $2,000 is for normal transportation costs of supplies and equipment throughout the Service.

Rents, Communications and Utilities--$461,000, an increase of $50,000 over Fiscal Year 1972

The major items include $75,000 for rental of office space, an increase of $40,000 over Fiscal Year 1972, to be arranged through General Services Administration. Of the total communication estimate of $386,000 for Fiscal Year 1973, an increase of $10,000 over Fiscal Year 1972; $116,000 represents telephone equipment rental charges; $20,000 for commercial long distance telephone toll calls, and $180,000 for GSA-FTS tie lines, an increase of $10,000; $25,000 for penalty mail; $18,000 for teletype and telegraph. The remaining $27,000 is for other miscellaneous charges.

Printing and Reproduction--$16,000, the same as for Fiscal Year 1972

The estimate covers the printing cost of the Annual Report of the Service to Congress, $5,000; printing of agency forms, $4,500; reports of ad hoc boards and panels, $1,500; and other miscellaneous reproduction and printing costs, $5,000.

Other Services--$172,000, an increase of $52,000 over Fiscal Year 1972

The major items in this group include $100,000--an increase of $52,000 over Fiscal Year 1972, for operation and maintenance of existing systems and for development, modification or conversion of additional administrative and program oriented systems. The major items in this category include $30,000 reimbursement to the Department of Justice for the ADP operation, maintenance and production of the Service's on-line Arbitration System developed in Fiscal Year 1972; $10,000 for additional operational costs related to ADP systems which will become operative during Fiscal Year 1973; and $10,000 reimbursement to the Department of Agriculture for existing automated statistical reports concerned with mediation activities. The balance of $50,000 is for further development, modification or conversion of additional systems, such as mechanization of the Strike Report, and for upgrading the personnel payroll system to provide the necessary data elements to the Civil Service Commission in connection with the government-wide Federal Personnel Information System. The Service will continue to upgrade its systems by utilizing available hardware and software developed by other government agencies similar to the cost-sharing arrangement with the Department of Justice for the operation of the Arbitration System.

The remaining items in this category include $15,000 for alterations of offices; $16,500 related to ad hoc boards and panels activity; $10,000 for office machine maintenance; $7,000 for reimbursement to the Public Health Service; $1,000 to be available to the Director, as needed, to cover expenses incurred when he is acting as the official representative of the Government, and the balance of $22,500 for other miscellaneous charges.

Supplies and Materials--$40,000, the same as for Fiscal Year 1972

This item is related to the procurement of office supplies, forms, subscriptions and periodicals.

Equipment--$46,000, the same as for Fiscal Year 1972

The major items in this category are $15,000 for the development and purchase of new audio-visual sequences; $31,000 for the purchase of new and replacement of old furniture, office machines and equipment.

Claims and Indemnities--$1,000, the same as for Fiscal Year 1972

TUESDAY, APRIL 18, 1972.

NATIONAL LABOR RELATIONS BOARD

WITNESSES

EDWARD B. MILLER, CHAIRMAN
PETER G. NASH, GENERAL COUNSEL
JOHN H. FANNING, BOARD MEMBER
JOHN C. TRUESDALE, ACTING EXECUTIVE SECRETARY
JOHN S. IRVING, ASSOCIATE GENERAL COUNSEL
MARCEL MALLET-PREVOST, ASSISTANT GENERAL COUNSEL
CLARENCE S. WRIGHT, DIRECTOR, DIVISION OF ADMINISTRATION
MORRIS S. MILLER, CHIEF, BUDGET BRANCH
MILDRED E. STEVENS, ASSISTANT CHIEF, BUDGET BRANCH

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	32,485	35,850	36,622
Positions other than permanent	219	302	308
Other personnel compensation	41	39	40
Special personal services payments	201	236	240
Total personnel compensation	32,946	36,427	37,210
Personnel benefits: Civilian	2,797	3,222	3,297
Travel and transportation of persons	1,797	2,128	2,181
Transportation of things	70	71	75
Rent, communications, and utilities	1,360	1,680	1,823
Printing and reproduction	428	1,111	903
Other services	1,495	1,984	2,145
Supplies and materials	318	392	389
Equipment	136	268	255
Insurance claims and indemnities	27	50	50
Total costs funded	41,374	47,333	48,328
Change in selected resources	120	−341	−68
Total obligations	41,494	46,992	48,260

PERSONNEL SUMMARY

Total number of permanent positions	2,299	2,573	2,573
Full-time equivalent of other positions	31	38	39
Average paid employment	2,168	2,396	2,459
Average GS grade	9.7	9.6	9.4
Average GS salary	$14,972	$14,477	$14,346

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Field investigation	25,977	29,607	30,008
2. Trial examiner hearing	4,156	4,984	5,308
3. Board adjudication	4,789	5,447	5,692
4. Securing compliance with Board orders	6,452	7,295	7,320
Total program costs, funded	41,374	47,333	48,328
Change in selected resources [1]	120	−341	−68
Total obligations	41,494	46,992	48,260
Financing: Unobligated balance lapsing	311	1,468	
Budget authority	41,805	48,460	48,260
Budget authority:			
Appropriation	41,827	48,468	48,260
Transferred to other accounts	−22	−8	
Appropriation (adjusted)	41,805	48,460	48,260
Relation of obligations to outlays:			
Obligations incurred, net	41,494	46,992	48,260
Obligated balance, start of year	4,043	4,958	4,050
Obligated balance, end of year	−4,958	−4,050	−4,110
Adjustments in expired accounts	−19		
Outlays	40,561	47,900	48,200

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $685,000; 1971, $805,000; 1972, $464,000; 1973, $396,000.

Mr. FLOOD. Next we have the National Labor Relations Board. The presentation will be made by Edward B. Miller, the Chairman.

INTRODUCTION OF WITNESSES

Chairman MILLER. I would like to introduce Peter Nash, our new General Counsel, and John Fanning, I am sure you know, our long-time senior board member.

BIOGRAPHICAL SKETCHES OF WITNESSES

(The biographical sketches follow:)

BIOGRAPHICAL RÉSUMÉ OF EDWARD B. MILLER

Home address

5065 Macomb St., NW., Washington, D.C. 20016.

Birth date

Milwaukee, Wis., March 26, 1922.

Parents

Dr. and Mrs. E. A. Miller, Clintonville, Wis. (both deceased).

Education

Elementary and high schools, Clintonville, Wis., public schools.
College, B.A., University of Wisconsin, 1942; Harvard Graduate School of Business Administration, 1942–43; LL. B., Uniiversity of Wisconsin, 1947.

Military service

Active duty, U.S. Naval Reserve, 1943–46; rank at release from active duty, lieutenant, supply corps.

Professional career

Associated with Pope & Ballard (now Pope, Ballard, Shepard & Fowle) since graduating from law school in 1947, except for approximately 1 year (1951–52), during which served first as executive assistant to the Industry Members, and

later as an Industry Member of the Regional Wage Stabilization Board, which administered wage controls in Illinois, Wisconsin, and Indiana. Became a partner in the Pope & Ballard firm in 1953.
Appointed Chairman, National Labor Relations Board, June 1970.

Marital status

Married to Anne Harmon Phillips.

Children

Four children by a previous marriage. Two stepchildren.

Various noncareer activities prior to appointment to NLRB

Member, Illinois Governor's Advisory Commission on Labor Management Policy for Public Employees (1966–67).
Lecturer, American Management Association and Midwest Industrial Management Association.
Former chairman, Midwest Pension Conference.
Former chairman, Labor Relations Committee, City Club of Chicago.
Held numerous lay offices in First Congregational Church of Evanston, Ill., including chairman of board of deacons.

Bar association and other legal memberships

Member

Wisconsin State Bar Association, Illinois Bar Association, Federal Bar Association.

Member

Order of the Coif.
Law Club.
Legal Club of Chicago.

Social clubs

Cliff Dwellers Club (Chicago).
Lawyers Club (Washington).

PETER G. NASH

Home

12421 Over Ridge Road, Potomac, Md. 20854.

Office

Office of the General Counsel, National Labor Relations Boards, 1717 Pennsylvania Avenue NW., Washington, D.C. 20570.

Birth date

January 4, 1937, Newark, N.Y.

Family

Wife, former Diane Engleson of Williamson, N.Y.
Daughters, Kimberly T. Nash, 8; Tamara M. Nash, 3.

Military status

First lieutenant, U.S. Air Force, retired.

Education

High School, Newark High School, Newark, N.Y., graduated 1955.
College, Colgate University, Hamilton, N.Y., graduated 1959—A.B. Magna Cum Laude with high honors in political science. Phi Beta Kappa (junior year). Vice president of the student body and class. Football and lacrosse. Cadet colonel (commander) of AFROTC.
Law School, New York University School of Law, New York City, N.Y. Graduated 1962. LL.B., Root Tilden Scholar, Editor, Law Review, Order of the Coif (second year). Cum laude. Founders Day Certificate of Scholastic Achivement.

Courts in which admitted to practice

All New York State courts of record.
U.S. District Court for the Western District of New York.
U.S. Supreme Court.

Employment

1962–63—Confidential legal assistant (legal clerk) to the New York Supreme Court, Appellate Division, Third Department, Albany, N.Y.
1963–64—Bar examination grader—New York State Board of Law Examiners.
1963–69—Wiser, Shaw, Freeman, Van Graafeiland, Harter & Secrest, associate attorney 1963–67; partner 1968–1969.
1960's—Instructor in labor law at Rochester Institute of Technology.
1969–70—Associate Solicitor of the U.S. Department of Labor.
1970–71—Solicitor, U.S. Department of Labor.
1971– —General Counsel, National Labor Relations Board.

Awards, honorary societies

Outstanding Young Men of America—1967.
Community Leaders of America—1969.
Phi Beta Kappa (junior year).
Pi Sigma Alpha, political science honorary, vice president.
Who's Who in Government—1971.
Who's Who in American Politics—1971.
Honorary doctor of laws, San Fernando Valley Law School, 1971.
Who's Who Among Students in American Universities and Colleges.

Publications

Administrative Law, 36 N.Y.U.L. Rev. 13771 (1961).
Soldiers' and Sailors' Relief Act, 37 N.Y.U. L. Rev. 1128 (1962).
Affirmative Action Under Executive Order 11246, 46 N.Y.U. L.Rev. 225 (1971).

Club, societies, associations, et cetera.

Rochester Chamber of Commerce (board of trustees).
Rochester Junior Chamber of Commerce (legal counsel, executive vice president, director, president—1969.
Colgate Alumni Club of Rochester (president, chairman—student selection committee, chairman of alumni fund drive).
National Director of Colgate Alumni Corporation—1969–71.
Phi Delta Phi legal fraternity—clerk.

Professional associations and activities

Monroe County Bar Association.
New York State Bar Association (labor law committee).
American Bar Association (labor law section).
Federal Bar Association—1969.
Member of National Panel of Arbitrators, American Arbitration Association.
Administrative Conference of the United States—1971.

JOHN H. FANNING

Birth date

September 19, 1916, Putnam, Conn.

Education

Norwich Free Academy, Norwich, Conn., 1934.
Providence College, Providence, R.I., A.B. (cum laude), 1938.
Catholic University of America School of Law, Washington, D.C., LL. B., 1941.
Providence College—Doctor of Public Administration, 1969.

Profession

Lawyer—member of State of Rhode Island and U.S. Supreme Court Bars. Member of Federal Bar Association.

Government career

Federal employee for 29 years, first 15 years as a career employee, last 14 years as a Presidential appointee.
December 1967, reappointed by President Johnson to third term as member of National Labor Relations Board. First Board member to be appointed to three successive full terms by three Presidents of different political parties.
December 1962, reappointed by President Kennedy to second term as member of National Labor Relations Board.
December 1957, appointed by President Eisenhower to first term as member of National Labor Relations Board.

1955–57, Director of the Office of Domestic Programs, Department of Defense. In this capacity, directed the activities of the Department of Defense in the fields of military-contractor labor-management relations, industrial aspects of the military reserve program, civil emergency planning and civil defense and served as Fair Employment Policy Officer for the Office of the Secretary of Defense.

1951–55, Director of the Office of Industrial Relations, Department of Defense, which he established and directed during the Korean war, directing the activities of the Department of Defense in the field of military-contractor labor-management relations.

1948–51, Special Assistant to the Judge Advocate General of the Army for procurement matters. In this capacity, also served as Labor Adviser to the Secretary of the Army and the General Staff of the Army and chairman of the Department of Defense Munitions Board Industrial Labor Relations Committee; Chairman of the Army Contract Adjustment Board and the Army Renegotiation Relief Advisory Committee; and counsel to the Army War Contract Hardship Claims Board.

1945–48, Chief, Industrial Relations Branch, Office of The Judge Advocate General of the Army.

1943–45, Chief, Domestic Labor Standards Section, Industrial Personnel Division, Army Service Forces.

1942–43, Attorney, Office of the Solicitor, Department of Labor.

Non-government experience

Law firm of Corcoran and Mangan, Pawtucket, R.I., 1941–42.

Marital status

Married to former Eloise M. Cooney, Pawtucket, R.I. Mrs. Fanning is a graduate of Brown University, Providence, R.I., 1938, and teaches Latin at the Immaculata Preparatory School, Washington, D.C. Five children, three girls, two boys.

Political affiliation

Registered Democrat.

Legal residence and domicile

15 Pierce Street, Pawtucket, R.I.

Washington, D.C., residence

5905 Welborn Drive, Washington, D.C. 20016.

Professional awards

May 1957, received from National Civil Service League its Annual Career Award given to outstanding Government employees.

April 1958, received Department of Defense Meritorious Civilian Service Medal.

May 1958, received Providence College Alumni Association Annual Personal Achievement Award.

May 1965, inducted as honorary member in Phi Alpha Delta law fraternity for service to Catholic University Law School and students.

November 1965, received Catholic University of America Alumni Association Annual Award for Outstanding Achievement in the Field of Government.

Other professional activities

Has participated as guest speaker or lecturer in programs sponsored by Baylor, Cornell, Yale, Southern Methodist, Syracuse, George Washington, American, Tulane, Loyola, Catholic, Rhode Island, St. Bonaventure, Florida, New York, Niagara, Oklahoma, Virginia, Tennessee, Pennsylvania, and Arizona Universities, and City College of New York, Le Moyne, Providence, Merrimac, St. Vincent's and Dunbarton Colleges; District of Columbia, Louisiana, Minnesota, Wisconsin, Kentucky, Tennessee, Texas, Oklahoma, St. Louis, Chicago, City of New York, Atlanta, Connecticut and Federal Bar Associations; National Association of Manufacturers; U.S. Chamber of Commerce, Society for Personnel Administration, American Management Association, the Industrial Relations Research Association and various trade associations and trade unions.

Has authored articles appearing in publications of Boston College, George Washington, Catholic, Loyola, Tulane, George, Pennsylvania, and New York Universities; The Record of the Bar of the city of New York, Monthly Labor Review of the U.S. Department of Labor, Labor Law Journal, Social Order and the New Catholic Encyclopedia, and the Bureau of National Affairs.

1971– Member of the Administrative Conference of the United States.

Community activities

1968– Member of Cardinal O'Boyle's Committee of the Laity for the Archdiocese of Washington, to advise on and implement charitable and social activities of the archdiocese.
1969– Board of directors, Catholic Youth Organization, Archdiocese of Washington, D.C.

Alumni activities

1959–62, national president, Catholic University Law School Alumni Association.
1961–62, Board of governors, Providence College Alumni Association.
1971– Board of directors, Catholic University Law School Alumni Association.

Mr. FLOOD. You have a statement. How do you wish to proceed?

Chairman MILLER. If I may, read it.

Mr. FLOOD. Suppose you do.

GENERAL STATEMENT OF MR. MILLER

Chairman MILLER. Thank you for this opportunity to appear before you in support of a request for 1973 budget for the National Labor Relations Board.

As you will see from the data before you, we are seeking a budget of $50,456,000. Last year the Congress appropriated the sum of $49,468,000 for us. As you can see, therefore, our requested increase over last year is modest. If you take out of our request the pay increases which Congress ordered to be effective January 1972, so as to make the figures truly comparable, our 1973 request would be only $48,260,000, which is a couple of hundred thousand dollars less than the amount actually appropriated for 1972.

It is probably only fair to point out, however, that the amount we actually expect to spend in the course of the current fiscal year is $48,055,459, and so our request for $50,456,000 does anticipate some increased spending over our actual 1972 experience, most of which will go for the pay increases. But we also do wish to increase our average employment very modestly—to be precise, an increase of 63 or a 2.6 percent increase from the approximately 2,400 average employment figure for the current fiscal year.

INCREASING CASELOAD

The reason for that requested increase can be simply stated. We continue to get more cases filed with us in each successive fiscal year and our best estimates are that that trend will continue. We are anticipating an increase of 7 percent in the number of cases filed with us. With proper internal management improvement we expect to be able to handle that percentage increase with less than a 3 percent increase in personnel.

The 7 percent projection of increased case filings is probably conservative. In fiscal year 1971 we experienced an incerase of 10.8 percent and it looks as though in 1972, the current year, we are going to experience an increase of around 8.7 percent. At least, that was our estimate and indications at the present time are that this estimate won't be far off. Actually, our unfair labor practice charges are probably going to increase slightly more than we had estimated and our election petitions are going to be down a little, and thus the estimated totals will be pretty close. That unexpectedly large increase in unfair labor practice charges will take us more time and energy to process

than if the unexpected increase had been in election petitions, because the investigation and trial of the average unfair labor practice charge takes more time and expense than the running of the average election does.

POSTAL SERVICE CASES

Some of you may recall that we called your attention last year to the fact that we were assuming jurisdiction, pursuant to congressional action, over Postal Service employees. We had to make some estimates at that time as to how much work this would involve. That was a pretty "iffy" kind of business, and the best we could do was to make an educated guess. We still can't be sure as to what this additional jurisdiction is going to mean for us over the long run. As one might have expected, it started out slowly and in the first 4 months we had only 113 post office charges filed, and only 17 petitions for an election. Then in November we received twice as many charges as we had received in any previous month in postal cases and very recently it has been skyrocketing.

Mr. FLOOD. Are those cases brought by employees?

Chairman MILLER. These are cases brought to us either by employees or by the union.

Mr. FLOOD. Both?

Chairman MILLER. Yes, sir.

Mr. FLOOD. Do these cases come from local unions, local post offices?

Chairman MILLER. Yes. In fact the great bulk of the new ones which were filed in February of this year, when we received 418 were of this type.

Mr. FLOOD. They come from the local post office rather than the national offices?

Chairman MILLER. Correct.

Mr. FLOOD. Of course the individuals might come from anyplace?

Chairman MILLER. That is correct.

Mr. FLOOD. In those post office cases do these controversies so far involve conflict with the postmasters? I am thinking of the new law. Do these appeals that get to you involve conflict between a local union and the local postmaster chiefly?

Chairman MILLER. I really should let Peter speak to this because they have not reached the Board for decision.

Mr. NASH. Most of the 418 cases we received in February, involved local bargaining between the postmaster and the local union.

Mr. FLOOD. What would be the nature of some of the complaints of local unions from town A having a dispute with a postmaster?

Mr. NASH. Some of those disputes are that the local postmaster has refused to bargain in good faith on local issues, has taken too hard a line and thus refused to bargain. Some involve the question of what is an appropriate issue for local bargaining; the postmaster saying that was something settled in national negotiations.

Mr. FLOOD. Do you have any charges of favoritism or nepotism or any charge of politics?

Mr. NASH. Not that have come to my attention. There may be but I don't know of them.

Mr. FLOOD. Proceed.

Chairman MILLER. Thus in July of 1971 we received only 18 charges, in October we received 35, in November we received 74 and in February of this year we received 418. It begins to appear that the Postal Service employees have found out who and where we are and that we may indeed have a continuing substantially increased case load through the addition of this jurisdiction over some three quarters of a million employees.

I am attaching a table to this statement which summarizes our recent experience in those postal and nonpostal case filings, as well as data concerning nonpostal filings, which will give you some further detail as to what I have just described.

WORKLOAD DETERMINED BY EXTERNAL FACTORS

I will once again remind this committee, as we do each year, that these increases in our workload are not of our own making. We initiate no proceedings of our own; our only statutory task is to process election petitions or unfair labor practice charges which some individual or union or company files with us. Thus it is the interested citizenry which has access to our facilities which determines our workload. We do not. All we can do in preparing our budget is to go over historical data, make some appraisal of the current scene, and then arrive at the best estimates we can as to what will be expected in the coming year. This is what we have done again this year, and the figures are before you.

INCREASED EFFICIENCY

I mentioned, early in this presentation, that our proposed budget would permit us to increase our average employment by a little less than 3 percent and that we expect with this modest increase to be able to handle a 7-percent increase in our workload. The only way we can do this, of course, is to increase our efficiency. As the justification figures which you have before you indicate, we have been able to make substantial increases in efficiency in the last couple of years. We achieved a rather dramatic increase in that connection during fiscal year 1971. When all of the figures are in for the current fiscal year, we will have further evidence of our increasingly economical use of resources, although the improvement during this fiscal year will not be able to match the dramatic improvement of the year before. Thus the 3 to 7 percent figures project I think, realistically, further increases in productivity and efficiency during the 1973 fiscal year.

As you know, the administrative management over the largest segment of our agency is vested in the General Counsel, and I will leave it to Mr. Nash to describe what has been accomplished and what is anticipated there. On what we call the Board side, we are currently running at a level which indicates that this year we will decide over 800 unfair labor practice cases and some additional 400 preelection and postelection cases in representation proceedings. We are projecting, in the requested budget figures for 1973 a caseload of 1,025 unfair labor practice cases and 530 preelection and postelection decisions in representation proceedings. This is an extraordinarily heavy caseload, and one which we are able to handle only with the able assistance

which we receive from our professional staff. As the figures show, we are anticipating only a modest increase in that staff.

At the same time we are handling this increase in caseload we keep attempting to reduce our time delays. We have achieved some modest success in this regard in that the total time for a fully litigated case from the filing of the charge to the issuance of the Board decision has been reduced from 352 days in 1971 to 325 days in 1972, as shown in table B of our justification.

TRIAL EXAMINER DIFFICULTIES

We have, however, faced some problems in the initial decision making stage by trial examiners. We were authorized by Congress to increase our trial examiner employment from 95 at the beginning of fiscal year 1972 to 120 by the end of the year. We experienced, however, some difficulty in securing additional qualified examiners since the lists provided to us by the Civil Service Commission did not provide enough adequate qualified candidates for our needs. In addition, we lost some trial examiners through retirements, deaths, and the like, and the net result is that we have succeeded only in increasing from 95 to about 100. We are continuing our attempts to hire, and hope to reach our authorized level either late this year or, more probably, early next year.

In view of our inability to bring the trial examiner corps up to its full intended strength we have had to adjust our intended program for trial examiner decisions during the current year. We had originally expected that trial examiners would hold 1,430 hearings whereas it is now more realistic to expect a figure of around 1,330—about 100 less. We also expect the number of decisions which will issue to be about 100 less than the 1,119 we had originally expected. This has also meant that we have not been able to make the improvements in numbers of pending cases and in time delays at the trial examiner's stage which we had hoped for during 1972. Despite this fact, a reduction in overall time delay has been achieved. If, during the upcoming fiscal year, we can improve the situation at the trial examiner level we should be able to achieve still further reductions in overall time delay.

That, in general, is the picture. All of us here will be happy to do our best to answer any questions you may have. I firmly believe that our request is reasonable, and we are sincerely dedicated to continue to utilize the funds we are requesting in an economic and efficient manner.

The Congress has always been fair and considerate in reviewing our budget requests and acting on them. We therefore ask only that same fair consideration of the needs of this agency as has for years been the tradition. Thank you.

(The table follows:)

Actual	"C" Charges 1971 Actual	1972 Excludes P.O.	1972 Post Office	1972/1971 Before P.O.	1972/1971 Total	"R" Plus Related 1971 Actual	1972 Excludes P.O.	1972 Post Office	1972/1971 Before P.O.	1972/1971 Total	Total Intake 1972/1971
July 1971	2,135	2,167	18	+1.5	+2.3	1,086	1,040	7	-4.2	-3.6	
August	1,944	2,007	35	+3.2	+5.0	1,114	1,074	7	-3.6	-3.0	
September	2,040	1,946	25	-4.6	-3.4	1,179	1,010	1	-14.3	-14.2	
October	1,943	1,848	35	-4.9	-3.1	1,146	1,044	2	-8.9	-8.7	
July-October	8,062	7,968	113	-1.2	+0.2	4,525	4,168	17	-7.9	-7.5	-2.6%
November	1,792	2,072	74	+15.6	+19.8	928	1,073	1	+15.6	+15.7	
December	1,639	1,772	60	+8.1	+11.8	919	855	2	-7.0	-6.7	
January 1972	1,790	2,074	74	+15.9	+20.0	1,045	1,191	...	+14.0	+14.0	
February	1,798	2,186	418	+21.4	+44.7	1,163	1,363	9	+17.2	+18.0	
March Preliminary	2,335	2,585	257	+10.7	+21.7	1,425	1,590	2	+11.5	+11.7	
Nov.-March	9,354	10,689	883	+14.3	+23.7	5,480	6,072	14	+10.8	+11.1	+19.0
April-June Estimated on Basis of Nov.-March											
April	2,039					1,216					
May	2,045					1,116					
June	2,259					1,105					
April-June	6,343	7,250	596	+14.3	+23.7	3,437	3,808	11	+10.8	+11.1	
Total	23,759	25,907	1,592	+9.0	+15.7	13,442	14,048	42	+4.5	+4.8	+11.8
Budget Estimate	23,770	25,550	600	+7.5	+10.0	13,442	14,110	200	+5.0	+6.5	+8.7

Mr. FLOOD. Now we have as you mentioned Mr. Peter G. Nash, General Counsel of the National Labor Relations Board.

You may proceed, Mr. Nash.

GENERAL STATEMENT OF MR. NASH

Mr. NASH. I thank the committee for this opportunity to appear in behalf of the National Labor Relations Board in support of its budget request for fiscal year 1973. I was sworn in as General Counsel on August 24, 1971. I am offering for the record a brief biographical sketch.

The agency request for fiscal year 1973 is $50,456,000, an increase of $1,988,000 over the funds appropriated for fiscal year 1972. These funds will provide an average staff of 2,459 during the fiscal year 1973, an increase of 63 over the 2,396 average employment expected in fiscal year 1972. Thirty-seven man-years, or slightly less than two-thirds of the increase, is expected to be used in our field offices to help process the increased number of cases that are being filed.

In the discussion which follows, I have attempted to set forth the responsibilities of the office of the General Counsel, the problems which have arisen in the last few years, the accomplishments of those who preceded me, the work in which we are currently engaged, and the plans we have for 1973.

RESPONSIBILITIES OF THE OFFICE OF THE GENERAL COUNSEL

The National Labor Relations Act as amended (29 U.S.C. 141–167) provides that "the General Counsel shall exercise general supervision over all attorneys employed by the Board (other than trial examiners and legal assistants to Board members) and over the officers and employees in the regional offices. He shall have final authority, on behalf of the Board, in respect of the investigation of charges and issuance of complaints under section 10, and in respect of the prosecutions of such complaints before the Board, and shall have such other duties as the Board may prescribe * * *"

As a result of the delegations in the statute and those made by the Board under the statute, the General Counsel is responsible for the operation of the agency's field offices; for the supervision of all court litigation before and after Board decision; and for the supervision of the Division of Administration.

FIELD OPERATIONS

Field office work consists, primarily, of processing the representation and unfair labor practice cases filed with the agency. That caseload, all of which is generated by private parties (the agency initiates no cases), is currently running at the rate of over 40,000 cases a year. About 90 percent of these cases are disposed of in the field offices without the need for a trial examiner hearing or a contested Board decision.

The pie charts on page 6 and 7 of our justification, describe how these cases were disposed of in fiscal year 1971. Page 6 shows what happened to unfair labor practice cases. All unfair labor practice charges are investigated. In 69.4 percent of these cases, our investigation did not find evidence to support the issuance of a complaint. In

35.5 percent of the total output the charging parties, upon being appraised of the results of our investigation voluntary withdrew their charges, and the cases were closed. In 33.9 percent of the total charging party did not voluntary withdraw the charge upon being told that the investigation did not find merit, the case was dismissed, and the charging party was given the opportunity to file an administrative appeal from the dismissal.

The remaining unfair labor practice charges, 30.6 percent of the total, were those in which our investigation resulted in our determination that the charge appeared to have merit. In 77 percent of these cases, or 23.5 percent of the entire unfair labor practice case output, the cases were settled without the need for a formal hearing. In the remaining cases in which merit was found, 7.1 percent of the total, formal proceedings involving hearings and in most instances trial examiners decesions were required. Those cases which reached the stage of review and decision by the Board itself represent only 5.4 percent of the total case output and about half of these cases were taken to the U.S. circuit courts of appeals for review or enforcement.

Page 7 of our justification shows the pattern of disposition of representation cases. Twenty-three percent of the representation petitions were withdrawn, 5.8 percent were dismissed on grounds that no question of representation was presented, 52.9 percent resulted in voluntary agreement for election, and 0.2 percent represented expedited elections. In the remaining 18.1 percent of the cases, hearings were held and regional director decisions issued in most of these cases. The Board itself issued decisions in only 1.5 percent of all the representation cases.

It is apparent from this breakdown that the great mass of cases before the agency is disposed of at the regional office level without resort to formal litigation or action at the Board level in Washington. It is this formal action which puts the greatest strain on budgetary and personnel resources of the agency and it is the principal contributory factor to the time delay which tends to frustrate the salutary objectives of the statute.

CURRENT PROCESSING STATUS

In the first 8 months of fiscal year 1971 we docketed 15,081 unfair labor practice charges and 8,580 representation petitions and related questions. Charges settled before and after complaint represented 78.2 percent of the situations in which the investigation disclosed merit. In terms of time it took the field 44.3 days to close the median case disposed of informally; and the median age of cases pending under preliminary investigation was 25.2 days.

By contrast, in the first 8 months of fiscal year 1972 we docketed 16,811 charges (an increase of 11.5 percent over 1971) and 8,679 representation matters, (an increase of 1.5 over 1971), or a total increase of 7.7 percent over 1971. Charges settled before and after complaint represented 81.7 percent of the situations in which the investigation disclosed merit, a 4.4-percent increase over our 1971 experience. Again, in terms of time it took the field 40.8 days to close the median case disposed of informally, a 7.9 percent reduction from 1971 experience. In addition, the median age of cases pending under investigation dropped to 21.2 days, a 15.9 percent reduction from 1971 experience.

The chart which follows shows these comparisions:

Case intake	July-February Fiscal year 1971	Fiscal year 1972	Percent of change
Unfair labor practice charges	15,081	16,806	+11.4
Representation petitions and related	8,580	8,681	+1.2
Total	23,661	25,487	+7.7
SETTLEMENTS (ULP—SITUATIONS)			
Before complaint	2,369	2,748	+16.0
After complaint	713	881	+23.6
Total	3,082	3,629	+17.7
Percent of situations in which merit was found	78.2	81.7	+4.4
PROCESSING TIME			
Unfair labor practice charges closed by withdrawal, dismissal or settlement (days)	44.3	40.8	−7.9
Median age of situations pending under investigation	25.2	21.2	−15.9

(As table B of our justification indicates we are developing time data for informal processing of representation petitions. We do not have comparable data for 1971 beyond what is shown on table B.)

The improvements shown reflect achievement of the agency's main objectives namely, increasing voluntary settlement of cases, and reducing time delay. These improvements were made possible by the Agency's continuing program to achieve its objectives by improving its performance.

In fiscal year 1971, former General Counsel Ordman and Associate General Counsel Gordon had already begun to meet swiftly rising intake by improving the efficiency of casehandling despite a shortage of staff. The latter was attributable to our budget estimates and our appropriation which had not foreseen nor provided for the large increase in case intake.

Early in fiscal year 1972, Acting General Counsel Goslee, in a continuing effort to meet the demands of the mounting caseload, increased the field staff substantially, as authorized by the Congress. He was successful in hiring a number of very promising new professionals.

We have continued to move ahead under the very able leadership of Associate General Counsel John Irving and his Deputy Associate General Counsel, Joseph DeSio. Thus, in February 1972, complaints were issued by our field staff in a median of 49 days, the lowest since 1964; the median age of cases pending under investigation was at 19 days for the second consecutive month, the lowest since 1969; 82 percent of the meritorious unfair labor practice cases were settled, a continuation of the settlement rate for 1972 as compared to 78 percent in 1971; and, voluntary election agreements were secured in 76 percent of the representation petitions which were found to be meritorious, a percentage equal to 1971 experience.

An essential factor in this achievement has been the support and hard work provided by our entire field staff.

1973 OUTLOOK

We have estimated a case intake of 7 percent in 1973. As indicated we had a rise of 7.7 percent during the first 8 months of 1972, but that rise reflects the averaging out of a 2.6-percent drop in the first 4 months

of 1972 with a 19-percent rise in the next 4 months of 1972. In other words case intake has been rising at a much faster rate since November than we have estimated for 1972 or 1973. Furthermore, the largest portion of that rise has been in unfair labor practice work which requires utilization of a very high proportion of our available manpower. Consequently, we expect that the final intake figure for 1972 may be 1,000 cases higher than we have estimated. This represents more work in 1972 and in 1973 than we have estimated.

Nevertheless, we face the future with confidence and fully expect to continue and even improve upon the fine performance which our field staff is now providing. This expectation is based upon the increased experience and, therefore, better performance which we expect from the new professional staff hired at the beginning of this fiscal year. Furthermore, turnover is down and we will have the value of a more stable and experienced staff which should insure both the quality and timeliness of case handling. Accordingly, in 1973, our efforts will be concentrated on further improving our Washington operations.

Washington Case Handling

APPEALS TO THE GENERAL COUNSEL

General

If investigation of unfair labor practice charges reveals that there has been no violation of the act, or the evidence is insufficient to substantiate the charge, the regional director has been authorized to dismiss the charge, absent withdrawal by the charging party. In such instances, the General Counsel has afforded the charging party a separate and independent appeal to the Office of Appeals under the General Counsel. While the act does not specifically require such an appeal procedure, the Office of the General Counsel has instituted this practice to insure that the fullest measure of consideration is given to the charging party whose charge is subject to dismissal.

In the event an appeal is taken, the Washington Office of Appeals carefully reviews the regional office files and all the evidence contained therein, including any statements which a party may wish to submit. It also entertains oral argument by parties to proceedings where it is deemed appropriate or helpful. After weighing all the data submitted, a determination is made to sustain the regional director or reverse his determination and direct the issuance of a complaint.

Current Status

In fiscal year 1970, appeals to the General Counsel were running at a rate of about 1,500 a year and the median appeal was being processed in the Office of Appeals in about 33 days. The large increase in case filings in fiscal year 1971 was accompanied by a concomitant increase in appeals to 2,315. A median of 57 days was required to process an appeal in 1971. In the first 8 months of fiscal year 1972 1,579 appeals were received. At that rate we anticipate a total of about 2,500 appeals in 1972, or an increase of about 7 percent over 1971. Despite the high level of appeals filings, the median time required to process appeals in Washington was reduced to 22 days in the first half of fiscal year 1972 and further reduced to 17 days in the period January–March 1972. This substantial reduction in time delay was achieved by a reorganization in the Office of Appeals designed to streamline its operations for

faster handling of cases without sacrificing the quality of the review. This program to improve both quality and quantity in the handling of appeals cases was led by the Director, Irving Herman, and his top assistants, Michael Miller and Robert Allen, ably supported by a capable and hard-working staff.

1973 Outlook

We believe that we have solved the problem generated by a rising case intake in the Office of Appeals, and we are confident that we can maintain performance at its current high level.

COURT ENFORCEMENT LITIGATION

General

As already indicated the Office of the General Counsel exercises supervision of all Agency litigation, both before and after Board decisions.

The bulk of the litigation after Board decision falls on the appellate court branch which carries out the function of litigating Board decisions and orders brought for enforcement or review before the 11 U.S. Circuit Courts of Appeals. Board orders, as this committee is aware, are not self-enforcing. To the extent that subsequent proceedings by way of contempt or supplemental proceedings are required, the appellate court branch also handles these matters. In addition, this branch is involved in miscellaneous litigation, largely in U.S. District courts, arising for the most part from actions brought against the Board or its regional directors.

The Supreme Court branch is responsible for briefs and oral arguments in those cases which the Supreme Court undertakes to review. Much of the work of that branch, however, is devoted to opposing petitions for Supreme Court review by unsuccessful litigants at the appellate level; a small portion of the work arises from cases where the Agency seeks review of an adverse decision, or where the Agency appears, usually by request, as an amicus curiae in related areas.

Current Status

In February 1970, our appellate court branch enforcement work was badly backlogged. Of the 384 cases pending 114 had not been assigned. This resulted in a median time delay of 255 days from the time a case was referred to the branch for enforcement until the filing of a petition for enforcement in the U.S. Courts of Appeals. By February 1971, the unassigned caseload had been cut to 80 and the median time required to file a petition had been reduced to 161 days. The total number of cases pending was 378. In the first half of fiscal year 1972 it still took 151 days from referral to the filing of the petition. In the period from January to February 1972 this average was reduced to 108 days and the number of unassigned cases had been reduced to eight by the end of February. In March we were able to further reduce the median time required to file a petition to 52 days and the number of unassigned cases to four.

Although it takes a long time to secure court enforcement of a Board decision (the latest average was 423 days) the period most under our control is the time required from the issuance of Board decision to the filing of the petition for enforcement. The regional offices take about 30 days to see if they can secure voluntary compliance,

and when they are unsuccessful they refer the cases for enforcement. Our goal is to reduce to the minimum the time required in the appellate court branch to file a petition. After the filing of the petition the court's rules and the state of the court's calendar determine the additional time required and we have little control over those stages.

In terms of the period under our control we have cut the time required to file a petition from 255 days on the average in 1970 to close to 50 days currently or a saving of about 200 days. This has been reflected in the total time required from Board decision to court decree which has been cut from over 600 days to about 423 days. This has been done by reducing the number of unassigned cases from 114 in 1970 to eight by the end of February 1972. This was accomplished despite the fact that about 55 additional petitions have been filed this year through February (302) as compared to last year (247) which should result in an increase of about that number in briefs filed in 1972 as compared to 1971. We have been filing about 330 briefs a year and an increase of 55 would give us 385 this year against our budget estimate of 375 briefs.

These accomplishments are the result of a reorganization of the branch initiated by branch supervisors and carried out by Assistant General Counsel, Marcel Mallet-Prevost, who heads the staff, and three section heads created by the reorganization Messrs. Moore, Wachter, and Granoff. The credit is due these supervisors and their superb staffs who worked out a better way of handling the work and then, through extraordinary effort, have carried out their own recommendations. Assistance was also provided by assigning some of the cases to our field offices for processing.

1973 Outlook

We are satisfied that the current processing of cases with almost immediate assignment can be achieved in 1973, and that this will result in reducing time required to process a case from referral to petition to our goal of about 30 days.

ADVICE AND LEGAL RESEARCH

General

These functions have been carried out by three separate branches, two in the Division of Litigation and one in the Division of Operations. The Regional Advice Branch of the Division of Operations has been responsible for providing advice to regional offices on all legal questions except those involving priority injunction litigation. The District Court Branch of the Division of Litigation has been providing advice to regional offices on priority injunction litigation. (This branch originally handled the actual litigation but that function was decentralized by former General Counsel Ordman and the actual litigation is now handled by the regional offices.) The Legal Research and Special Projects Branch of the Division of Litigation has been responsible for the preparation of legal reference publications covering decisions of the Board and related court decisions and for special projects involving legal research. These functions really represent different forms of legal advice with each branch providing data and research for long-range advice issues.

Current Status

The time required to provide advice has been getting longer. For example 29 median days were required to provide advice by the regional advice branch in the first half of fiscal year 1971, and that time period increased to 40 days in the first half of fiscal year 1972.

This situation has been deteriorating for a number of reasons. As a new General Counsel I have asked for a number of studies in areas of the developing substantive law to assist me in carrying out my responsibilities as General Counsel. This placed a strain on the existing manpower resources and detracted from our ability to provide quick service to the regional offices. Further, I have felt the need to use the top staff people in these areas as my case advisers which has often taken them from their day-to-day case handling responsibilities. In addition, we have been faced with special advice problems resulting from our assumption of jurisdiction over the U.S. Postal Service, and our need to answer the many questions raised first by phase I of the President's economic stabilization program and now by phase II. All these factors, plus the fact that the staff in each of the three branches is small, have resulted in acute case processing problems.

1973 Outlook

These advice functions, if they are to work properly and fulfil our needs, require rearrangement and priority attention. We propose to accomplish this by combining the three branches into one division with one operating head to supervise the day-to-day case handling process. By doing this we combine the three small staffs into one large staff which can be organized and coordinated to efficiently handle the various advice problems we face. Further, this will relieve the other top staff people in this area to act as personal case advisors to the General Counsel enabling us to more quickly arrive at case decisions at all levels. We anticipate that this rearrangement will produce the desired result of expeditious and quality assistance to our regional offices.

SUMMARY

With your help and understanding, for which we are grateful, we have been able to carry out our mission of trying to provide acceptable service in all of the areas which are significant in the operations under the supervision of the Office of the General Counsel. For the next year we dedicate ourselves to the continuation of this effort. Thank you.

INCREASING UTILIZATION OF BOARD

Mr. FLOOD. There appears to be a continuing increase year after year in the number of both unfair labor practices and the representation cases that are filed. Do you want to add any general comments about the reasons for the increase?

Chairman MILLER. I don't think anybody really knows for sure the reason for the increase. My own tendency has been to think about the same situation as I have described in the post office filings, where it can be more dramatically seen, that is where people find out about our existence and learn about it and use it. I think we have been around a long time and the longer we are around, the more people know us and the more they use us.

DISTRIBUTION OF CASES BY INDUSTRY

Mr. FLOOD. What industries would you say account for most of the cases? You must have some kind of a breakdown on that.

Chairman MILLER. We have some breakdown on the industries that provide the number of charges. I don't remember offhand. I will provide it.

Mr. FLOOD. Does anybody know which ones stand out?

Mr. FANNING. I would guess manufacturing, construction and services in about that order. Table No. 5 on page 162 of our latest annual report which has been provided the Congress gives the full details in that respect.

Mr. FLOOD. For the record suppose you supply that.

(The information follows:)

NATIONAL LABOR RELATIONS BOARD
Industrial Distribution of Cases Received by Major Industrial Sources, Fiscal Year 1971

Industrial Group	All Cases	Unfair Labor Practice Cases							Representation Cases				Union Deauthorization Cases	Amendment of Certification Cases	Unit Clarification Cases
		All C Cases	CA	CB	CC	CD	CE	CP	All R Cases	RC	RM	RD	UD	AC	UC
Food and Kindred Products	1,950	1,152	779	291	58	8	1	15	776	652	69	55	11	4	7
Printing, Publishing, and Allied Industries	1,154	689	486	160	19	14	3	7	431	344	37	50	8	7	19
Primary Metal Industries	1,278	872	571	268	15	18	0	0	386	325	17	44	2	5	13
Fabricated Metal Products (except machinery and transportation equipment)	1,551	933	732	159	24	13	0	5	587	501	25	61	12	8	11
Machinery, (except electrical)	1,867	1,166	894	237	18	8	3	6	668	553	45	70	13	6	14
Electrical Machinery, Equipment and Supplies	1,145	768	558	194	12	2	1	1	346	305	18	23	11	7	13
Automative and Other Transportation Equipment	1,118	763	516	215	17	10	0	5	343	299	19	25	3	3	6
Other Manufacturing	7,141	4,622	3,297	1,027	190	43	5	60	2,423	2,065	181	177	27	22	47
(Less than 1,000 each) Total Manufacturing	17,204	10,965	7,833	2,551	353	116	13	99	5,960	5,044	411	505	87	62	130
Mining	439	305	189	68	23	7	0	18	126	100	14	12	0	6	2
Construction	4,520	3,904	1,359	992	889	465	13	186	609	526	63	20	3	0	4
Wholesale Trade	2,118	1,014	743	172	54	12	1	32	1,079	889	118	72	11	1	13
Retail Trade	4,434	2,329	1,801	348	88	15	4	73	2,050	1,625	275	150	29	7	19
Finance, Insurance and Real Estate	409	224	162	35	22	3	0	2	176	153	9	14	3	0	6
Motor Frieght, Warehousing and Transportation services.	2,432	1,663	1,070	443	102	13	10	25	760	658	64	38	3	1	5
Other transportation, Communication and Utilities (Less than 1,000 each)	1,856	1,217	733	365	79	31	5	4	605	503	44	58	9	5	20
Services	3,800	2,149	1,577	377	120	35	7	33	1,600	1,406	121	73	23	4	24
Total, All Industrial Groups	37,212	23,770	15,467	5,351	1,730	697	53	472	12,965	10,904	1,119	942	168	86	223

NO CHANGE IN TYPES OF COMPLAINTS

Mr. FLOOD. Has there been any change just in the past year in the type of complaint you are getting, anything that would indicate a change in the picture?

Chairman MILLER. There hasn't been much change in the mix of types of charges; no, sir.

INCREASED WORK OUTPUT

Mr. FLOOD. According to the budget your average employment for fiscal 1972 will increase a total of 228 man-years over fiscal year 1971?

Chairman MILLER. Yes, sir.

Mr. FLOOD. That is pretty hefty. That is an increase of 10 percent. Has the increase in your staff produced a commensurate increase in the work output, caseload output?

Chairman MILLER. I think we have tried to indicate that and I believe we have.

Mr. FLOOD. Suppose you give some examples of increases in the case output. We have to tie it in with that 10-percent increase.

Chairman MILLER. As far as the case filings are concerned, we had an increase of 10.8 percent in 1971 and in 1972 we expect to run around 8.7 percent. That is volume alone. In terms of dispatch with which we are handling those cases, which is crucial, I pointed out we cut about 30 days off our decisionmaking process and Pete pointed out the prompter handling we have been able to give charges at the administrative level in the field.

So we are handling more cases in an overall shorter time period and I think that does reflect the operation of the additional staff we were authorized to hire.

Mr. NASH. In addition, we normally consider it takes approximately 6 months to get much effective production out of a new field employee. Most of the people hired in fiscal 1972 were hired approximately 6 stay on top of our caseload. Still it hasn't been 100 percent production case because we were able to hire an extraordinarily capable group of people during the last year which has really given us the ability to stay on top of our caseload. Still it hasn't been 100 percent production per man during this period of time.

(The following additional information was submitted:)

The following are examples of increased output budgeted for, related to budgeted employment increases.

	Work Output 2/			Professional Employment		
	Number		% Change	Average Employment		% Change
Field	1971	1972	72/71	1971	1972	72/71
"ULP" work (includes disposition by withdrawals, dismissals, settlements, 10(K) hearings, adjustments after complaint and hearings).....	23,148	26,052	+12.5	492.8	560.6	+13.8
"R" work (includes disposition by withdrawal, dismissal, consent and stipulated agreements, and hearings).....	12,551	13,965	+11.3	108.9	118.9	+9.2
Trial Examiner Work 1/						
Trial Examiner Decisions.....	930	1,098	+18.1	70.1	77.1	+10.0
Trial Examiner Hearings.....	1,127	1,430	+26.9	17.0	21.7	+27.6
Board Work 1/						
Board Decisions						
Contested "ULP" Decisions.....	836	935	+11.8	57.3	62.5	+9.1
Contested "R" Decisions.....	196	231	+17.9	12.2	14.1	+15.6
Litigation Work						
Appeals to the General Counsel..	2,440			27.3	27.0	-1.0
Appellate Court Briefs.....	330	375	+13.6	44.2	41.6	-5.9

1/ As indicated in our presentation we do not expect to accomplish this program due to the inability to hire sufficient qualified trial examiners.

2/ In some cases projected output exceeds intake, reflecting our plan to reduce pending and thereby reduce time delay.

TIME DELAY IN HEARING PROCESS

Mr. FLOOD. Take a look at page 3 of your justifications. There you state "time delay from the complaint to the hearing and from hearing to the trial examiner's decision has risen while the rest of the agency has reduced time delay." Why is there a rise in the time delay in the hearing process?

Chairman MILLER. This resulted from the situation that I mentioned earlier, Mr. Chairman, where we had hoped to be able to increase our trial examiner corps and we are authorized to do so by the Congress, but we simply weren't able to hire as many as we would like. That meant pretty much the same corps of trial examiners trying to handle the increase in the number of cases the General Counsel is ready to try. We have some backlog and time delay there. I hope we are going to be able to cure this next year through the hiring of additional examiners.

PRODUCTIVITY OF TRIAL EXAMINERS

Mr. FLOOD. Take a look at page 4 of your justifications. There you expect to increase the number of trial examiners from 101 you had as of December 31, 1971, to 120 at the end of the fiscal year or early next year.

Chairman MILLER. Yes, sir.

Mr. FLOOD. You also indicate that you estimate 1,520 hearings and 1,245 decisions for fiscal year 1973?

Chairman MILLER. Yes.

Mr. FLOOD. That works out to about 13 hearings and 10 decisions per examiner.

Chairman MILLER. Yes.

Mr. FLOOD. Do you consider that to be a satisfactory work level?

Chairman MILLER. No, sir, I do not. I have been very disturbed about this. It is a very difficult, the most difficult, most frustrating problem I have had to tackle as Chairman.

Congress gave these trial examiners, deliberately, a good deal of independence. They think of themselves as judges; they are in many respects much like judges. To put it bluntly we really have no carrot and no stick with respect to their performance. They are all grade 16's. There are no promotions for the good ones or demotions for the not so good ones.

Mr. FLOOD. Are they all 16's?

Chairman MILLER. Yes, so they can't go up or down from that. They are protected by their independence. They say to you that you can't tell a man how fast he has to decide a case because he has to decide it in his own good judgment.

I am not satisfied with the rate of production there. I hope we can improve it. We keep working at it. It is going to be a little bit better this year than last year per man but it is not good enough. Mr. Fanning shares that view too.

Mr. FLOOD. We certainly agree with you.

Chairman MILLER. I hope one thing will happen although I can't be certain. Through the new hires we will be getting and are getting some younger people in the corps. We have an extremely old age group there. The average age the last time I checked the figures of trial

examiners was around 59, which is for an average pretty high. It means a number of them are over that and reaching near retirement, and of course we don't always get the same amount of production from the older man as we can get from a younger man. We are anticipating hiring some people in the forties and lower age groups. I hope we see some increase in production just by that fact alone.

Mr. FLOOD. I don't know whether their independent status exists while they are reading congressional hearings, but somebody better pass the word to the brothers that this is not unknown around here and has been the subject of considerable comment.

You might have some little birdie drop copies of this hearing on somebody's desk down there.

Compared to the record of some of the other commissions where they have hearing examiners it is very unimpressive. Some of them go like a house on fire. This group does not.

Mr. FANNING. This is not a new situation, Mr. Chairman. In 15 years the yearly average has varied from 9 per year up to 11½ per year, and there have been isolated cases of examiners who have done as many as 40 cases a year. So it can be done.

Mr. FLOOD. There is always that.

Mr. FANNING. The average has been within those confines.

Mr. FLOOD. That just proves the case though.

Mr. FANNING. Another practical problem is that most of these men are very senior with the result they have earned probably 26 days of annual leave and 14 days of sick leave a year.

Mr. FLOOD. That is true, too.

Mr. FANNING. So they have a work year of about 10 months and they average about a case a month.

Mr. FLOOD. There have been many complaints in the mail about that. This is a very unsatisfactory performance record.

Mr. FANNING. It is one of our biggest concerns. I agree with the chairman on that.

COMPUTER REQUEST

Mr. FLOOD. Is there anything you want to add about the increase of $100,000 you are requesting for the computer program? We are concerned about the $100,000.

Chairman MILLER. We have begun to use computers more. We installed sort of a pilot project this past year essentially on the board side, in the Executive Secretary's office, to give us a better tool to find out quickly where the cases were, which ones, if any, were falling behind the timetable for handling them. I said last year the computer doesn't solve the problem but can pinpoint the problem.

Mr. FLOOD. Have you had any trouble with the hardware?

Chairman MILLER. No; but to be honest about it, we are just getting into full-scale use of it. So far we are satisfied with it.

Mr. FLOOD. There is trouble in many agencies with the hardware.

Chairman MILLER. We haven't had any serious problems yet in that area.

Mr. WRIGHT. We don't have the hardware ourselves, we utilize other services.

Mr. FLOOD. You do a contract job?

Mr. WRIGHT. Yes, sir.

Chairman MILLER. We do have some equipment of our own.

EMPLOYMENT LEVELS

Mr. FLOOD. What employment ceilings for June 30, 1972, and June 30, 1973, have you been given by OMB? How many positions have they authorized you to fill as of those two dates?

Mr. MILLER. We are entitled to fill 2,430 positions as of June 30, 1972, and the same number as of June 30, 1973.

Mr. FLOOD. Were you required to reduce the employment in fiscal year 1972 in accordance with the President's Directive to reduce the Federal employment by 5 percent?

Mr. MILLER. Yes.

Mr. FLOOD. How many jobs did you get cut?

Mr. MILLER. 130, 5 percent of the 2,560 we had.

PRINTING AND REPRODUCTION

Mr. FLOOD. Will you explain the reduction of $208,300 in your 1973 budget for what you call "printing and reproduction"?

Chairman MILLER. I think I can explain that. This is primarily the printing of our bound volumes of decisions. There is some other printing in there but that is the big chunk of it. We had run into some delays on that and we had a heavy amount of actual payment which is the basis on which we report this to you in the current year. It represented some obligations incurred in the prior year and also the year before that. We are getting a little caught up and next year we don't expect it to be as heavy.

OTHER SERVICES

Mr. FLOOD. Here is another phrase that happens to be our bete noire around here. Will you please explain the $160,800 for "Other services?" How would you like to be sitting here and have somebody toss that at you and go home? What are these services and who will provide them?

Chairman MILLER. I think it is primarily our court reporting fees, I believe. That is the biggest item. The computer program also.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. Thank you, Mr. Chairman.

First, may I commend you for digging into the backlogs and making the kind of record you have notwithstanding the other problems you have pointed out here. I think the reduction is a very striking figure.

ANTICIPATED WORKLOAD

Having said that, I notice here, Mr. Chairman, in your testimony that you say, "Actually our unfair labor practice charges are probably going to increase slightly more than we had estimated and our election petitions are going to be down a little, and thus the estimated totals will be pretty close."

Then you say, "The Board will decide 800 unfair labor practice cases this year," and you are projecting a caseload of 1,025 unfair labor prac-

tice cases in 1973. And in Mr. Nash's testimony, "In the first 8 months of fiscal year 1972 we docketed 15,081 unfair labor practice charges."

SPECIFIC CASE IN PEORIA, ILL.

I am going to take the balance of my time in developing for the record here what could be a typical case.

Let me preface it by saying that last week when I was home a gentleman called me on the phone and said, "Mr. Michel, I have a problem with the NLRB and I think you ought to know about it. Do you have something to do with that outfit down there?" I said, "Yes, as a matter of fact they are coming before us next week."

Unfortunately it was only today that I really got this in writing over my desk so I could speak with some degree of authenticity about it.

Let me read into the record at this point the communication from my constituent who is Mr. Blackburn, president of the Peoria Dry Wall Inc.

PEORIA DRY WALL INC.,
Peoria, Ill., April 18, 1972.

Re NLRB case Nos. 38–CA–926 and 38–CA–1009.

Hon. ROBERT H. MICHEL,
House of Representatives,
Washington, D.C.

DEAR MR. MICHEL: We are in the ceiling and wall business. We hire carpenters, painters, plasterers, drywall finishers, lathers, teamsters and laborers to perform this work. We employ 65–95 personnel in these various trades to perform our operations on contracts which we secure. We are a service company to the community, selling only the services of employees that we feel qualified to perform the services we sell. Experience has proven that we must be selective of personnel that we must send in many of our customers private homes. These employees, for the most part, are craftsmen and members of the various unions of the building trades and hired most times on a permanent basis. However, we do have a few employees doing menial clean up and warehouse work that are not in the union and are salaried. As any business, ours will increase and decrease, making it necessary to either have extra or part time help and also to lay off employees when work is slow.

On April 16, 1970, we (Atlas Supply Co.-Peoria Dry Wall, Inc.) called the Illinois State Employment Service for a man to work around our warehouse yard to clean up debris and haul it away to the dump. Our request was for part-time help, not for permanent employment. They referred a Donald Smith to us on April 17, 1970, and we accepted him. Donald Smith worked a total of 12 days (his work schedule is enclosed). He was hired at $125 per week. After working 6 or 7 days, he allegedly reactivated his union card in the teamsters local. He did not demand union pay until he was laid off for not performing his task. We did pay him back pay for the time he drove a vehicle to satisfy union demands ordered by the local business representative. Donald Smith then went to the NLRB. This agency made a case alleging that he was fired for union activity, which is not true. However, they made their demands through their attorney Steve Shostrom, for Donald Smith asking $600 damages or back pay. Being principaled, knowing that we were in the right in laying Donald Smith off for negligence in his driving (he backed into a work trailer damaging it in excess of $200 and did not report it to our company causing us to be embarrassed) for his nasty language and disposition when appearing on the jobsite and also for his refusal to work in cleaning refuse from certain areas so that it might be safe for tapers and painters to work properly and efficiently. He was considered lazy and belligerent causing slowdown in progress, therefore it was necessary to let him go. Through our attorney, we refused to pay the $600 damages.

The NLRB then sent an attorney from Washington, D.C., as trial examiner for a hearing. His name was Owsley Voss. He concurred wholeheartedly with the local NLRB attorney (Steve Shostrom) even after hearing much testi-

mony. I realize now that our company should have looked further into NLRB background—their track record, etc.—since it seems they are prolabor. Also, it should be mentioned the animosity that has developed between my attorney and the NLRB attorney. They have argued so fiercely and at times to the point of name calling on both sides. Have we become a victim to some extent because of this personality conflict? It would seem so. We have just received a notice from the NLRB attorney Steve Shostrom on March 17, 1972, to appear at a hearing for adherence to trial examiners decision to pay Donald Smith $7,690.92 back pay. In his back pay specifications, NLRB attorney Steve Shostrom shows Donald Smith working at five different jobs since leaving Atlas Supply Co.-Peoria Dry Wall, Inc. Would this not indicate something? My attorney has advised me not to go any further on the case realizing as we do that we are fighting our own funds (the taxpayers dollars). The NLRB can go on forever spending, spending our own moneys against us.

It should be explained that there were two separate cases here. The NLRB chose to put them on the same charge. Therefore, strengthening their case. This alone no doubt causing anyone such as the trial examiner to think we were habitual offenders. Ralph Eddy and the Laborers union accused us of blacklisting him as an employee. This is false. We could not prove to the examiner otherwise so we just let it die.

It is felt that we have been dealt with unjustly in these matters.

Where does one turn for relief and justice? Is the right of free enterprise and the right to profit being jeopardized to the point of no return? Is it the desire of the law to force the smalls out of business causing an even higher local unemployment ratio?

Your valued consideration and opinion of this disturbing problem would be greatly appreciated. Thanking you in advance, I am,

Very truly yours,

SPENCER BLACKBURN, *President.*

Is this a typical unfair labor practice case?

Chairman MILLER. I don't know the facts of the case except what you read to me. I don't know whether we reviewed it at the Board or not. I would only comment to this extent, that frequently we get letters as you do and frequently other Congressmen get letters from people who lose cases before us, and the union who loses the case before us says we are just what they always thought we were, a promanagement agency, and the management that lost the case says the NLRB always has had a reputation for being prounion.

All I can say is I don't know the facts. It was heard before a trial examiner who made his decision. I would be happy to send you a copy of the Board decision or his decision. I don't think this criticism is justified.

I suppose the issue is whether the man was discharged because he indicated an interest in the Teamster's and demanded Teamster scale or in fact was discharged because of bad work and negligence and backing into the truck. Somebody has to sort out the evidence and decide and somebody did and decided against your constituent.

Mr. MICHEL. Does this aggrieved employee become eligible for unemployment compensation during all of this business?

Chairman MILLER. This depends upon the State law and the normal test is if the State compensation board finds that he was discharged for just cause, he is disqualified from unemployment compensation for a period. They make their decision independent of us and we make ours independent of them.

If the Commission finds he was in fact laid off and not discharged on account of his own misconduct, he will receive unemployment compensation.

Mr. MICHEL. And if an award like this stands up, is there any offset on that unemployment compensation he received in the meantime?

Chairman MILLER. We do not offset unemployment compensation in awards. If he receives an award of backpay from us, the State in turn may go after him to recover the unemployment compensation. Whether they do in many cases I doubt.

Mr. MICHEL. What is this man's right of appeal from this point now?

Chairman MILLER. I can't tell from what you read whether he appealed the trial examiner's decision to the board or not. He would have the right to do so and the right to appeal the board's decision to the court of appeals.

Mr. NASH. If there has been a board decision, his right would be the right to litigate the amount of backpay.

Mr. FANNING. He would have a right to go into the Seventh Circuit Court of Appeals and have the board decision reviewed by the court also.

Mr. MICHEL. Is there any estimate how much it costs in attorney fees to run a case right up through the balance of this procedure to get you for a couple of hundred dollars? If he hadn't stood for a principle, the easiest thing is to pay off. I think he is getting racked up unmercifully going back to the time when he was hired for part-time employment as a cleanup man and disposed of waste material. And to have him get racked up like this—I guess there are a number of other unfair labor cases of a similar nature. I just think it is bad.

Chairman MILLER. With all due regard, Mr. Congressman, you have only read his side of the story.

Mr. MICHEL. Right, but I know him to be a very honorable kind of fellow. He never had any other experience of this kind. I just have to express my own personal displeasure at this particular point, to stand up for a principle against a couple of hundred dollars and eventually get racked up to this extent.

Have you any record of how many cases we have like this—A fellow working on a job a couple of days and getting benefits going over several years of time?

Chairman MILLER. We would not have any sorting out by the number of days worked for an employer, no, sir. The great bulk of our cases surprisingly enough after 36 years still does involve cases alleging discharge on account of union activity. I don't think it is quite fair to assume all of them or a great proportion of them are without merit.

Mr. MICHEL. Thank you very much for your responses. I think we have been educated a little bit on the mechanics here.

Mr. FLOOD. Thank you.

QUALIFICATIONS FOR TRIAL EXAMINERS

Mr. SHRIVER. Chairman Miller, on page 5 of your statement you point out the difficulties you have been having in finding qualified trial examiners from lists provided by the Civil Service Commission. Are you prohibited by law from taking on noncivil service trial examiners, even on a temporary basis? If so, would legislation be necessary, or could a provision be put into the appropriation bill?

Chairman MILLER. It is my opinion that the Administrative Procedures Act, as well as our own act, specifically prohibit the use of noncivil service trial examiners, even on a temporary basis. I do not believe

that the legislative prohibitions contained in the Administrative Procedures Act can be overridden by appropriation action. The desirability of amendments to the Administrative Procedures Act would involve serious questions affecting the entire Federal administration structure, and we are not prepared to comment on the desirability of such changes without opportunity for thorough study and research.

FARM UNION DISPUTE IN CALIFORNIA

Mr. SHRIVER. I want to direct this question to Mr. Nash. Would you tell us the background and present status of the boycott controversy which has been raised by the farm workers union in California?

Is this a legally recognized union? They are listed as "members" of the AFL-CIO, are they not? If so, are they not subject to the same regulations as other unions as far as secondary boycotts are concerned?

Mr. NASH. With regard to the background and status of the boycott controversy involving the United Farm Workers National Union, AFL-CIO (UFWNU), since late December 1971, a substantial number of unfair labor practice charges have been filed in various of our regional offices by the Free Marketing Council of San Francisco, Calif., and others, alleging, in essence, that the United Farm Workers Organizing Committee, AFL-CIO (UFWOC), as it was then named, engaged in, and was engaging in conduct violative of the secondary boycott provisions of the National Labor Relations Act. It appears that UFWOC was engaged in an effort to organize and secure collective bargaining contracts covering employees of wineries who are engaged in the production of wine and converting wine into champagne. In aid of this effort, UFWOC picketed numerous retail outlets in various locations around the country which sell the products of the wineries with which it had this dispute, an object of the picketing being to induce customers not to patronize these retail outlets; in short, to boycott the retail outlets.

Such conduct, if engaged in by a labor organization subject to the provisions of our act, is violative of the act. However, a question presented is whether UFWOC is a labor organization within the meaning of section 2(5) of the act. Under section 2(3) of the act, agricultural laborers are excluded from coverage by the act and, accordingly, any labor organization which represents only agricultural laborers is not a labor organization subject to the provisions of our act. UFWOC does, of course, represent agricultural laborers, but our investigation also revealed that UFWOC represented employees of commercial packing sheds, who are employees within the meaning of our act and, indeed, in connection with the instant dispute, UFWOC sought to bargain for employees who also are considered statutory employees. As noted above, the employees here involved are engaged in the production of wine and converting wine into champagne, which is not agricultural work. Thus, on the basis of our investigation, I concluded that UFWOC was a labor organization within the meaning of our act, inasmuch as it admitted to membership and represented statutory employees as well as agricultural laborers. My decision is supported by existing board precedent. The test for determining the question of labor organization is set forth in the Board's decision in *Masters, Mates, and Pilots*, 144 NLRB 1172. See also *Pacific Far East Lines*,

174 NLRB 1168. The facts of the instant case meet this test. Also, prior to my appointment as General Counsel, secondary boycott unfair labor practice complaints were authorized against UFWOC as a labor organization.

It was further alleged by the Free Marketing Council that in its boycott activities UFWOC was also acting as an agent of a statutory labor organization, the claim having been made that, in sum, the AFL–CIO was involved in the boycott, and UFWOC was engaging in such activities not only on its own behalf but also as an agent of the AFL–CIO. Our consideration of this matter has not yet been completed. However, on the basis of our conclusion that UFWOC itself was a labor organization, I authorized issuance of a complaint against UFWOC alleging that UFWOC was a labor organization and that it was engaging in conduct violative of section 8(b)(4)(B) of our act, the section which prescribes certain types of secondary boycott activity. Under section 10(1) of the statute, whenever it is determined that a complaint should issue alleging such a violation, the agency is required to apply to a Federal district court for an injunction enjoining the continuation of such conduct pending a hearing by the Board upon the charges and the Board's determination of the case on the merits. Accordingly, a petition was filed in the Federal District Court in Fresno, Calif., praying for such an injunction, and a hearing on the petition was set for April 6, 1972. Normally, absent settlement, and after the issuance of a complaint, the case would then be presented to a trial examiner and ultimately the Board itself for decision.

A party aggrieved by a decision of the Board may seek court review of that decision. However, UFWNU has requested and I have agreed to an indefinite postponement of the hearing on the section 10(1) petition in order to provide further opportunity for discussion which may lead to a settlement of the matter. The district court has approved this postponement. Settlement negotiations are currently in progress and I believe that an agreement can be reached which will preclude the need for further litigation.

Although UFWNU is an affiliate of the AFL–CIO and may be called a labor organization in common parlance, this agency's concern is with the status of UFWNU as a labor organization within the meaning of section 2(5) of the act. Thus, if UFWNU is not a labor organization within the meaning of section 2(5) of the act, or is not acting as the agent of a labor organization, it would not be subject to the secondary boycott proscriptions of the act.

DECREASING EMPLOYEE TURNOVER

Mr. SHRIVER. You have made notable progress on your backlog. On page 8 you mention that your employee turnover is down? To what do you attribute this?

Mr. NASH. Employees leave for a variety of reasons: (1) The largest number of our professionals have, in the past, left to accept employment in the private sector; (2) A substantial number of them leave to join other governmental entities, State and local, as well as Federal agencies; (3) A smaller, but still significant, number of our employees retire. The rate of turnover varies among different categories of employees; turnover among our field examiners, for example, runs less

than half that of the turnover among our attorneys. Each of these has a bearing on the reduction in our turnover. With regard to the first two reasons mentioned we have sought through the nature and variety of work assignments, improvements in working conditions, an outgoing training and development program, and any other means available to make employment with the NLRB as attractive as we can. The improved relationship of the Federal employee salary structure has aided us in this effort, of course. These efforts have had an incalculable, but we think noticeable effect on our increased retention of employees. With regard to the third reason, fewer employees have retired in this fiscal year thus far; eight attorneys and field examiners in the Office of the General Counsel during the past 9 months compared to 32 in fiscal year ending June 30, 1971.

Lastly, we have for the past several years mounted a continuing effort to increase the number of our field examiners and the ratio of examiners to attorneys. We have, in fact, improved both. In all of the calendar year 1970, for example, the OGC hired 14 attorneys and 49 field examiners. The larger number of field examiners hired in the last few years with their lower rate of turnover is another factor in our lower overall turnover rate. Lastly, there are always a number of attorneys who join the NLRB with the idea in mind of getting a little experience and leaving. The relatively few attorneys hired in calendar year 1970 are, if they are still with us, completing 2 years of employment in 1972. Even if many of them are in the process of leaving, the impact would not be great in terms of our turnover rate. In the ultimate analysis our reduced turnover is undoubtedly attributable to a combination of these factors.

APPEALS TO THE GENERAL COUNSEL

Mr. SHRIVER. Are the appeals to the General Counsel, which you mention on page 8, a new procedure? Tell us more about that?

Mr. NASH. The procedure for appealing regional directors' dismissals of charges to the General Counsel is not new. The right to appeal was granted by the first General Counsel under the Taft-Hartley Act, and provision therefor has appeared in the Board's Statements of Procedure and Rules and Regulations ever since; 29 CFR 101.6, 102.19.

OFFICE OF APPEALS

Mr. SHRIVER. On page 9 you say the substantial reduction in time delay for these appeals was achieved by a reorganization in the Office of Appeals. Tell us about that.

Mr. NASH. Until the 1971 rise in the number of appeals cases (the Office of Appeals experienced an increase in the rate of such filings over 1970 which was approximately triple that of the Agency as a whole), the Director of the Office and/or his two top assistants personally participated in every case. Basically, the reorganization entailed a delegation to each of the six first-line supervisors of authority to deny appeals in cases which, they were satisfied, were clearly governed by applicable precedent or otherwise posed no substantial issues. This was accompanied by the assignment to each such team of its own secretary as a change from drawing secretarial assistance from a common pool. This had the dual advantage of expediting the handling of the easier

cases while giving higher supervisory echelons greater time for consideration of the more difficult cases and the administrative matters essential to the functioning of the Office. At the same time quality control is maintained through spot checks.

POSTAL SERVICE CASES

Mr. ROBINSON. You have mentioned a sharp increase in Postal Service cases.

Could you give us an indication of the general characteristics of these complaints?

Chairman MILLER. Some of the charges are based on allegations that the local postmasters have refused to bargain in good faith on local issues. Many of the charges involve a dispute over what the Postal Service and the national unions intended, under the national agreement, to be local issues for bargaining on the local level.

There are in addition two general sections 8(a)(5) refusal to bargain charges alleging bad faith in bargaining generally by the Postal Service itself. One filed by the national unions alleges bad-faith bargaining in the period before agreement to the current contract. The other, filed by one national union, involves allegations of general bad-faith bargaining by the Postal Service in the period after that contract was agreed to.

There have been some charges by individuals alleging discrimination against employees by the Postal Service. We also have a few charges alleging illegal assistance of a labor organization.

ADVICE AND LEGAL RESEARCH IN FIELD OFFICES

Mr. ROBINSON. You mentioned that the bulk of the work of the Board is done in your field offices.

With respect to the function of advice and legal research, you stated that you had found it necessary to pull into your own office for special studies or other backup a significant proportion of the staff expertise which might otherwise be engaged in work for the regional offices.

Would the increased overall staffing you request correct this situation and restore adequate legal research backup to your field operations?

Mr. NASH. The increased overall staffing I have requested will, together with the measures I outlined in my statement to the committee permit adequate advice and legal research backup to the field operations. As pointed out in my statement before the committee, the need for a number of studies in areas of developing substantive law, the assumption of jurisdiction over the U.S. Postal Service, the problems posed under the National Labor Relations Act by the President's economic stabilization program, all improsed a drain on the existing manpower resources related to advice functions in Washington, and reduced our ability to provide quick services to the regional offices.

This drain on manpower included the use of top staff to provide me directly with advice, withdrawing them from their day-to-day case handling responsibilities.

We propose to combine in one division the staff engaged in advice functions in Washington with one operating head to supervise the day to day case handling processing. This will permit maximum flexibility and effective use of this overall staff. It will also relieve other top staff people in this area to act as personal advisors to the General Counsel permitting prompt and informed decision at all levels.

This system together with the requested increase of staff will, I believe, result in expeditious, high-quality advice and research back up to our field operators.

Mr. ROBINSON. That is all, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION OF THE BUDGET ESTIMATES

NATIONAL LABOR RELATIONS BOARD

Summary of Changes

1972 estimated obligations	$48,055,459
1973 estimated obligations	50,456,000
Net change	+2,400,541

	Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Increases:				
A. Built-in:				
1. Annualization of new positions in 1972	...	...	...	+824,100
2. Annualization of 1972 pay increase costs	...	...	...	+1,132,600
3. Annualization of grade and within-grade increases	...	...	...	+264,600
4. Grade and within-grade increases	...	...	...	+35,700
5. Change in number of days paid in fiscal year	...	...	...	-271,300
6. Costs of miscellaneous expenses related to annualization of new employees	...	...	...	+235,844
7. Increase in BEC and FTS costs	...	...	...	+19,197
8. Annualization of general purpose office space acquired in 1972	...	...	...	+108,000
B. Program				
1. Computer program	...	145,000	...	+100,000
Total, increases	...	...	...	+2,448,741
Decreases:				
A. Built-in:				
Equipment costs related to new employees hired in 1972	...	...	...	-48,200
Total, decreases	...	...	...	-48,200
Total net change	...	...	...	+2,400,541

JUSTIFICATION OF THE BUDGET ESTIMATES

NATIONAL LABOR RELATIONS BOARD
Comparison of 1972 and 1973 Positions, Annual Salaries, and Personnel Compensation for the Organizational Units of the Agency

TABLE I
Page 1 of 3 Pages

Organizational Unit	Fiscal Year 1972 Estimate		Fiscal Year 1973 Request		Change from 1972 Estimate to 1973 Request	
	Positions	Annual Salary	Positions	Annual Salary	Positions	Annual Salary
Board Members' Offices & Related Units:						
Board Members' Offices and Legal Assistants	165	$3,158,415	175	$3,350,124	+10	+$191,709
Office of the Executive Secretary	30	394,633	30	396,929	...	+2,296
Office of the Solicitor	7	129,586	7	131,449	...	+1,863
Division of Trial Examiners	165	4,206,337	171	4,418,611	+6	+212,274
Office of the Security Officer	4	55,652	4	57,398	...	+1,746
Division of Information	9	139,746	9	142,676	...	+2,930
Subtotal, Board Members and Related Units	380	8,084,369	396	8,497,187	+16	+412,818
General Counsel & Staff:						
Office of the General Counsel	15	232,682	15	236,415	...	+3,733
Division of Operations:						
Departmental	61	1,036,675	61	1,046,551	...	+9,876
Field Staff:						
Regional Directors and Regional Attorneys	63	1,898,027	63	1,907,321	...	+9,294
All Other Field Professionals	957	16,117,845	957	15,729,123	...	-388,722
Field Clericals	610	4,777,561	610	4,673,446	...	-104,115
Subtotal, Field Staff	1,630	22,793,433	1,630	22,309,890	....	-483,543
Subtotal, Division of Operations	1,691	23,830,108	1,691	23,356,441	...	-473,667
Division of Litigation						
Office of the Associate General Counsel	3	57,781	3	58,416	...	+635
Supreme Court Branch	2	47,156	2	47,156	...	...
District Court Branch	15	181,460	11	164,953	-4	-16,507
Appellate Court Branch	105	1,266,863	95	1,212,389	-10	-54,474
Litigation Services Section	16	123,295	16	126,002	...	+2,707

NATIONAL LABOR RELATIONS BOARD
Comparison of 1972 and 1973 Positions, Annual Salaries, and Personnel Compensation for the Organizational Units of the Agency

Organizational Unit	Fiscal Year 1972 Estimate		Fiscal Year 1973 Request		Change from 1972 Estimate to 1973 Request	
	Positions	Annual Salary	Positions	Annual Salary	Positions	Annual Salary
General Counsel & Staff: (Cont'd.)						
Division of Litigation (Cont'd.)						
Office of Appeals	50	$ 644,329	52	$ 667,135	+2	$ 22,806
Legal Research & Special Projects Branch	20	276,455	16	222,942	-4	-53,513
Subtotal, Division of Litigation	211	2,597,339	195	2,498,993	-16	-98,346
Division of Administration	276	2,272,042	276	2,095,008	...	-177,034
Subtotal, General Counsel & Staff	2,193	28,932,171	2,177	28,186,857	-16	-745,314
Total Permanent for the Agency	2,573	37,016,540	2,573	36,684,044	...	-332,496

Summary of Positions	Fiscal Year 1972 Estimate	Fiscal Year 1973 Request	Change from 1972 Estimate to 1973 Request
Total Permanent, Departmental	943	943	...
Total Permanent, Field	1,630	1,630	...
Total Permanent for the Agency	2,573	2,573	...
Deduct Lapses	-215	-153	+62
Net Permanent for the Agency	2,358	2,420	+62

NATIONAL LABOR RELATIONS BOARD
Comparison of 1972 and 1973 Positions, Annual Salaries, and Personnel Compensation for the Organizational Units of the Agency

TABLE I
Page 3 of 3 Pages

	Fiscal Year 1972 Estimate	Fiscal Year 1973 Request	Change from 1972 Estimate to 1973 Request
Total Permanent, Departmental	$14,223,107	$14,374,154	+$151,047
Total Permanent, Field	22,793,433	22,309,890	-483,543
Total permanent for the Agency	37,016,540	36,684,044	-332,496
Deduct Lapses	-1,166,040	-61,844	+1,104,196
Pay Act increase (P.L. 92-210)	977,900	2,021,000	+1,043,100
Net permanent for the Agency	36,828,400	38,643,200	+1,814,800
Positions other than permanent	301,800	308,300	+6,500
Other personnel compensation (overtime and holiday pay)	38,800	39,900	+1,100
Special personal services payments (compensation of witnesses)	235,800	240,300	+4,500
Total 11 Personnel Compensation	37,404,800	39,231,700	+1,826,900
Additional obligations from "Advances and Reimbursements":			
11 Personnel Compensation	14,100	14,100	...

NATIONAL LABOR RELATIONS BOARD
Comparative Table of Obligations by Object
for 1972 and 1973 Fiscal Years

TABLE II

		Fiscal Year 1972 Estimate	Fiscal Year 1973 Request	Comparison of 1973 Request to 1972 Estimate
11	Personnel compensation	$37,404,800	$39,231,700	+$1,826,900
12	Personnel benefits	3,307,183	3,471,680	+164,497
21	Travel and transportation of persons	2,127,700	2,181,300	+53,600
22	Transportation of things	70,800	74,800	+4,000
23	Rent, communications & utilities:			
	Communication Services	1,332,400	1,364,700	+32,300
	Rents and utilities	348,000	457,700	+109,700
24	Printing and reproduction	1,111,600	903,300	-208,300
25	Other services	1,984,200	2,145,000	+160,800
26	and materials	391,676	388,920	-2,756
31	Equipment	268,100	254,900	-13,200
42	Insurance claims and indemnities	50,000	50,000	...
	Total Cost	48,396,459	50,524,000	+2,127,541
	Change in selected resources	-341,000	-68,000	+273,000
	Total direct obligations	48,055,459	50,456,000	+2,400,541
	Additional obligations from "Advances and Reimbursements":			
11	Personnel compensation	14,100	14,100	...
12	Personnel benefits	1,100	1,100	...
	Total reimbursable obligations	15,200	15,200	...

NATIONAL LABOR RELATIONS BOARD
Comparison of 1972 and 1973 Estimate Average Employment
for the Organizational Units of the Agency

TABLE III
Page 1 of 2 Pages

Organizational Unit	Average Employment		
	Fiscal Year 1972 Estimate	Fiscal Year 1973 Request	Change from 1972 Estimate to 1973 Request
Board Members' Offices & Related Units:			
Board Members' Offices and Legal Assistants	154.1	164.6	+10.5
Office of the Executive Secretary	27.5	29.2	+1.7
Office of the Solicitor	7.0	7.3	+0.3
Division of Trial Examiners	148.6	161.2	+12.6
Office of the Security Officer	3.8	4.0	+0.2
Division of Information	9.0	9.0	...
Total Board Members' Offices & Related Units	350.0	375.3	+25.3
General Counsel & Staff:			
Office of the General Counsel	13.4	14.0	+0.6
Division of Operations:			
Departmental Staff	54.4	54.6	+0.2
Field Staff:			
Regional Directors and Regional Attorneys	63.4	63.4	...
All other Field Professionals	897.5	924.2	+26.7
Field Clericals	574.1	584.3	+10.2
Subtotal, Field Staff	1,535.0	1,571.9	+36.9
Subtotal, Division of Operations	1,589.4	1,626.5	+37.1
Division of Litigation:			
Office of the Associate General Counsel	3.0	3.0	...
Supreme Court Branch	2.0	2.0	...
District Court Branch	9.5	9.5	...
Appellate Court Branch	88.7	82.5	-6.2
Litigation Services Section	13.5	14.2	+0.7

TABLE III
Page 2 of 2 Pages

NATIONAL LABOR RELATIONS BOARD
Comparison of 1972 and 1973 Estimated Average Employment
for the Organizational Units of the Agency

Organizational Unit	Average Employment: Fiscal Year 1972 Estimate	Average Employment: Fiscal Year 1973 Request	Change from 1972 Estimate to 1973 Request
General Counsel & Staff: (Cont'd.)			
Division of Litigation: (Cont'd.)			
Office of Appeals	41.2	42.8	+1.6
Legal Research & Special Projects Branch	14.8	13.9	-0.9
Subtotal, Division of Litigation	172.7	167.9	-4.8
Division of Administration	232.8	236.6	+3.8
Subtotal, General Counsel & Staff	2,008.3	2,045.0	+36.7
Net Permanent for the Agency 1/	2,358.3	2,420.3	+62.0
Summary:			
Total Permanent, Departmental	823.3	848.4	+25.1
Total Permanent, Field	1,535.0	1,571.9	+36.9
Net Permanent for the Agency	2,358.3	2,420.3	+62.0
1/ Excludes man-years for positions other than permanent	37.8	39.1	+1.3

NATIONAL LABOR RELATIONS BOARD
Comparison of Program and Financing by Activities
for 1972 and 1973 Fiscal Years (Cost Basis)

TABLE IV

Description	Fiscal Year 1972 Estimate	Fiscal Year 1973 Request	Comparison of 1973 Request to 1972 Estimate
Program by Activities:			
1. Field investigation	$30,281,759	$31,366,700	+$1,084,941
2. Trial Examiner hearings	5,092,000	5,550,000	+458,000
3. Board adjudication	5,570,000	5,980,700	+410,700
4. Securing compliance with Board Orders	7,452,700	7,626,600	+173,900
Total program costs funded	48,396,459	50,524,000	+2,127,541
Change in selected resources	-341,000	-68,000	+273,000
Total obligations	48,055,459	50,456,000	+2,400,541
Financing:			
Unobligated balance lapsing	404,600	...	-404,600
Budget authority	48,460,059	50,456,000	+1,995,941
Budget authority:			
Appropriation	48,468,000	50,456,000	+1,988,000
Transfer to other accounts	-7,941	...	+7,941
Appropriation (adjusted)	48,460,059	50,456,000	+1,995,941
Additional obligations from "Advances and Reimbursements":			
1. Field investigation	1,000	1,000	...
2. Trial Examiner hearing	14,000	14,000	...
4. Securing compliance with Board Orders	200	200	...
Total obligations	15,200	15,200	...

NARRATIVE JUSTIFICATION
OF
APPROPRIATION ESTIMATES
Fiscal Year 1973

"Salaries and Expenses,
National Labor Relations Board"

APPROPRIATION REQUEST FOR 1973

An appropriation of $50,456,000 is requested for fiscal year 1973. The funds are requested to enable the Agency to process the anticipated 43,290 unfair labor practice and representation cases to be filed in that fiscal year.

A comparison of fiscal year 1972 appropriation availability and the fiscal year 1973 appropriation request follows:

	Fiscal Year 1972	Fiscal Year 1973	Increase/or Decrease 1973/1972
A. Appropriation 1972, Request 1973	$48,468,000	$48,260,000	-208,000
B. Less Funds Placed in Reserve	-1,468,000		+1,468,000
C. Less Funds transferred	-7,941		+7,941
Funds Available before pay act	46,992,059	48,260,000	+1,267,941
D. Pay Act Funds	+1,063,400	+2,196,000	+1,132,600
E. Total Funds Available for Obligation	48,055,459	50,456,000	+2,400,541

Of the total increase before pay act requirements, $1,167,941 is required for built-in increases and $100,000 is needed for an increase in the computer program.

The employment increase shown below is necessary to accomodate case work increases in 1973 and is based upon extension of 1972 positions.

	Fiscal Year 1972	Fiscal Year 1973	Increase 1973/1972
Positions	2,573	2,573	0
Average Employment	2,396	2,459	63

The Agency was authorized by the Congress to obligate $48,468,000 in 1972 to pay for the cost of processing the large number of cases being filed. The Agency has processed the great majority of these cases and in addition has been able to reduce time requirements for processing these cases. (See Table B page 9) For example, median days required to process an unfair labor practice charge from filing to Board Decision (adding stages) was reduced from 352 days in the first half of fiscal year 1971 to 325 days in the first half of fiscal year 1972. In our program for 1973 we look forward to further reducing these time requirements.

The Agency accomplished this work program despite a reduction in staff in 1971 as compared to 1970. The staff, faced with the unexpected high increase in case filings, put forth a fine effort and processed many more cases than were budgeted for processing. The Agency values this additional effort at over $3,500,000 in 1971 and the continuation of this effort in 1972 enabled the Agency to reduce estimated costs by $1,468,000 without affecting case handling.

Case filings increased from 33,582 in fiscal year 1970 to 37,212 in 1971, a net increase of 10.8%. For 1972 we have estimated an increase to 40,460, or 8.7% additional, and for 1973 we have estimated an increase to 43,290, an increase of 7%. To finance the 7% increase in work in 1973 we are requesting an additional $1,267,941 before pay act requirements or an increase of 2.7%. Average employment is to be increased by 63, an employment increase of 2.6%. The cost of the employment extension in 1973 is $824,100. With this 2.6% employment increase we hope to remain current in the processing of the estimated increase in case intake and in addition we hope to further reduce time requirements in some case handling areas.

The average employment increases in 1973 are distributed organizationally as follows:

	Increase in Average Employment		
	Permanent	Non-Permanent	Total
Board Members and Related Units			
Board Members and Staff	12.7	...	12.7
Trial Examiners	12.6	1.3	13.9
Office of the General Counsel			
Field Staff	36.9	...	36.9
Washington Staff	-0.2	...	-0.2
Total Agency	62.0	1.3	63.3

INTAKE

Fiscal Year 1972

We have estimated the filing of 26,150 unfair labor practice charges and 14,310 representation questions in 1972. This would be an increase of 10% in charge filings in 1972 as compared to the 13% increase experienced in 1971; and an increase of 6.5% in representation matters as compared to the 7.2% increased experienced in 1971. Furthermore, the 1972 estimates include 600 charges, and 200 representation questions estimated to result from the Board's jurisdication over the Postal Service, a responsibility which was assumed on July 1, 1971.

During the first 6 months of fiscal year 1972 the Agency received 12,061 charges and 6,114 representation questions. These included 267 charges and representation petitions from the Postal Service. Although filings during the first half were not up to estimate, filings from January on show that "C" filings for the year will probably be above estimate and "R" somewhat below estimate. One probable reason for the low first half was the economic freeze period from August to November.

Fiscal Year 1973

We have estimated the filing of 28,165 charges or a further rise of 7.7% in 1973 plus the filing of 15,125 representation questions, a rise of 5.7%.

These rise estimates are considerably lower than 1971 experience and lower than our estimates for 1972. We believe that they are conservative.

WORK PROCESSING PROGRAM

General

As of June 30, 1969 the Agency had 9,992 cases pending. The Agency received 33,581 cases in fiscal year 1970, an increase of 7.2% over 1969 intake, but it was able to close only 32,353, and ended 1970 with a pending of 11,220. In 1971 the Agency received 37,212 cases, an increase of 10.8% over 1970, but it managed to close 37,200 (only 12 less than the number received) and as a result pending June 30, 1971 was 11,232, or 12 more than the 11,220 pending 6-30-70.

By keeping output up to intake since 6-30-70 the Agency has managed to recover control over time delay rises and is again processing cases in most of the case processing stages on a current basis.

Field Office Operations

The field also had a rise in case intake and in pending from 1969 to 1970 and then managed to control that rise. As of 6-30-70 the field had 8,790 cases pending. As of 6-30-71 the field had actually reduced its pending to 8,724. The field is therefore handling its cases on a current basis.

For 1973 we are adding 36.9 man years to the field staff, an increase of 2.4% with which the field is expected to increase its output of unfair labor practice work by 4% and its output of representation work by 2%. This will enable the field to remain current.

Trial Examiners

The trial examiner workload rose sharply in 1971 when there were 2,840 requests for unfair labor practice hearings as compared to 2,400 in 1970, an increase of 18%.

We were unable, however, to plan for increased trial examiner strength until fiscal year 1972 because 1971 hiring authority was used to build up the field staff where the workload increase was first felt. (Agency hiring authority came in the second half of 1971 after our appropriation was approved.) Therefore, in 1971 the trial examiners concentrated on trying to hold the line and to write the decisions in the cases they were able to hear. As a result the trial calendar increased from 380 at the end of 1970 to 613 by the end of 1971. Cases awaiting trial examiner decision, however, actually decreased from 242 at the end of 1970 to 228 at the end of 1971. In addition the trial examiners issued 965 unfair labor practice decisions (all types of decisions) in 1971 as compared to 938 in 1970, and accomplished this increase with less trial examiner man years than they had in 1970.

In 1972 we have had some difficulty in hiring up to program and have thus far only increased our trial examiner staff by 6. Consequently our pending trial load remains at about 600 and cases awaiting trial examiner decision were at 250 at the end of December. In addition, time delay from complaint to hearing and from hearing to trial examiner decision has risen while the rest of the Agency has reduced time delay.

We propose to increase the number of trial examiners from the 101 we had as of 12-31-71 to about 120 by the end of this fiscal year or early next year. With this number of trial examiners we will bring the trial examiner workload under control and reduce time delay at that stage also. Our program was to raise hearings from the 1,127 opened in 1971 to 1,430 this year and 1,520 next year. Trial examiner decisions were to rise from 965 to 1,119 this year and to 1,245 next year. We have restructured the program to provide for about 1,330 hearings and 1,019 decisions or a reduction of about 100 hearings and 100 decisions from the budget program for this year. Next year we do expect to reach the levels projected and achieve the goals set. To accomplish the goals set we expect to improve trial examiner productivity by 2% in 1973.

Board Decisions

The Board has been keeping pace with its rising workload. It issued 719 contested unfair labor practice decisions in 1970 and 836 in 1971. In the restructured program the Board is to issue 850 unfair labor practice cases. It will also issue 475 representation decisions as compared to the 423 issued last year. The Board will remain current in 1972 and continue to reduce time delay at the Board decision stage.

In 1973 the Board is programed to issue 1,025 unfair labor practice decisions and 540 representation decisions. The Board expects to be able to keep up with this strong increase in work and remain current. To accomplish the increased goals we expect to improve Board productivity by 3% in 1973.

Appellate Court Work

The number of cases pending enforcement reached a high of 415 as of June 30, 1969. At that time it was taking a median of about 540 days to process a case from Board decision to Court decree. Cases in which the Agency filed for enforcement (as opposed to cases where the charging party requested review and expedited the proceeding) were taking about 630 days.

By June 30, 1971 we had reduced the pending to 370 and this year as of December 31, 1971 it was 348. Time delay as of the first 6 months of this fiscal year had been reduced to 423 days in all cases and 435 in cases where the Agency files for enforcement. (See Table B page)

We expect to file 375 briefs in the Courts of Appeals this year as compared to 330 in 1971 and the budget estimate for 1973 is 399. We also expect to continue to reduce the time required to secure a court decree, and to continue increasing productivity in this area. The productivity improvement in Appellate Court work set for 1973 is 6%.

MANAGEMENT IMPROVEMENT AND COST REDUCTION

The Agency's budget request is based upon our continuing plan for management improvement and productivity improvement at all levels. The potential for further productivity improvement has been examined in each area and realistic improvement has been scheduled. In 1973 we have scheduled an additional improvement valued at $444,000 to be achieved despite the achievements of 1971 and the proposed achievements in 1972

Field office productivity is related to a continuing program of streamlining field office staff structures so as to make more professional time available for case handling.

Both in the field and in Washington the Agency is attempting to establish paraprofessional or subprofessional positions so as to provide more promotion opportunities for all staff and to improve the productivity of the entire staff.

The Agency has a continuing program of staff conferences which are used to develop new ideas and iniatives for improving operations and getting cases handled more efficiently and in less time.

CONCLUSION

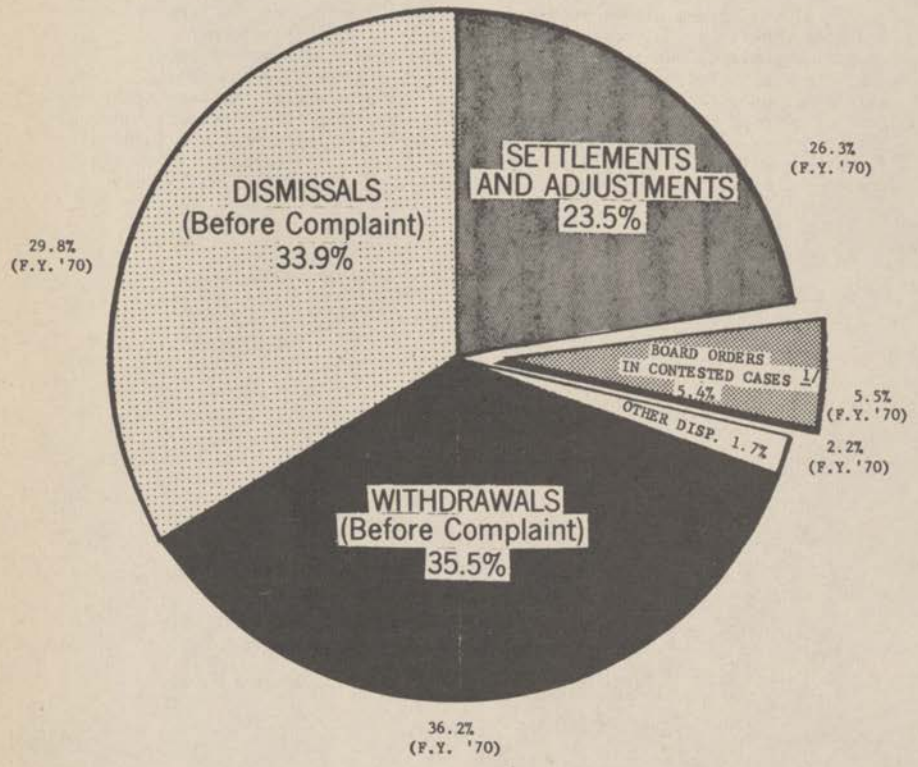
The Agency wishes to express its appreciation for the careful, and most understanding, review which the Congress has given to our objectives, plans, and budgetary needs in the past. We hope and trust that the good relationship between this Agency and the Congress can be maintained and, indeed, be improved upon in the days ahead. We know from past experience that this budget request will be given full consideration. The Congress, we are sure, also knows from past experience that the funds it makes available to us will be wisely and economically expended in a continuing dedication to the purposes underlying our continued existence.

DISPOSITION PATTERN FOR ULP CASES

(Based on Cases Closed)

FISCAL YEAR 1971

Compared with Fiscal Year 1970

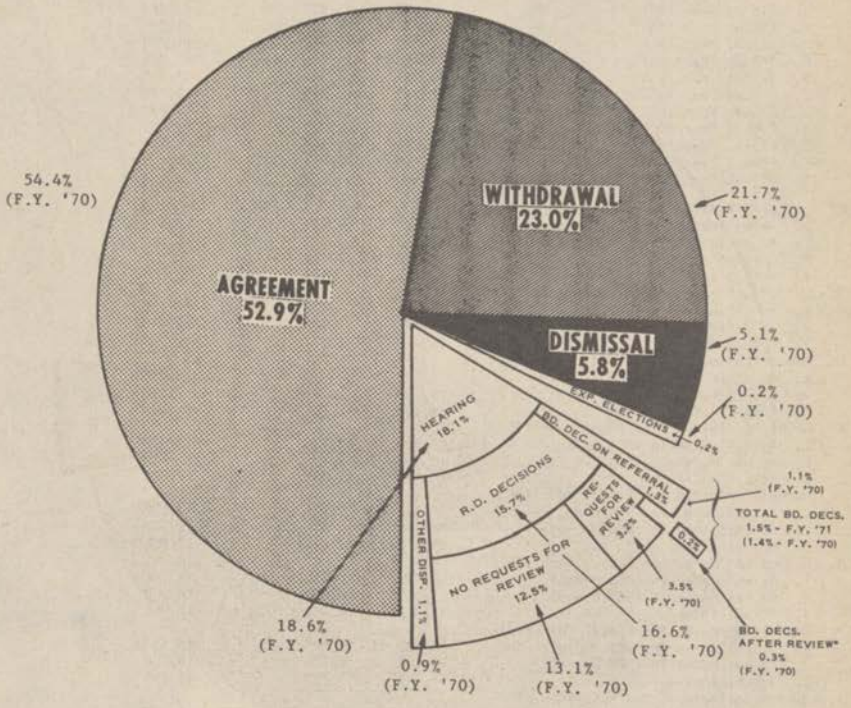


1/ Contested cases reaching Board Members for Decisions.

DISPOSITION PATTERN FOR REPRESENTATION CASES

(Based on Cases Closed)

Fiscal Year 1971
Compared with Fiscal Year 1970



* These cases also counted under Reg. Dir. Decisions

TABLE A

Comparison of Recent Case Intake Experience with Budget Estimates for Fiscal Years 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, and 1973

	Unfair Labor Practices		Representations
	Cases	Situations	Cases a/
A. Actual Recent Experience for--			
1. Fiscal Year 1958	9,260	7,673	7,488
2. Fiscal Year 1959	12,239	9,061	9,394
3. Fiscal Year 1960	11,357	9,128	10,170
4. Fiscal Year 1961	12,132	10,592	10,559
5. Fiscal Year 1962	13,479	11,877	11,369
6. Fiscal Year 1963	14,166	12,719	11,205
7. Fiscal Year 1964	15,620	13,978	11,783
8. Fiscal Year 1965	15,800	14,423	12,225
9. Fiscal Year 1966	15,933	14,540	13,060
10. Fiscal Year 1967	17,040	15,499	13,385
11. Fiscal Year 1968	17,816	16,343	12,889
12. Fiscal Year 1969	18,651	17,035	12,652
13. Fiscal Year 1970	21,039	18,114	12,543
14. Fiscal Year 1971	23,770	20,634	13,442
15. Fiscal Year 1972 (Jul-Dec. 1971)	12,061	11,424	6,114
B. Budget Estimates for Fiscal Year 1961-			
1. As estimated in 1961 Budget	11,400	9,400	10,425
2. As estimated in 1962 Budget	11,275	9,470	11,100
3. Revised estimates in 1962 Budget	12,100	10,500	10,550
4. Actual Intake	12,132	10,592	10,559
C. Budget Estimates for Fiscal Year 1962-			
1. As estimated in 1962 Budget	11,275	9,470	11,100
2. As estimated in 1963 Budget	13,100	11,500	11,250
3. Actual Intake	13,479	11,877	11,369
D. Budget Estimates for Fiscal Year 1963-			
1. As estimated in 1963 Budget	14,600	12,750	12,300
2. As estimated in 1964 Budget	14,600	13,000	12,590
3. Actual Intake	14,166	12,719	11,205
E. Budget Estimates for Fiscal Year 1964-			
1. As estimated in 1964 Budget	15,500	13,750	13,300
2. As estimated in 1965 Budget	15,300	13,750	11,800
3. Actual Intake	15,620	13,978	11,783
F. Budget Estimates for Fiscal Year 1965-			
1. As estimated in 1965 Budget	16,800	15,125	12,600
2. As estimated in 1966 Budget	16,615	14,875	12,400
3. Actual Intake	15,800	14,423	12,225
G. Budget Estimates for Fiscal Year 1966-			
1. As estimated in 1966 Budget	18,010	16,150	13,100
2. As estimated in 1967 Budget	17,080	15,590	13,100
3. Actual Intake	15,933	14,540	13,060
H. Budget Estimates for Fiscal Year 1967-			
1. As estimated in 1967 Budget	18,200	16,615	13,550
2. As estimated in 1968 Budget	16,100	14,700	13,750
3. Actual Intake	17,040	15,499	13,385
I. Budget Estimates for Fiscal Year 1968-			
1. As estimated in 1968 Budget	16,565	15,124	14,440
2. As estimated in 1969 Budget	17,805	16,185	13,745
3. Actual Intake	17,816	16,343	12,889
J. Budget Estimates for Fiscal Year 1969-			
1. As estimated in 1969 Budget	18,785	17,075	14,235
2. As estimated in 1970 Budget	18,785	17,235	13,355
3. Actual Intake	18,651	17,035	12,652
K. Budget Estimates for Fiscal Year 1970-			
1. As estimated in 1970 Budget	19,910	18,265	13,910
2. As estimated in 1971 Budget	19,450	17,760	12,795
3. Actual Intake	21,039	19,395	12,543
L. Budget Estimates for Fiscal Year 1971-			
1. As estimated in 1971 Budget	20,500	18,715	12,950
2. As estimated in 1972 Budget	22,620	20,855	12,670
3. Actual Intake	23,770	20,634	13,442
M. Budget Estimates for Fiscal Year 1972-			
1. As estimated in 1972 Budget	25,320	23,345	13,300
2. As estimated in 1973 Budget	26,150	22,700	14,310
N. Budget Estimate for Fiscal Year 1973	28,165	24,450	15,125

a/ Includes union decertification (UD), amendment of certification (AC), and unit clarification (UC) cases.

TABLE B
Comparison of Median Time (Days) Elapsed in Processing Cases

Stages	July-December for the Fiscal Year													
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
UNFAIR LABOR PRACTICE CASES-														
Informal Case Dispositions														
From filing to withdrawal...	32	30	21	21	23	26	25	26	27	27	28	27	28	27
From filing to dismissal														
No Appeal.....	83	62	46	47	49	53	51	52	54	54	55	51	54	51
After Appeal.....	196	119	70	73	78	91	88	97	94	106	99	109	130	85
From filing to Settlement or adjustment.....	148	146	117	91	69	78	49	44	47	37	39	34	37	
Median for all informal.....	60	46	46	36	40	44	42	41	41	42	42	39	43	41
Formal Agency Disposition														
From filing to Complaint....	143	63	44	46	49	56	57	59	60	59	59	57	61	52
From Complaint to close of Hearing.....	54	71	43	45	51	53	62	73	67	64	59	58	59	72
From Close of Hearing to Trial Examiner Decision...	73	87	95	65	70	77	126	114	103	106	83	84	82	83
From Trial Examiner Decision to Board Decision.....	194	146	150	176	132	123	136	105	119	120	118	125	150	118
Total, Filing to Board Decision.....	464	367	332	332	302	309	381	351	349	349	319	324	352	325
Enforcement in U.S. Courts of Appeals														
From Board Decision to Regional Office Referral for Enforcement.														35
From Referral to Filing of Petition.....														151
From Petition to Courts of Appeals Opinion.....														245
Total, Board Decision to CA Opinion.....														431
REPRESENTATION CASES-														
Informal Case Dispositions														
From filing to withdrawal...										22	15	21	22	23
From filing to dismissal....										35	39	40	39	39
From filing to closing after Agreement for Election....										46	48	49	51	50
Median for all informal.....														45
Formal Case Dispositions														
A. Processing to Hearing														
From Filing to Notice of Hearing.....	12	11	10	10	10	10	8	9	9	9	9	9	11	9
From Notice of Hearing to close of hearing	16	15	14	14	13	13	13	13	13	14	14	14	14	14
Subtotal, Filing to Close of Hearing..	28	26	24	24	23	23	21	22	22	23	23	23	25	23
B. Decisional Processing														
1. Before Decisional Delegation to Regional Director														
From Close of Hearing to Board Decision	49	52	50											
Total, Filing to Board Decision	77	78	74											
2. After Decisional Delegation to Regional Director														
a. By the Board 1/														
From Hearing to Board Decision				112	121	108	101	109	143	118	142	134	168	140
Total, Filing to Board Decision.....				136	144	131	122	131	165	141	165	157	193	163
b. By Regional Director 1/														
From Hearing to R. D. Decision..				20	17	19	17	20	20	21	23	19	23	21
Total, Filing to R. D. Decision				44	40	41	38	42	42	44	46	44	48	44

1/ In fiscal year 1971 the Board issued only 196 decisions while the Regional Directors issued 1,950 or over 90% of the total initial representation decisions.

Exhibits

A. Explanation of Types of Cases

B. Outline of Representation Procedures Under Section 9(c)

C. Basic Procedures in Cases Involving Charges of Unfair Labor Practice

D. Basic Procedures for Casehandling Under Section 8(b)(7)

E. National Labor Relations Board Enforcement Chart

NOTE: These exhibits provide, in concise form, outlines of the types of cases arising under the Labor Management Relations Act and the basic procedures in the processing of these cases within the Agency and in the Courts.

TYPES OF CASES
1. Charges of Unfair Labor Practices

CHARGE AGAINST EMPLOYER	CHARGE AGAINST LABOR ORGANIZATION				CHARGE AGAINST LABOR ORGANIZATION AND EMPLOYER
Section of the Act — CA	Section of the Act — CB	Section of the Act — CC	Section of the Act — CD	Section of the Act — CP	Section of the Act — CE
8(a)(1) Interfere with, restrain, or coerce employees in exercise of their rights under Section 7 (to join or assist a labor organization or to refrain).	8(b)(1)(A) Restrain or coerce employees in exercise of their rights under Section 7 (to join or assist a labor organization or to refrain).	8(b)(4) (i) TO ENGAGE IN, OR INDUCE OR ENCOURAGE ANY INDIVIDUAL EMPLOYED BY ANY PERSON ENGAGED IN COMMERCE OR IN AN INDUSTRY AFFECTING COMMERCE TO ENGAGE IN, A STRIKE OR A REFUSAL IN THE COURSE OF HIS EMPLOYMENT TO USE, MANUFACTURE, PROCESS, TRANSPORT, OR OTHERWISE HANDLE OR WORK ON ANY GOODS OR TO PERFORM ANY SERVICES; OR (ii) TO THREATEN, COERCE OR RESTRAIN ANY PERSON ENGAGED IN COMMERCE OR IN AN INDUSTRY AFFECTING COMMERCE, WHERE IN EITHER CASE AN OBJECT THEREOF IS:	First Stage - 10(k)* Second Stage - Complaint**	8(b)(7) To picket, cause, or threaten the picketing of any employer where an object is to force or require an employer to recognize or bargain with a labor organization as the representative of his employees, or to force or require the employees of an employer to select such labor organization as their collective bargaining representative, unless such labor organization is currently certified as the representative of such employees:	8(e) To enter into any contract or agreement (any labor organization and any employer) whereby such employer ceases or refrains or agrees to cease or refrain from handling or dealing in any product of any other employer, or to cease doing business with any other person.
8(a)(2) Dominate or interfere with the formation or administration of a labor organization or contribute financial or other support to it.	8(b)(1)(B) Restrain or coerce an employer in the selection of his representatives for collective bargaining or adjustment of grievances.	(A) To force or require any employer or self-employed person to join any labor or employer organization or to enter into any agreement prohibited by Sec. 8(e).	(D) To force or require any employer to assign particular work to employees in a particular labor organization or in a particular trade, craft, or class rather than to employees in another trade, craft, or class, unless such employer is failing to conform to an appropriate Board order or certification.	(A) where the employer has lawfully recognized any other labor organization and a question concerning representation may not appropriately be raised under Section 9(c),	
8(a)(3) Encourage or discourage membership in a labor organization (discrimination in regard to hire or tenure).	8(b)(2) Cause or attempt to cause an employer to discriminate against an employee.	(B) To force or require any person to cease using, selling, handling, transporting, or otherwise dealing in the products of any other producer, processor, or manufacturer, or cease to doing business with any other person, or force or require any other employer to recognize or bargain with a labor organization as the representative of his employees unless such labor organization has been so certified.	*First Stage - Proceeding under Section 10(k) of the Act Whenever it is charged that any person has engaged in an Unfair Labor Practice within the meaning of paragraph (4)(D) of Section 8(b), the Board is empowered and directed to hear and determine the dispute out of which such Unfair Labor Practice shall have arisen...	(B) where within the preceding 12 months a valid election under 9(c) has been conducted, or	
8(a)(4) Discharge or otherwise discriminate against an employee because he has given testimony under the Act.	8(b)(3) Refuse to bargain collectively with employer.	(C) To force or require any employer to recognize or bargain with a particular labor organization as the representative of his employees if another labor organization has been certified as the representative.	**Second Stage - Complaint Complaint under Section 8(b)(4)(D) is issued where there has been no voluntary adjustment of the dispute, and no compliance with the Board's Decision and Determination of Dispute.	(C) where picketing has been conducted without a petition under 9(c) being filed within a reasonable period of time not to exceed 30 days from the commencement of such picketing.	
8(a)(5) Refuse to bargain collectively with representatives of his employees.	8(b)(5) Require of employees the payment of excessive or discriminatory fees for membership.				
	8(b)(6) Cause or attempt to cause an employer to pay or agree to pay money or other thing of value for services which are not performed or not to be performed.				

2. Petitions

9(c)(1)(A)(i) — RC	9(c)(1)(B) — RM	9(c)(1)(A)(ii) — RD	9(e)(1) — UD	UC	AC
Requesting the designation of filing party as bargaining agent. 1/	Alleging that one or more claims for recognition as exclusive bargaining agent have been received by employer. 1/	Asserting that the certified or recognized bargaining agent is no longer the representative. 1/	Employees wish to rescind a union security clause.	Requesting clarification of bargaining unit.	Requesting amendment of certification.

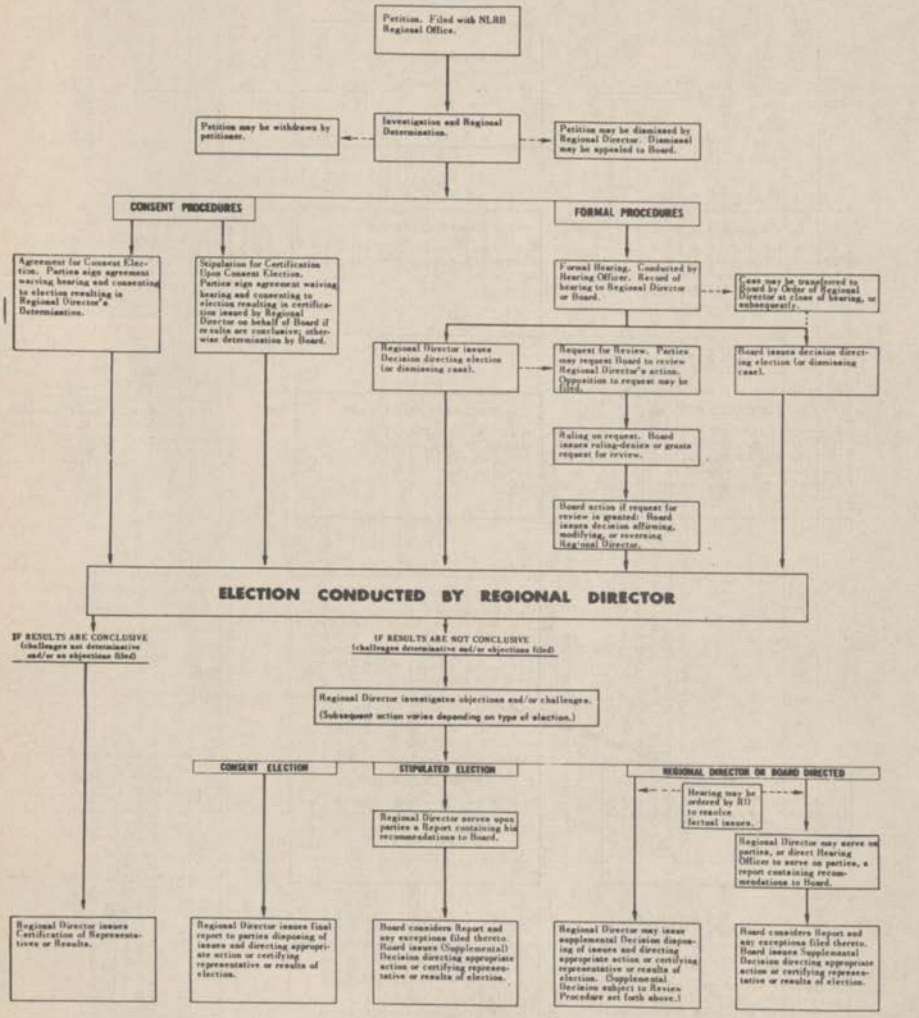
1/ This statement is not applicable if an 8(b)(7) charge is on file involving the same employer; however, the "R" designation applies.

Prepared by: Organization and Methods Branch
Division of Administration - Rev. 1-65

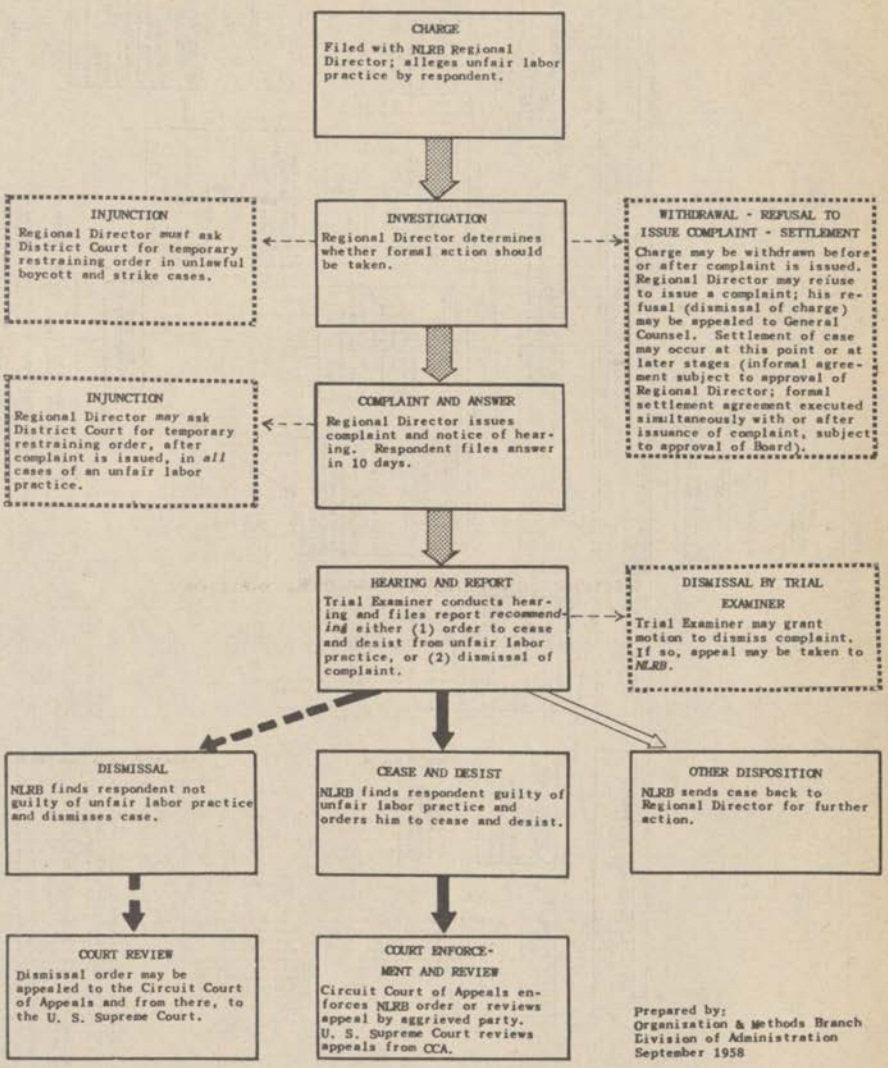
OUTLINE OF REPRESENTATION PROCEDURES UNDER SECTION 9(c)

(With respect to petitions filed on or after 5-15-61)

Prepared by:
Organization & Methods Branch
Division of Administration - 7/61

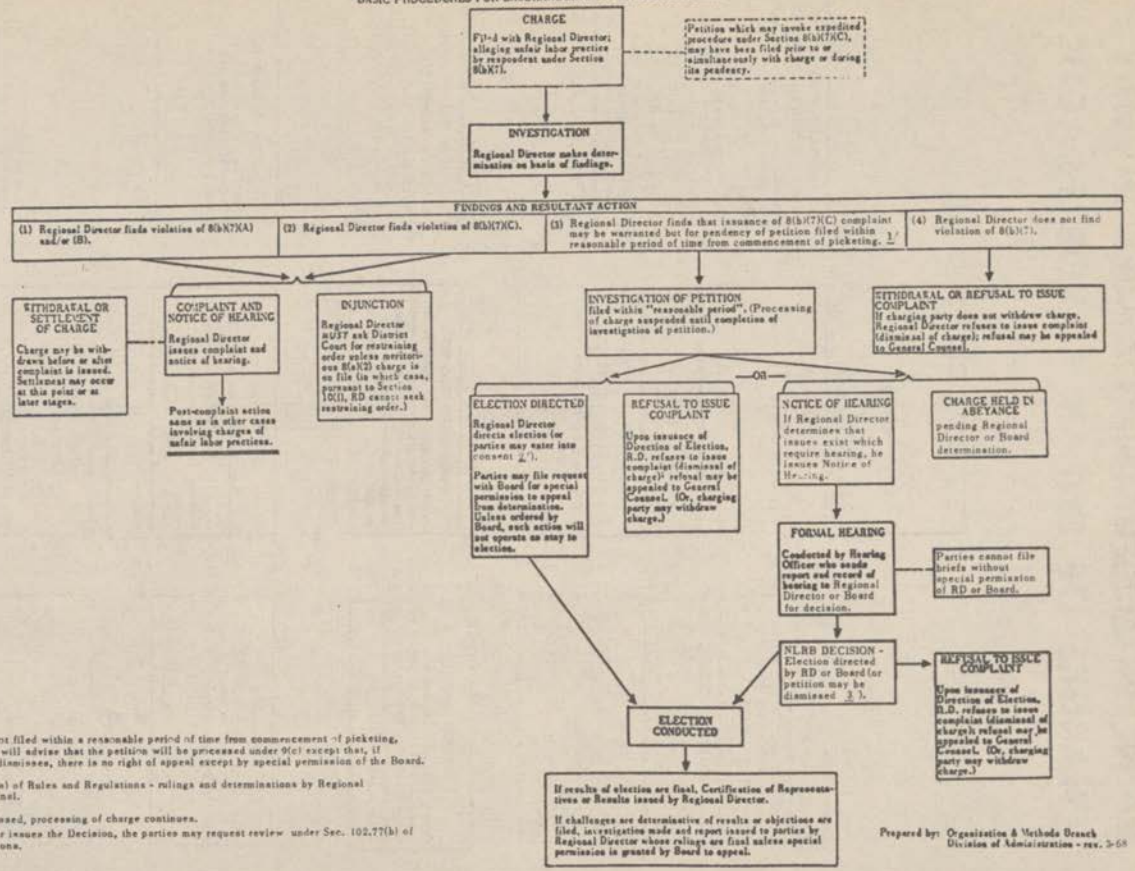


BASIC PROCEDURES IN CASES INVOLVING CHARGES OF UNFAIR LABOR PRACTICES



Prepared by:
Organization & Methods Branch
Division of Administration
September 1958

BASIC PROCEDURES FOR CASEHANDLING UNDER SECTION 8(b)(7)



1/ Where petition is not filed within a reasonable period of time from commencement of picketing, letter to petitioner will advise that the petition will be processed under 9(c) except that, if Regional Director dismisses, there is no right of appeal except by special permission of the Board.

2/ Under Sec. 102.62(a) of Rules and Regulations - rulings and determinations by Regional Director shall be final.

3/ If petition is dismissed, processing of charge continues.
If Regional Director issues the Decision, the parties may request review under Sec. 102.77(b) of Rules and Regulations.

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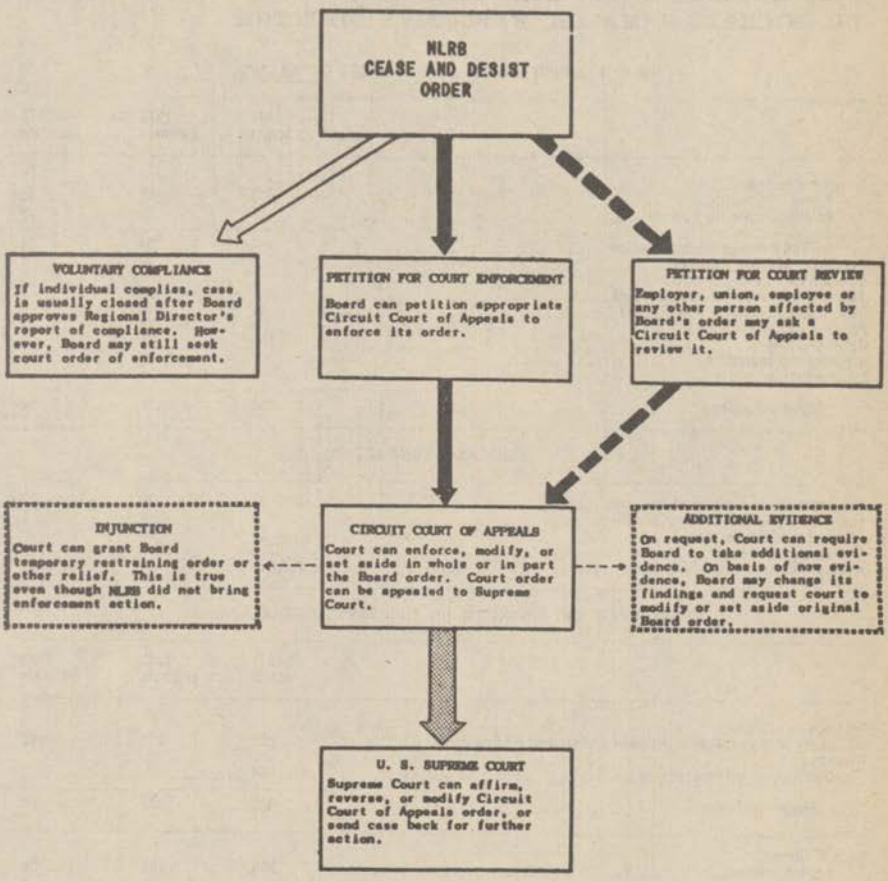
NLRB ORDER ENFORCEMENT CHART



WEDNESDAY, APRIL 19, 1972.

COMMISSION ON RAILROAD RETIREMENT

WITNESSES

DR. THEODORE O. YNTEMA, CHAIRMAN
DR. MICHAEL S. MARCH, EXECUTIVE DIRECTOR

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	77	278	42
Positions other than permanent	17	121	9
Total personnel compensation	94	399	51
Personnel benefits: Civilian	5	32	3
Benefits for former personnel	1		1
Travel and transportation of persons	6	11	2
Rent, communications, and utilities	11	16	1
Printing and reproduction	1	33	30
Other services	135	31	9
Supplies and materials	2	4	1
Equipment	1	1	
Total obligations	256	527	98

PERSONNEL SUMMARY

Total number of permanent positions	17	20	17
Full-time equivalent of other positions	1	4	1
Average paid employment	18	24	18
Average GS grade	12.6	12.9	11.9
Average GS salary	$17,484	$19,116	$16,344

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
Study of the railroad retirement system and its financing	256	527	98
Financing:			
Unobligated balance lapsing	44		
Budget authority	300	527	98
Budget authority:			
Appropriation	300	483	98
Reappropriation		44	
Relation of obligations to outlays:			
Obligations incurred, net	256	527	98
Obligated balance, start of year		163	117
Obligated balance, end of year	−163	−117	
Outlays	93	573	215

Mr. FLOOD. The committee will be in order.

Now we have the Commission on Railroad Retirement. The presentation will be made by Dr. Theodore O. Yntema, Chairman.

BIOGRAPHICAL SKETCHES OF WITNESSES

We will place your biographical sketch in the record at this point.
(The biographical sketches follow:)

BIOGRAPHICAL SKETCH OF THEODORE O. YNTEMA—CHAIRMAN

Dr. Yntema is currently a visiting professor of economics at Oakland University, Rochester, Mich., and a business and financial consultant.

He has a Ph. D. from the University of Chicago in business economics and is also a certified public accountant.

Previously, from 1949 to 1965, he was vice president of finance, Ford Motor Co., when he retired from the company; professor at the University of Chicago; director of research of the Cowles Commission; director of research and chairman of the Research and Policy Committee of the Committee for Economic Development; founding chairman of the Ford Motor Credit Co., and of the American Road Insurance Co.; and former chairman of the National Bureau of Economic Research.

BIOGRAPHICAL SKETCH OF MICHAEL S. MARCH—EXECUTIVE DIRECTOR

Dr. March is a native of Colorado. He holds a B.A. degree in economics from the University of Colorado and a Ph. D. in political economy and government from Harvard University. He has also studied at the University of Illinois and at the American University in Washington, D.C.

During nearly 28 years as a staff member of the Bureau of the Budget and the Office of Management and Budget, he has served in legislative and program analysis in a wide range of fields, including labor and welfare, education, manpower, income maintenance, and science programs. In 1967 to 1969, he was the Assistant Director of the Resources Planning Staff in the Office of the Director.

In May 1967, Dr. March received the Bureau of the Budget Award for Exceptional Service. He is the author of numerous articles in professional journals on subjects such as poverty, human resources development, and service delivery systems. From 1969 to 1970, he was a Federal executive fellow at the Brookings Institution doing research on national priorities and the Federal budget.

Dr. March has worked with many special study groups relating to income maintenance and retirement programs, including the Committee on Retirement Policy for Federal Personnel in 1954–55; studies of veterans life insurance and military survivorship benefit programs from 1949 to 1956; as the technical adviser to the President's Commission on Veterans Pensions, headed by General Omar N. Bradley, from 1955–56; as the Bureau of the Budget's representative on the Executive Committee of the President's Council on Aging during 1962–65; as the executive secretary of the 1964 Task Force on Income Maintenance for the White House; and on the Staff Task Force of the President's Committee on Corporate Pension Funds and other Private Retirement and Welfare Programs which reported in January 1965.

Mr. FLOOD. I see you have a statement. How do you wish to proceed?

Mr. YNTEMA. I would like to read it, Mr. Chairman.

Mr. FLOOD. Proceed.

GENERAL STATEMENT

Mr. YNTEMA. I am Theodore O. Yntema, Chairman of the Commission on Railroad Retirement. At my side is Michael S. March, the Executive Director of the Commission. We appreciate greatly the opportunity to appear before you in support of the Commission's budget request of $101,000 for the fiscal year 1973, the amount recommended in the President's budget as amended.

The Commission on Railroad Retirement is a temporary commission, which was created by the Congress by Public Law 91–377, approved on August 12, 1970, and which began work on January 20, 1971. The assignment of this five-man Commission is to study the Railroad Retirement System and to recommend measures to provide the necessary benefits on an actuarially sound basis. The Congress laid down a series of specific questions for us to study. These are covered in the budget

justification which we supplied to your committee a number of weeks ago.

The three other active Commissioners are Vice Chairman Kenneth Black, Jr., the dean of the school of Business Administration at Georgia's State University in Atlanta; Mr. Charles L. Dennis, the president of the Brotherhood of Railway & Airline Clerks; and Mr. George Earl Leighty, former chairman of the Railway Labor Executives' Association. Mr. John Philip Hiltz, the chairman of the National Railway Labor Conference was an active member until he retired and resigned from the Commission effective February 7, 1972, and we hope to have a replacement for him soon.

As extended by Public Law 92–46, which was approved July 2, 1971, the Commission must report by July 1, 1972. Our budget request for fiscal year 1973 thus covers only the short windup period of 60 days allowed by law, during which the backup staff reports will be put into final shape and the results of our findings will be set forth in detail.

The Commission's work program, which was presented to the various committees of the Congress last year, provides for an in-depth analysis of the status of the railroad retirement system. A major feature of our effort has been the development of a computerized dynamic model of the railroad retirement system. We have successfully programed the model and we are now making various projections and actuarial calculations to analyze the major factors which affect the future status of the system. The trend of railroad employment is one very important factor. We have, accordingly, made an economic analysis of the railroad industry and projected possible alternative employment trends to the year 2000. Other important factors are the extent of possible future wage increases and price inflation, changes in productivity, and possible trends in social security benefits.

I am pleased to state that we are reasonably on schedule with our work program. Even under the best of conditions the schedule was a very tight one. We are currently in the midst of making our various projections and analyzing them and reviewing initial draft papers. We expect to submit the Commission's report by the deadline date of July 1, 1972.

We have supplied your committee with a justification of our 1973 request of $98,000, as included in the 1973 budget—page 956. The President's budget includes language to enable the Commission to carry over any unused 1972 resources, although it now appears that these will be small. Subsequently, the President recommended an additional $3,000 to cover the increased Pay Act costs for 1973, thus bringing the Commission's amended 1973 budget to $101,000—House Document 92–267, March 20, 1972, page 57.

These funds will be used to finish, edit, and see our staff reports through to duplication or publication. They will also permit us to assemble the records and work papers of the Commission in a proper and orderly condition so that the results of our research will be available to the agencies concerned and to any future researchers. In particular, we plan to document our computerized model so that the Railroad Retirement Board and other agencies may continue to use it after our Commission goes out of existence.

I thank you for the opportunity to appear before you. We hope your committee will give favorable consideration to our modest request.

COMPUTERIZED MODEL OF RAILROAD RETIREMENT SYSTEM

Mr. FLOOD. Suppose you give us a little clearer picture of what we are talking about by "computerized dynamic model of the railroad retirement system." Tell us what you are developing.

Dr. YNTEMA. What it is is this: We have tried to define the various factors that will affect the intake of dollars and the outgo of dollars from this system under various assumed conditions of employment and other key variables.

For example, the employment in the railroad industry is about 600,000 now. Projections indicate it will decline to something over 300,000 over the next 30 years. We have a declining base you see. A great deal of actuarial work has been done upon the assumption that things will continue as they are now.

Mr. FLOOD. And that is not true.

Dr. YNTEMA. Our studies show that it is not true. What we are trying to do is put into this model what are reasonable expectations with respect to the future concerning cost increases, wage increases, benefit increases, and employment trends.

Mr. FLOOD. Are you considering at the same time the quality of any existing pension plans or are you considering any legislation that may now be before the proper committees of Congress having to do with pension plans?

Dr. YNTEMA. We are considering the effects, of course, of the 15- and 10-percent increases which are temporary.

Mr. FLOOD. Increases in what?

Dr. YNTEMA. In rairoad retirement benefits which are temporary for the railroad retirement system. We are instructed to look into those.

Mr. FLOOD. Would you tell us more about these temporary benefits?

Dr. YNTEMA. These were two acts of Congress that made them temporary.

Mr. FLOOD. When was that?

Dr. YNTEMA. At the time of enactment of the law which created the Commission.

Dr. MARCH. In August of 1970 there was a 15-percent and in July there was a further 10-percent increase enacted by Congress in railroad benefits, and they now are temporary until June 30, 1973.

Mr. FLOOD. What relationship does that have with social security?

Dr. MARCH. The percentages match, but the amounts are larger.

CENTRAL RAILROAD OF NEW JERSEY

Mr. FLOOD. In the Central Railroad of New Jersey problem there was a court order by the district court in Newark, N.J. We went into this in some length with the Department of Labor people. The order directed the Jersey Central Railroad to cease operations in the entire State of Pennsylvania. Certain people are afraid this may be extended perhaps to the State of New Jersey, and there are competing roads who want to make use of those facilities.

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For instance, there are petitions to the ICC for the Lehigh Valley Railroad, from the Reading Railroad, and from a subsidiary of the Central Railroad. The ICC handed down a temporary 60-day order which expires June 1 to permit the Lehigh Valley Railroad to continue operations over the lines of the Jersey Central in the affected areas.

As a result of that, some 176 Central Railroad employees lose their jobs and are without work now. The Lehigh Valley is taking on some and not taking on others, and it is a very confused situation.

One of the things that has come to the attention of the Congress is the question of the relationship of the retirement plans and the pension plans, any plans of the Central Railroad of New Jersey employees who are now out of work as a result of the Federal court order. Nobody knows, I suppose, including the ICC, what they are going to do on June 1 at the expiration of the temporary order. Are they going to continue the Lehigh Valley or are they going to go back and grant the petition of the Reading or what are they going to do on June 1?

In the meantime, 176 of the Central New Jersey Railroad employees are at this minute—and have been for some weeks—out of work. They are concerned, of course, about their jobs and their future. The Central Railroad of New Jersey employees take the position they would prefer to have the Reading take over the operations instead of the Lehigh Valley. The Lehigh Valley people, of course, the unions and their spokesmen, say, "We can do it better."

So there is a great controversy between the unions of the Lehigh Valley and the Central Railroad of New Jersey as to who is going to run this property after June 1. And among the Jersey Central employees is the question I thought you should be concerned with before you file a report on July 1.

No matter what you have done now, you should get in touch with the trustees of the Jersey Central and the proper union officials. The unions will be exactly the same, I take for granted, on the one railroad as on the other. I don't know what their position will be.

This Commission of yours has just had the very bad luck of having this blow up in your face. But there it is and you can't possibly pretend you don't know this situation exists in the great middle eastern transport area. It is a desperate situation and nobody knows where it is going to end.

Dr. YNTEMA. Could I read one paragraph which I am sure will help.

The financial difficulties of the railroad retirement system arise primarily from the very high ratio of present and prospective retirees to employed workers. In other words, the benefits to be paid are abnormally large in relation to the wage base and corporate income base available to support them. At present, the numbers of retirees and widows of retirees are substantially greater than the number of currently employed workers.

Mr. FLOOD. You don't have jurisdiction over this situation, but one thing you do have jurisdiction over is your report. You could develop an awareness of this problem and how in your analysis and studies the retirement emolument to the now out-of-work Jersey Central workers is affected. And how does this affect the existing fund, and what is the relationship of emoluments on the railroad retirement

system vis-a-vis retirement of the social security system. Do they get more or less? If they get more, why do they get more? If they get less, why do they get less? How much do they have to pay? How much does the normal social security retiree pay?

I don't think I am telling you anything.

Dr. YNTEMA. There are going to be more of these cases. As railroad employment declines the status of the railroad retirement system is worsened.

Mr. FLOOD. You would know that, I would not. I presume in your report you dwell upon this existing highly critical situation.

Dr. YNTEMA. This fund will be out of money in some 15-odd years unless something is done about it. The base available to support the benefits is very, very small.

Mr. FLOOD. This is the thing I am sure the employees do not know. They belong to a retirement system and you know how they are. They work so many hours a day. They are railroad employees. Everybody had the opinion that in the old days the railroad employee sitting there in the caboose with the book of rules, knew more about his protection and his rights than anybody. I thought so too. Now I find out this isn't so. They don't know and they have a right to know. I think you are the most desirable source of information because you exist just to serve this purpose. You are not career bureaucrats, you are not hanging on. You are doing a very special job. Everything you touch is an emergency. So I couldn't think of a better place to get information for these people on this issue than this very Commission at this very time. I think we are very fortunate that we have you here to serve this purpose at this time.

Dr. MARCH. We get the message.

COMPUTERIZED MODEL

Mr. FLOOD. What is causing "unforeseen delays" in the preparation of this model you are talking about?

Dr. MARCH. They are not large, Mr. Chairman. We wrote in the budget justification——

Mr. FLOOD. When, in November?

Dr. MARCH. It was in February. We have now solved the problem of programing the model and we are making a whole series of alternative projections successfully.

REPORTING DEADLINE

Mr. FLOOD. Your deadline was extended to July 1, 1972, for submission of your report. Now you state you will be hard pressed to meet this. Are you going to ask for another extension?

Dr. MARCH. No. We have been hard pressed from the beginning.

Dr. YNTEMA. Practically every computer program has bugs in it and you can't tell when they are going to happen. Our program is now debugged and in very good shape.

FINANCIAL CONDITION OF RAILROAD RETIREMENT SYSTEM

Mr. FLOOD. Just how serious is the financial condition of the railroad retirement system? There is a good question. You knew I would ask that didn't you?

Dr. MARCH. We suspected you would.

Mr. FLOOD. How serious, I repeat for emphasis, is the financial condition of the railroad retirement system?

Dr. MARCH. Mr. Chairman, it is quite serious.

Mr. FLOOD. That is restating the question.

Dr. YNTEMA. By December 31, 1971, there were 447,000 retired workers, plus 284,000 widows and an additional 13,000 family units of children on the benefit rolls. This represented a total of 744,000 family units drawing benefits as against an average of 611,000 active workers in calendar year 1971.

Mr. FLOOD. How many actual workers?

Dr. YNTEMA. About 600,000.

Mr. FLOOD. There are that many actually working today?

Dr. YNTEMA. Yes, or perhaps some thousand fewer. There are 744,000 retirees or widows of retirees or family units of orphan children drawing benefits. That is an extraordinary ratio, of course.

Mr. FLOOD. It is an extraordinary ratio?

Dr. YNTEMA. Oh, yes. It is quite different from the social security ratio.

Mr. FLOOD. What would be the comparable ratio for social security?

Dr. YNTEMA. The ratio of social security would be approximately one family unit drawing benefits to every four workers.

Mr. FLOOD. What is it with the railroad retirement system?

Dr. YNTEMA. One and a quarter families receiving benefits for each active worker.

Mr. FLOOD. That is bad?

Dr. YNTEMA. Five times as great. That is a rough answer.

Mr. FLOOD. In other words, the railroad retirement system is in a serious financial condition because its retirement demands are five times greater than the social security as of today?

Dr. YNTEMA. That is right!

Another thing, there is an abnormal number of high-age workers.

Mr. FLOOD. Where?

Dr. YNTEMA. Workers who are employed on the railroads.

Mr. FLOOD. The railroad employees are in a higher age bracket than employees covered by social security?

Dr. YNTEMA. That is correct. About 22 percent of the railroad workers are ages 55–64 compared to 12 percent of those under social security.

Mr. FLOOD. What difference does that make?

Dr. YNTEMA. This means there will be more retirees in the near future.

Mr. FLOOD. And, of course, more retirees means a bigger drain upon the fund?

Dr. YNTEMA. Yes.

Mr. FLOOD. In view of what you are projecting in the future, with the reduction of employees from 600,000 to 300,000, will the fund again be pressured?

Dr. YNTEMA. That is correct. And inflation will add to the costs, too.

Mr. FLOOD. This is going to follow like night follows day?

Dr. YNTEMA. Yes.

Mr. FLOOD. And on top is the existing condition of inflation and any further inflation.

Dr. YNTEMA. The Commission's preliminary projections of the system under dynamic assumptions show that the system will face a major

cash flow problem in the next 10 to 20 years and beyond, given present tax rates and foreseeable payrolls. By 1980, without any further benefit liberalization except to cover assumed cost-of-living increases for the retired people, the system is likely to run a deficit of over $300 million and this annual gap between receipts and expenditures is likely to grow to over $500 million by 1985.

When the present $5 billion balance in the account is depleted, in about 1988, the projected deficit of the system will approach around $1 billion per year and continue at this rate during most of the rest of this century. Any significant liberalization in benefits would add to this deficit, unless payroll taxes on railroad employees and the carriers are substantially increased meanwhile to keep the system solvent.

COMMISSION RECOMMENDATIONS

Mr. FLOOD. Now you have stated the case, there is the case.

Will your Commission make recommendations or proposals or suggestions in the field of legislation as to how this desperate situation can or should best be met?

Dr. YNTEMA. This is a very important question. There have come some very constructive suggestions from the labor representative on this group.

Mr. FLOOD. I would be sure of that.

Dr. YNTEMA. Part of our recommendations will be substantive, parts of them will be procedural because this will involve collective bargaining.

Mr. FLOOD. But the Commission will make recommendations.

You have analyzed the problem and have come up with a serious situation, the progressive weakening of the financial condition of the railroad retirement system. Now you are going to say "that being the case, we make the following suggestions or recommendations." Right?

Dr. YNTEMA. I think it is very important to get the facts so people know what the real situation is. Part of the problem, however, is going to have to be resolved by collective bargaining.

Mr. FLOOD. A part will have to be resolved by collective bargaining. By that you mean negotiations between labor and management of the railroads?

Dr. YNTEMA. That is correct.

Mr. FLOOD. Does that apply to existing situations like that on the Central Railroad of New Jersey? Will this be retroactive or what?

Dr. MARCH. There are really two sets of problems. One set pertains to this system. Fortunately, if the Government and labor and management can take steps to restore this system to financial soundness——

Mr. FLOOD. You introduced the Government in this?

Dr. MARCH. Right.

Mr. FLOOD. What do you mean?

Dr. MARCH. The Government runs the system.

Mr. FLOOD. This is tripartite. This includes not just management and labor but the Government?

Dr. MARCH. Yes. If the railroad retirement system is made financially sound, then those 176 workers whom you were talking about will at least have the railroad retirement benefits that come through this system.

Now the other set of problems, I think, may relate to the supplementary or company pension plan benefits of the Central Railroad of New Jersey.

Mr. FLOOD. That is the pension system that exists between labor and management?

Dr. MARCH. There are several sets.

Mr. FLOOD. The Central Railroad employees who are out of work now as a result of what we are talking about now have access to the retirement system?

Dr. MARCH. The Federal system, yes. If they have been in railroad employment 10 years, their rights are assured under this system if it has the money to pay them. If they have less than 10 years of creditable railroad service, their wage record is transferred to social security and adds to their social security benefits.

Now the second part is probably the problem. I don't know for sure but we will find out. There is probably a company plan that depends on the solvency of that particular railroad. The question I think that I sense in your concern is what happens to the pension rights of those workers under that special company plan if that railroad company is taken over by another railroad.

Mr. FLOOD. That is one of the problems I have in mind. You stated it very well.

Dr. MARCH. We have a major problem in this country relating to the vesting and portability of benefit rights under private pension plans and their funding.

Mr. FLOOD. What is it?

Dr. MARCH. It is exactly that many private plans depend on the financial health of a particular company or a particular employer rather than being reinsured in the way that the railroad system reinsures industrywide or the social security system reinsures across virtually all of the industries and occupations in the United States. Moreover, some private plans have vesting requirements that are difficult to meet and service credits are not portable.

Mr. FLOOD. So there is no assurance at all that the employees will have access to this private pension fund no matter how big it is or small it is or how long they have been paying into it?

Dr. MARCH. There generally are provisions for termination if the company goes out of existence——

Mr. FLOOD. Because of bankruptcy?

Dr. MARCH. Yes. There generally are ways of liquidating. But very often, as we know from the Studebaker case a number of years ago, the workers take a tremendous beating because the trust fund for a company plan will not have enough money in it to discharge all of the accrued obligations and some have to be settled at 10 cents on a dollar, for instance.

Mr. FLOOD. That is a matter between management and labor and the Federal Government is not involved?

Dr. MARCH. That is correct; except for possible IRS standards about nondiscrimination among classes of beneficiaries and their limitations on the rate of funding for past service liabilities.

You see many years ago the railroad industry had only company plans, and they went on the rocks in the 1930's during the Great

Depression we are all familiar with. As a result of that, the Government then set up the railroad retirement system to provide a more consistent and more protected set of benefits for the railroad workers. But there are still some additional company plans that are in operation. I suspect the concern of those workers you mention relates to the particular rights under the private plan.

LEGISLATION TO LIBERALIZE REQUIREMENTS FOR BENEFITS

Mr. FLOOD. Since you brought in social security, let me ask—you mentioned the age of the average railroad workers as compared I suppose to the private sector generally. They are considerably older than the average workers.

Dr. MARCH. Yes; the median age of railroad workers is roughly 46 years, 10 years higher than that of workers under social security.

Mr. FLOOD. I have these Central Railroad of New Jersey employees we were talking about. They are out of work under a court order. Many of these people, let's say, have been working 30 years and are only 55 years of age. Does that make sense?

Dr. MARCH. Quite likely.

Mr. FLOOD. A lot of them are 30-year men but are only 55 years of age.

Dr. MARCH. And they are not eligible for an immediate annuity today, but only for a deferred benefit.

Mr. FLOOD. This fellow wakes up Monday morning. Here is a court order. He is out of work. He is 55 years of age, 30 years on the Central Railroad of New Jersey, and you tell me he cannot have access to the existing retirement fund.

Dr. MARCH. No; not immediately.

Mr. FLOOD. Until when?

Dr. MARCH. Until he is 62 or 65 or something like that.

Mr. FLOOD. Is there any chance that situation could be corrected in some way? That would call for what?

Dr. MARCH. There are several options, of course. There are bills pending in the Congress to liberalize the retirement age to permit men who have reached age 55 and who have 30 years of service to retire. with an immediate, full annuity. However, please permit me to point out that is a very costly step.

Mr. FLOOD. Is legislation pending before the House?

Dr. MARCH. In the House Interstate and Foreign Commerce Committee.

Mr. FLOOD. Are such bills now pending before the proper legislative committees of both Houses of Congress?

Dr. MARCH. Yes, sir.

EFFECTS OF LIBERALIZING ACCESS TO THE FUND

Mr. FLOOD. Suppose Congress did pass one or any of these bills, and suppose such a bill did provide for access to the railroad retirement fund for these men who have worked 30 years at 55 years of age. How will it affect the fund?

Dr. MARCH. Probably instead of going broke as it would under present provisions and ratios of benefits to pay by 1988, it would go broke several years sooner.

Mr. FLOOD. Much sooner? What do you mean by several years? You said 1988 is the target date for the way things are now for the retirement fund to go broke.

Dr. MARCH. Yes, sir.

Mr. FLOOD. If the Congress passed such a law as I was just suggesting, if that happens, then how much sooner would you say the railroad retirement fund be exhausted?

Dr. MARCH. I think perhaps on the order of 3 to 5 years sooner. We have had one projection which involved that kind of calculation and also some other major liberalizations which showed that the fund would go broke about 1980 and would run up a debt by the year 2000 measured in the tens of billions.

Mr. FLOOD. I know you can't put a finger on the exact month and year. When it goes broke, by the year 2000 it runs up a great big debt.

With legislation as it exists today, you face a potential dissipation of the fund in 1988, but if and when this new legislation I am suggesting would become law, then you will exhaust the fund even earlier, and progressively from then on it would start to superimpose upon itself a huge debt.

Dr. MARCH. Exactly. Even basically retaining the present formula for 10 years and then for the future using a formula providing more or less the same ratio of benefits to final pay, the annual deficit in the railroad retirement account in 1990 will be on the order of $1 billion a year increment using dynamic assumptions and present tax rates. The accumulated debt in the year 2000 might be around 10 or 15 billion dollars. If you liberalize the system, you add whatever that cost would be and it would be easy to increase the debt by 50 or 100 percent by the year 2000.

ASSUMPTION UTILIZED TO PROJECT CONDITIONS OF FUND

Mr. FLOOD. You are building into the figures you are now projecting an anticipated reduction in the number of employees by almost 50 percent?

Dr. MARCH. Yes. We are not only doing that, Mr. Chairman, we also have been trying to be even more scientific. We are testing the reaction of the system if we had that kind of a reduction to 320,000 workers, then what would happen to it if employment went to around 200,000 or alternatively to about 400,000.

We are running a whole series of tests to show the Congress how this system will respond if you have changes in employment, if you have considerable inflation or no inflation, if your wages go up. What would happen if social security benefits go up fast or less rapidly? We are running a whole series of tests of the effects of variations in these key factors affecting the financial condition of the system. In the more technical terminology of systems analysis, we are conducting "sensitivity" tests of the response of the railroad retirement system to changes in the variables affecting its costs and receipts.

EFFECT OF IMPENDING SOCIAL SECURITY INCREASE

Mr. FLOOD. There is legislation before the Ways and Means Committee of the House this very day in which proposals are being made to increase the social security 20 percent.

Dr. MARCH. That is right.

Mr. FLOOD. And we have reasonable cause to believe that such a bill under the circumstances would pass the House, and in the Senate, if not 20 percent, the chances are better than even that a conference report between the House and the Senate will be 12½ to 15 percent. Maybe this year. In what way would that affect the social security fund and how do you tie that into the railroad retirement fund?

Dr. MARCH. Mr. Chairman, we have been aware of that, and we have within the Commission run a study on that aspect.

Without going into details, let me say what happens is that if social security increases its benefits by 20 percent and nothing is done to railroad retirement benefits, then the railroad retirement system will be in better financial shape.

However, of course, that is not going to last because immediately the railroad workers would want a 20 percent increase on their entire benefits, which are larger than social security benefits. If that happens, and you have a 20 percent benefit across the board for railroad retirement, the financial status of the railroad retirement system will be greatly hurt again.

Mr. FLOOD. In direct ratio to the increase?

Dr. MARCH. We have run some preliminary calculations. The fund goes broke 1 or 2 years earlier than 1988. The debt that the system accumulates by the year 2000 gets many billions bigger.

Mr. FLOOD. I don't think you fellows know how important you are around here. The statements you are making now are going to have an immediate impact upon the situation in the Jersey Central.

You were suggesting, Mr. Chairman, that in the immediate future and down the avenue ahead we can see more and more cases like that of the Central Railroad of New Jersey.

RATIO OF BENEFITS TO COVERED PAYROLL

Dr. YNTEMA. Yes. One reason I was willing to take this job instead of going fishing is that I think it is an important job. I think this is a rather dramatic statistic: the benefits paid by the railroad retirement system are about 35 percent of the covered payroll.

Mr. FLOOD. That is a very important figure. The worker doesn't know that.

Dr. YNTEMA. For Social Security it is something around 8 percent.

Mr. FLOOD. That figure is startling.

Dr. YNTEMA. It is startling. As I say, for social security it is about 8 percent.

LIKELIHOOD OF UNANIMOUS RECOMMENDATIONS

Mr. FLOOD. Considering the divergent background of the members of your Commission, do you think it is likely that you will be able to present a set of unanimous recommendations to the Congress?

Dr. YNTEMA. I think we can make a unanimous report with respect to the facts. What we are going to do about them, I don't want to say at this time.

Dr. MARCH. We enjoyed this pleasant hearing, Mr. Chairman.

Mr. FLOOD. Thank you very much.

JUSTIFICATION OF THE BUDGET ESTIMATES

COMMISSION ON RAILROAD RETIREMENT
1111 TWENTIETH STREET, N. W.
WASHINGTON, D. C. 20036

February 16, 1972

Honorable Daniel J. Flood
Chairman
Labor-HEW Subcommittee
House Appropriations Committee

Dear Mr. Chairman:

I am herewith submitting a proposed budget for the Commission on Railroad Retirement for the fiscal year 1973. The amount has been unanimously approved by all Commissioners. The total recommended is $98,000 to cover the terminal costs of the Commission in the two closing months of the Commission's life.

Under the terms of Public Law 91-377, as amended by Public Law 92-46, the Commission must report to the Congress on or before July 1, 1972. It is then allotted 60 days to finish its affairs.

The Commission is under a tight deadline, and it will need the greater part of the 60 days for the following tasks:

(1) To finish, edit, and see through to final publication the staff reports which will supplement the Commission's final report.

(2) To provide assistance to the Commissioners in summarizing information and carrying on research in connection with their testimony before the Congress, which might be expected to ask the Commissioners to testify on their findings and recommendations. Likewise, it might be expected that the Railroad Retirement Board and certain other agencies, as well as private organizations, might desire explanations.

(3) To assemble the records and work papers of the Commission in the proper orderly condition for transfer to the Archives.

We are requesting an appropriation of $98,000 for fiscal 1973. In addition, we are proposing that language be included in keeping with that approved by the Congress for fiscal 1972 to carry over the unobligated balance of prior funds into 1973. This will be helpful in the event that the 1973 appropriation should be delayed.

The justification for the Commission's request, with supporting data, is enclosed. I will greatly appreciate your consideration of this request. Inasmuch as we will need this money for the first two months of the fiscal year 1973 I hope you can take early action. I shall be glad to meet your staff or appear before your Committee at your convenience.

Respectfully,

Theodore O. Yntema

Theodore O. Yntema
Chairman

Enclosures

COMMISSION ON RAILROAD RETIREMENT

JUSTIFICATION OF BUDGET FOR FISCAL YEAR 1973

The Commission on Railroad Retirement is charged with making a thorough study of the railroad retirement system and recommending measures to provide the necessary benefits on an actuarially sound basis. The Commission was created by Public Law 91-377, approved on August 12, 1970. It was first convened on January 20, 1971. Its reporting date was extended for one year to July 1, 1972, by Public Law 92-46, which was approved July 2, 1971.

The initial appropriation for the Commission under the 1971 Supplemental Appropriations Act was $300,000 for fiscal year 1971. An additional $483,000 was provided by the "Departments of Labor, and Health, Education, and Welfare, and Related Agencies Appropriation Act, 1972" (Public Law 92-80), approved August 10, 1972, which also extended the unobligated portion of the 1971 appropriation.

The Commission developed a work plan which calls for the preparation of a Commission report, which will contain recommendations, and some staff studies, which will constitute a backup volume of factual information and analysis. A central feature of the Commission's work program is the development of a computerized dynamic model of the railroad retirement system, which can project benefits, taxes, and the status of the system under alternative assumptions regarding developments in the industry, changes in social security benefits, and future developments in wages and prices.

The work program is incorporated in Appendix D of the enclosed "Interim Report of the Commission on Railroad Retirement as of July 15, 1971," which was submitted to the President and the Congress on July 27, 1971. The work plan was originally approved by the Commission at its second meeting on February 22, 1971, has subsequently been presented to the Executive Office of the President and the Congress, and is currently being carried out with very few modifications. The report also describes the Commission's organization and staffing.

It is expected that the Commission will be able to submit its main report, including recommendations, by the stipulated deadline of July 1, 1972. However, the Commission will be hard-pressed to meet this deadline, primarily because of unforseen delays in the preparation of its dynamic model. The production runs of projections are just now being made, and still must be analyzed. As might be expected for a temporary Commission which has been in operation for about 13 months, the various fact-finding projects are also currently in various stages of partial completion.

Under Public Law 91-377, as amended, the Commission is allowed 60 days after the submission of the report to bring its activities to an end.

The 60 days will be needed for completion of the following tasks:

(1) To finish, edit, and see through to final publication the staff reports which will supplement the Commission's final report. In view of the tight schedule and the difficulty of achieving agreement among five Commission members

from different backgrounds, it can readily be anticipated that much of the staff effort until June 30, 1972, will go into the preparation of the Commission's report and that the 60-day termination period will be badly needed for completion and publication of the staff reports.

(2) To provide assistance to the Commissioners in summarizing information and carrying on research in connection with their testimony before the Congress, which might be expected to ask the Commissioners to testify on their findings and recommendations. Likewise, it might be expected that the Railroad Retirement Board and certain other agencies, as well as private organizations, might desire explanations.

(3) To assemble the records and work papers of the Commission in the proper orderly condition for transfer to the Archives.

An appropriation of $98,000 is requested for the fiscal year 1973 for the termination phase of the Commission's activities. This estimate includes $46,000 for pay benefits and terminal leave of the staff, $10,000 for travel expenses and compensation of the Commissioners, $30,000 for the duplication and printing expenses for the staff reports, and $12,000 for other expenses.

As a contingency measure, the Commission requests that Congress grant it authority to carry over the unobligated balance of the 1972 funds into fiscal year 1973. This is in the event that the Commission

is unable to obligate funds available for fiscal 1972 for such items as printing of the final report or last-minute actuarial work. Such authority would also provide a small margin of protection against the risk of delay in the enactment of the 1973 appropriation, although at the present time it is anticipated that virtually all of the 1972 funds will be fully obligated by the Commission during the current year.

The Chairman of the Commission and/or the Executive Director will be glad to supply any additional information which is necessary to support this budget request.

COMMISSION ON RAILROAD RETIREMENT

Permanent Positions

DETAIL OF PERSONNEL COMPENSATION

	1971 actual	1972 estimate	1973 estimate
GRADES AND RANGES:			
Rates established by the Commission, comparable to GS grade:			
GS-17, $32,546 to $36,000	2	2	1
GS-15, $24,251 to $31,523	1	1	---
GS-14, $20,815 to $27,061	1	2	2
GS-13, $17,761 to $23,089	4	6	4
GS-12, $15,040 to $19,549	2	1	1
GS-11, $12,615 to $16,404	1	2	2
GS-10, $11,517 to $14,973	2	1	2
GS-9, $10,470 to $13,611	1	1	1
GS-7, $8,582 to $11,156	1	1	1
GS-6, $7,727 to $10,049	0	1	1
GS-4, $6,202 to $8,065	1	1	1
GS-2, $4,897 to $6,364	1	1	1
Total permanent positions	17	20	17
Unfilled positions, June 30	---	---	17
Total permanent employment, end of year	17	20	---
HIGHER LEVEL POSITIONS:			
GS-18, $36,000: Executive Director 1/	1	1	1

1/ Authorized by law but filled by GS-17.

WEDNESDAY, APRIL 19, 1972.

NATIONAL MEDIATION BOARD

WITNESSES

GEORGE S. IVES, CHAIRMAN
DAVID H. STOWE, MEMBER
THOMAS A. TRACY, EXECUTIVE SECRETARY
ROY J. CARVATTA, ADMINISTRATIVE OFFICER, NATIONAL RAILROAD ADJUSTMENT BOARD
MISS ALETHA DOMANN, ADMINISTRATIVE OFFICER, NATIONAL MEDIATION BOARD

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	1,160	1,191	1,195
Positions other than permanent	622	933	944
Other personnel compensation	4	9	
Total personnel compensation	1,786	2,133	2,139
Personnel benefits: Civilian	113	127	130
Travel and transportation of persons	226	324	330
Rent, communications, and utilities	67	78	78
Printing and reproduction	45	56	45
Other services	82	46	71
Supplies and materials	15	19	19
Equipment	18	13	13
Total obligations	2,352	2,796	2,825

PERSONNEL SUMMARY

Total number of permanent positions	78	76	76
Full-time equivalent of other positions	24	26	26
Average paid employment	102	102	102
Average GS grade	9.7	9.3	9.3
Average GS salary	$14,178	$14,623	$14,888

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 est.	1973 est.
Program by activities:			
1. Mediation	975	1,156	1,195
2. Voluntary arbitration and emergency disputes	58	120	120
3. Adjustment of railroad grievances	1,319	1,510	1,510
Total program costs, funded	2,352	2,786	2,825
Change in selected resources [1]		10	
Total obligations	2,352	2,796	2,825
Financing: Unobligated balance lapsing	102		
Budget authority (appropriation)	2,454	2,796	2,825
Relation of obligations to outlays:			
Obligations incurred, net	2,352	2,796	2,825
Obligated balance, start of year	296	249	295
Obligated balance, end of year	−249	−295	−320
Adjustments in expired accounts	−41		
Outlays	2,358	2,750	2,800

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970. $81,000 (1971 adjustments, −$11,000) 1971, $70,000; 1972, $80,000; 1973, $80,000.

Mr. FLOOD. Now we have the National Mediation Board and the presentation will be made by Mr. George S. Ives, Chairman.

BIOGRAPHICAL SKETCHES OF WITNESSES

(The biographical sketches follow:)

BIOGRAPHICAL SKETCH OF GEORGE S. IVES

Born Brooklyn, N.Y., January 10, 1922. Son of Irving McNeil and Elizabeth Skinner Ives. Married Barbara K. Turner, August 14, 1948. Children: Elizabeth and Nancy. Graduate, Norwich High School, Norwich, N.Y., 1939; the Taft School, Watertown, Conn., 1940; Dartmouth College, 1943 (A.B.); and Cornell University Law School, 1949 (LL. B.). Admitted New York State Bar, 1949 and the Bar of the District of Columbia, 1959. Legal assistant to Chairman of the National Labor Relations Board, 1949–50; associate attorney with Simpson, Thatcher & Bartlett, New York City, 1950–53; administrative assistant and legal counsel to former U.S. Senator, Irving M. Ives (N.Y.) 1953–58; private practice of law and labor arbitration, Washington, D.C. 1959–69; appointment by the President and confirmed by Senate as member of the National Mediation Board, September 19, 1969, to serve term expiring on July 1, 1972. Military service in U.S. Naval Reserve (lieutenant S.G.) with active duty 1943–46. Member American, New York, and District of Columbia Bar Associations, National Academy of Arbitrators, and American Arbitration Association. Republican. Residence: 5969 Searl Terrace, Washington, D.C. 20016 (Bethesda, Md.).

BIOGRAPHICAL SKETCH OF DAVID H. STOWE

Professional experience:

1970 to present—Member, National Mediation Board.

1953 to 1970—

Engaged in the practice of labor arbitration handling approximately 2,000 cases primarily in the industrial and transportation areas, including service as neutral member on System Boards of Adjustment in the railroad and airline industries and several positions as permanent umpire in the steel and shipbuilding industries.

Public member of the President's Missile Sites Labor Commission (1961–67).

Member, Atomic Energy Labor-Management Relations Panel (1962-present).

Director, Manpower Utilization—Job Security Study of the Atlantic and Gulf Coast Longshore Industry, U.S. Department of Labor (1963–64).

Organizational Disputes Arbitrator Industrial Union Department, AFL–CIO (1955–70).

Member of four Presidential emergency boards appointed under the the Railway Labor Act (various dates).

Government experience:

1949 to 1953—Administrative Assistant to the President of the United States.

1947 to 1949—Deputy to the Assistant to the President of the United States.

1941 to 1947—U.S. Bureau of the Budget, Chief Examiner (1943–47).

1937 to 1941—Assistant State director, North Carolina State Employment Service.

Other experience:

1931 to 1937—Teacher, history and economics in junior colleges in North Carolina.

Affiliated with: National Academy of Arbitrators; American Arbitration Association; Federal Mediation and Conciliation Service.

Education: Bachelor of arts, Duke University, 1931; master of education, Duke University, 1934.

Personal data:

Born: New Canaan, Conn., Sept. 10, 1910.
Married: Mildred Walker, Chapel Hill, N.C., June 1932. Two sons—both married.
Residence: 7402 Glenbrook Road, Bethesda, Md. 20014.

Mr. FLOOD. I see you have a statement. How do you wish to proceed?
Mr. IVES. I would like to read it.
Mr. FLOOD. You may proceed.

GENERAL STATEMENT

Mr. IVES. Mr. Chairman, members of the subcommittee, I appreciate your invitation to appear before the subcommittee and to discuss with you the National Mediation Board's budget for the fiscal year 1973.

The Railway Labor Act, first established by Congress in 1926, and composed in its present form in 1934, is administered by the National Mediation Board. This statute is designed to provide orderly procedures for the settlement of labor disputes in the railroad and airline industries. Additionally, the National Mediation Board handles questions of representation as they arise in these industries and interprets agreements made in mediation.

The National Railroad Adjustment Board was also established in 1934 under the Railway Labor Act for the purpose of disposing of grievances arising under the terms of collective bargaining agreements in the railroad industry.

The section of the Railway Labor Act which deals with the disposition of what are termed "minor disputes" was amended by the 89th Congress in Public Law 456, approved June 20, 1966, to permit the decentralization, in some measure, of grievance disposition machinery. Under Public Law 456, new grievances and those which have been on the docket before the National Railroad Adjustment Board for a period of at least 12 months may be referred to a local board of adjustment on each individual railroad for expeditious disposition.

Thus, under the Railway Labor Act, Congress has provided for the railroad and airline industries specific machinery and procedures for the adjustment of labor-management disputes; that is, for mediation and the investigation of questions of representation; for emergency dispute procedures and arbitration; as well as for boards of adjustment and a National Railroad Adjustment Board to handle individual and group grievances arising under agreements between management and the labor organizations concerned.

The total amount requested to administer the Railway Labor Act is $2.8 million, an increase of $29,000 over the amount available for fiscal year 1972.

The budget justification, as submitted, is designed to identify the functions just discussed and the amounts requested for each.

MEDIATION

First—Mediation, which is concerned with the making and amending of agreements. This activity is the responsibility of the National Mediation Board.

A total of $1,195,000, an increase of $39,000 over the amount available for 1972, is being requested to finance the Board's activities in fiscal 1973. This increase is required to meet obligations which will be

incurred as a result of increased travel costs, and will also permit the Board to continue a program of intensive training of its staff. This program has been undertaken to equip our field men with the latest techniques and procedures for reconciling differences between labor and management.

ARBITRATION AND EMERGENCY BOARDS

The second activity of the Board relates to voluntary arbitration and the investigation of critical disputes through the emergency board procedure. In arbitration proceedings, disputes are voluntarily submitted by labor and management to a neutral party for final and binding decision. The Board hopes it will be able to persuade management and labor to more frequently utilize the arbitration provision of the act to dispose of contract disputes.

Emergency boards are created pursuant to section 10 of the act when the Board notifies the President that a dispute threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation. The President may, in these circumstances, in his discretion, create an emergency board to investigate and make recommendations as to the settlement of the dispute involved. The Board is not able to anticipate precisely the total expenditures for these arbitration and emergency board activities, and it is therefore, advisable to have a small reserve available for emergency situations.

For the fiscal year 1973, the Board is requesting a total of $120,000 which is the same amount allotted for this activity in fiscal year 1972.

ADJUSTMENT OF RAILROAD GRIEVANCES

The third activity carried on under this appropriation is the adjustment of grievances in the railroad industry. This activity pertains to the operations of the National Railroad Adjustment Board mentioned earlier, which is concerned with the interpretation and application of wage and rule agreements in the railroad industry as well as boards of adjustment established by individual carriers and organizations for the same purpose. In this submission all expenditures relating to the settlement of grievance disputes; that is, special boards of adjustment and public law board expenses, have been included in this activity.

For this activity $1,510,000 is requested, a decrease of $10,000 over the amount allocated in fiscal year 1972.

SUMMARY

In summary, the National Mediation Board is requesting a total of $2,825,000 to finance activities under the Railway Labor Act for the fiscal year 1973. This is an increase of only $29,000 over the amount authorized for fiscal year 1972.

REASONS FOR BACKLOG REDUCTION

Mr. FLOOD. You anticipate a very significant reduction in your backlog of mediation cases by the end of 1973. Is this due to an increase in your productivity or is the workload declining?

Mr. IVES. This is really a combination of things, Mr. Chairman.

There were several national agreements negotiated during the last year. We have in our files many local disputes.

Mr. FLOOD. What is a local dispute?

Mr. IVES. Between an individual carrier and a labor organization involving some of the same issues that were handled nationally. I give as an example the national dispute between the United Transportation Union and the Nation's railroads represented by the National Railway Labor conference.

One of the issues involved was the use of radios. There were numerous disputes between individual carriers and the same union involving that precise issue. It was handled nationally, resolved nationally, and those local notices dealing with radios will ultimately be withdrawn. That will dispose to some degree of cases. That is a good example of that type of reduction.

Mr. FLOOD. For the record, will you supply two or three more national examples of about the same magnitude?

Mr. IVES. Yes.

(The information follows:)

Other examples of issues which have been negotiated and disposed of at the national level and thus eliminated local disputes include:

Inter-seniority districts-interzone runs whereby trains may be run through divisions and seniority districts.

Switching service for new industries whereby equitable procedures have been worked out to compensate road and yard crews involved in providing service.

Development of programs for training locomotive engineers.

Procedures for consolidation of clerk-telegrapher work.

WORKLOAD ESTIMATES

Mr. FLOOD. Have any of your workload estimates been revised since this budget was prepared? When did you prepare it, last fall sometime, October or November?

Mr. IVES. November I believe.

Mr. FLOOD. Are your backlogs continuing to decline as you expected?

Mr. IVES. They are living up to our expectations.

Mr. FLOOD. Have you made any revisions of your estimates since then?

Mr. IVES. Not as far as our financial needs are concerned, with one exception, which are pay increases for fiscal year 1972, that was $30,000 additional which we are able to absorb out of our present budget.

Mr. FLOOD. But the decline you expected is progressing as you expected and the budget is based on the same figures?

Mr. IVES. Yes, sir.

ISSUES IN AIRLINE INDUSTRY

Mr. FLOOD. You seem to anticipate a decrease in railroad cases this year and I suppose after what we just heard you are expecting an increase in airline disputes?

Mr. IVES. Correct.

Mr. FLOOD. What are the major issues under discussion in the airline industry? I don't want you to right now tell us all about the disputes, but we would like to have an example of a major dispute within the airline industry.

Mr. IVES. I can be more general and yet more specific.

Mr. FLOOD. That is a great trick.

Mr. IVES. The International Association of Machinists represent machinists on a number of trunk carriers. All of their contracts are now open.

Mr. FLOOD. What do you mean by open?

Mr. IVES. They are open for renegotiation as to wages basically and other working conditions. Contracts under this act are continuing as you know and they are reopened for specific purposes such as wages and other specified working conditions.

Two of these are now in mediation, and the others, where the parties are still in direct negotiation, have yet to be processed by the Board. There are at least a half a dozen of these major disputes.

There are very real questions with respect to wages which await action by the Pay Board or at least further guidelines from that body. This is an element of consideration in these negotiations. Does that answer your question?

Mr. FLOOD. It is exhibit A. Let's have B, C, and D for the record.

Mr. IVES. Yes.

(The information follows:)

In addition to the wage problem, which is a paramount issue at this time in the airline industry, the issue of job security has been aggravated by the number of job force reductions in the industry. Another item of great concern arises out of mergers between airlines and involves the desires of organizations to negotiate, prior to the merger, conditions which will be beneficial to the employees they represent.

REQUEST FOR TRAINING FUNDS

Mr. FLOOD. The only significant increase that you propose in your entire mediation budget is $25,000 for training?

Mr. IVES. Yes.

Mr. FLOOD. What does that involve? Why is that necessary? Why do you earmark that?

Mr. IVES. Actually this has been done with the approval and concurrence and to some degree advice from the Office of Management and Budget. Our sister agency has a full-time training program, the Federal Mediation and Conciliation Service.

This Board has never had that. We really have had on-the-job training for new mediators, most of whom come to us from experience in labor-management relations. In the last several years we have had a number of new employees, a substantial turnover, including three new Board members and about half of our professional complement.

In any event, we thought that we would have a more formal program and this year we are scheduling a seminar at Cornell University where we have invited some of the leading mediators in the private sector, such as Mr. David Cole, Dr. John R. Steelman, Mr. Theodore Kheel, and others who are going to work with our mediators at Cornell. That is the basis of it this year.

ARBITRATION AND EMERGENCY BOARDS

Mr. FLOOD. Why do you expect so many arbitration boards and emergency boards to be convened in 1973? Your estimates are triple the activities in 1971.

Mr. IVES. That is right.

Mr. FLOOD. Are labor-management disputes in these two industries becoming so impossible, so difficult to mediate, you are confronted with this?

Mr. IVES. First of all, I would recite the history. I think 1962 was the last year we overshot on funds. I believe that we expended $125,000 and had to go to the President's Emergency Fund for additional funds. So this is on the side of caution with respect to this amount, which was authorized last year and I believe the previous year.

I mentioned in my prepared statement that we are endeavoring to get the parties to arbitrate when they reach deadlocked positions in collective-bargaining disputes. Under section 6 of the act we proffer arbitration before releasing a dispute. If mediation fails and they have not agreed in 30 days, they are free to engage in self-help. But prior to that we are required to proffer arbitration.

Mr. Stowe and I are both professional arbitrators by way of background. We would like to see greater use of this by the parties in resolving disputes.

In fact, I was pleased to see President Meany's comments concerning voluntary arbitration yesterday before the Senate Labor Committee. This is voluntary arbitration. So we would be hopeful this would be utilized more and the funds for that would come out of this $120,000.

Beyond that there may be one or more or several emergency boards arising during the next fiscal year.

REFEREE DAYS OF SERVICE

Mr. FLOOD. With respect to the National Railroad Adjustment Board, on page 3 of your justifications you estimate a requirement of 1,886 referee days of service in 1973. How do you reconcile that with the figure of 1,523 referee days projected on page 16 of your own justifications? These are your figures. What accounts for that?

Mr. IVES. May we supply that?

Mr. FLOOD. Supply it for the record.

(The information follows:)

Review of the source material indicates that the correct figure on page 3 should be 1,523 referee days.

PER DIEM RATE OF REFEREES

Mr. FLOOD. Last year you requested additional funds for increasing the per diem rate for the referees from $100 to the GS-18 rate.

Mr. IVES. Right.

Mr. FLOOD. Has this had any effect on the quality of the people you are getting?

Mr. IVES. Yes. There is no question about that. We are getting more experienced arbitrators who are again interested in performing this

type of work, which for economic reasons they were not interested in before.

Mr. FLOOD. What is the per diem rate for referees in dollars?

Mr. IVES. $138.48 a day.

PUBLIC LAW BOARDS VERSUS SPECIAL BOARDS OF ADJUSTMENT

Mr. FLOOD. What is the chief distinction between the public law boards and special boards of adjustment? Why are you phasing out the special boards?

Mr. IVES. I will answer that in two parts. In 1966, the Congress amended the act to provide for what we have called public law boards. What it really provided was that individual unions and individual carriers could set up boards of adjustment as opposed to the Railroad Adjustment Board in Chicago which covers all areas, to decide dockets of cases, some of which were to be withdrawn from Chicago if they were over a year old because of the backlog, as well as new cases that never go to Chicago.

Special boards of adjustment preceded that and similar boards operated that way in the past doing the same sort of thing. At the present time, we are trying to phase out some of the special boards; those that are used as special boards for grievance arbitration. What we consider to be the proper use of special boards is the interpretation of contracts, major issues of interpretation as opposed to grievance or claims arbitration.

Mr. FLOOD. What is the difference?

Mr. STOWE. I think the basic difference is that the special boards in the past were established by agreement of the parties. Public law boards now can be demanded by one or the other. We had no control over the establishment of special boards.

Mr. FLOOD. Who appoints the boards?

Mr. IVES. Administratively, we create them but they advise us.

Mr. STOWE. We have had no control over the volume of intake or production on special boards although we pay for it. With the enactment of public law boards we felt the special boards should be taken out of the grievance machinery and moved over to interpretation on major issues, such as in the engineers recent contract. When they cannot agree on interdivisional runs, for example, their contract provides it will be arbitrated by an arbitartor appointed by us. So these will become one shot, one issue cases but very important to an entire system.

Mr. FLOOD. Did they buy it?

Mr. STOWE. Yes. For example in the emergency protective agreements questions of interpretations arise where the parties are now using special boards.

DELETION OF CERTAIN APPROPRIATION LANGUAGE

Mr. FLOOD. Here is something we like to see in the Appropriations Committee and don't see enough of. Your budget proposal is to drop appropriation language relating to "temporary employment of referees under section 3 of the Railway Labor Act as amended."

What is the reason for dropping the language? We don't like to see appropriation bills cluttered up by language, but we wonder when somebody wants to drop it all of a sudden.

Miss DOMANN. In the appropriation language before there was a limitation on the amount we could pay neutrals or referees. This limitation was taken out and now we pay them on the basis of a GS–18, which is $138.48 a day. That is the reason that language was taken out.

Mr. TRACY. The limitation as to amount is in the general provisions of the Appropriation Act section 401 now rather than specifically under the appropriation language.

(Further information follows:)

The phrase "temporary employment of referees under section 3 of the Railway Labor Act as amended" was recommended to be deleted at the suggestion of the Office of Management and Budget as redundant. Three sections of the act: 45 U.S.C. 153(g) and 45 U.S.C. 153, second, and 45 U.S.C. 153(e) authorize the National Mediation Board to compensate and pay the expenses of the referees appointed under section 3 of the act.

CENTRAL RAILROAD OF NEW JERSEY SITUATION

Mr. FLOOD. You were here in the room when I was interrogating the people on the Commission on the railroad retirement system and you heard me describe the situation regarding the Central Railroad of New Jersey debacle, which has exploded all of a sudden, although not unexpectedly. A lot of people knew it was going to happen. You heard me ask all of those questions.

My first question to you is do you have authority to move into this problem?

Mr. IVES. No.

Mr. FLOOD. What then can or have you done about this situation?

Mr. IVES. I have conferred twice as recently as this morning with Chairman Stafford of the ICC. He advised me concerning the present situation that division 3 of the ICC as you probably know held 3 days of hearings I believe over this last weekend. The trial examiner has made recommendations to the full Commission with respect to the problem. Labor representatives I understand attended but did not participate. I can understand that because they represent employees on both of these railroads. But I am advised by Chairman Stafford—he has authorized me to say this—there were 600 employees on the Central of New Jersey that were adversely affected. Of these, 304 have already been employed by the Lehigh Valley.

Mr. FLOOD. Part time or full time do you know?

Mr. IVES. I don't know. My understanding was full time but I am not certain.

Mr. FLOOD. You don't know whether in the immediate vicinity of their residence or a distance away?

Mr. IVES. No; I don't know.

I further understand that part of this proposal before the Commission which they have not acted on is that if there is a need for more employees, they will come from Central of New Jersey.

Mr. FLOOD. In other words, if Lehigh Valley has need for more employees?

Mr. IVES. That is right.

Mr. FLOOD. Then those employees must, shall, can, what?
Mr. IVES. Must.
Mr. FLOOD. Certainly should. What about the must or shall?
Mr. IVES. This is the recommendation only, not acted upon.
Mr. FLOOD. The recommendation is what?
Mr. IVES. Must.
Mr. FLOOD. If and when the Lehigh Valley has need for more employees for this kind of service, then they must pick them from Jersey Central employees?
Mr. IVES. Correct.
Mr. FLOOD. That has been recommended to the Commission by an examiner after hearings recently and the Commission now is to act?
Mr. IVES. That is right.
Mr. FLOOD. You, of course, have no idea when the Commission is going to act? Of course not.
Mr. IVES. In answer to your first question, we don't have any direct jurisdiction. We are a mediation board when the parties come to us on their own volition. In labor disputes we can enter the scene. We have not heard from the parties directly in this matter.
Mr. FLOOD. Insofar as the immediate problem of Jersey Central is concerned, management or labor must affirmatively bring the matter to the attention of the National Mediation Board before you have jurisdiction?
Mr. IVES. Or a labor dispute must be brought to our attention.
Mr. FLOOD. Or a labor dispute must likewise we brought to your attention by either or both of the parties concerned.
Mr. IVES. That is not the posture at the moment.
Mr. FLOOD. That hasn't been done as of now by the Jersey Central management or employees or unions?
Mr. IVES. Correct.
Mr. FLOOD. If and when that would happen, then you have jurisdiction that you can assume as you have outlined in the statement you made?
Mr. IVES. Correct
Mr. FLOOD. Mr. Robinson.

VOLUNTARY ARBITRATION

Mr. ROBINSON. On page 2 where you list the actual number of boards convened in the arbitration and emergency board category, you show an estimate of 1972 and an estimate of 1973 which is certainly moderate in numbers. The amount of money, however, which you request for this purpose is the same for both 1972 and 1973.
Mr. IVES. That is correct.
Mr. ROBINSON. I wonder if you would appraise the potential of the voluntary arbitration process with respect to what it represents in the future?
Mr. STOWE. Traditionally neither party in the railroad industry has been very much interested in this voluntary arbitration. On the other hand the airlines have been. However, there is a growing attitude, which Chairman Ives has already referred to in the testimony of Mr. Meany before the Senate committee yesterday, in which the AFL–CIO are working with the American Arbitration Association with a view

to moving as many unions as possible in the direction of what the Amalgamated Transit Union have in the way of writing voluntary arbitration into their contracts.

We sense there may be more voluntary arbitration agreements entered into during the next year or two or three if this is a successful movement.

As Mr. Ives explained, we are both professional arbitrators. We don't look at arbitration simply as the key that turns on the 30-day timeclock to start the emergency procedures of the act working. We sincerely believe there are many cases where, when the dispute is boiled down to a few issues of a certain type through mediation final resolution could well be handled through arbitration and it is our intention to urge that from the Board.

Mr. ROBINSON. But it would be true to say that under the circumstances of the day, the prospect of that kind of arbitration is wholly in the hands of those that are negotiating the contracts that will apply in the future?

Mr. STOWE. That is correct.

AIRLINE CASES AS PERCENTAGE OF WORKLOAD

Mr. ROBINSON. With regard to the airline and railroad cases on page 8, you have already referred both in your testimony and in writing to the fact that any decrease in railroad cases will be made up by an increase in airlines cases, and you cite the reasons therefor. But in no case as I see it do you give us the proportion of cases airline versus railroad at the present so we have a reference point. Could you give us that?

Mr. IVES. We will furnish that.

(The information follows:)

In the fiscal year 1969, 17 percent of the Board's caseload involved airline cases; in 1970, the percentage of airline cases increased to 34 percent; and, in the fiscal year 1971 this increased to 38 percent. Our estimates anticipate that airline cases will approximate 44 percent of our caseload based upon this trend.

IMPACT OF AMTRAK OPERATION

Mr. ROBINSON. In the Amtrak operation has any situation arisen requiring the services of the Board?

Mr. IVES. Yes, to the degree of appointing arbitrators under the procedures of Amtrak. That is the only way we enter that picture.

Mr. ROBINSON. This has not yet been resolved?

Mr. STOWE. The normal mediation takes place between the established railroad and the established union. Amtrak is not involved in it. However, under the law, the Secretary of Labor sets up certain conditions for employee protection and under that document, which was published in accord with the law, it makes the responsibility of the National Mediation Board solely that of designating and expediting the arbitration issues that may come out of any disputes. We have had some 25 requests for such arbitrations since Amtrak started.

In terms of the mediation function, it doesn't exist under Amtrak. We mediate between the unions and the carriers, whether it be Southern or Pennsylvania. There have been no mediation problems as yet created by Amtrak.

PENN CENTRAL CASE

Mr. ROBINSON. Have the financial difficulties of the Penn Central system and the adjustments in its operation made necessary by these difficulties produced any situations which have required services by the Board?

Mr. IVES. Yes. I personally was involved in our efforts to mediate the current dispute between Penn Central Railroad Co. and UTU prior to our certifying to the President that our efforts had failed and that an emergency had arisen as described in section 10 of the Railway Labor Act.

Mr. ROBINSON. That is all, Mr. Chairman.

Mr. FLOOD. Thank you.

CURRENT SERIOUS SITUATION OF RAILROAD INDUSTRY

Mr. STOWE. May I make a statement? I was very much interested in the projection and the problems of the retirement fund. I would like to bring to your attention a problem which grows out of a similar situation in mediation of disputes.

As you are well aware, we have a substantial number of railroads that are in very difficult financial situations at the same time we have a form of inflation which keeps a constant pressure on wages.

I would say in these many years I have been around and involved in these things, I find that this present situation where you have the cost of living rising substantially and the demand for wages being so strong, and the fact that many of the railroads are in very serious financial difficulty, mediation becomes really the trick of the week. It becomes very difficult. This is one of the things that is giving us great concern. It is rather easy to mediate when everybody is making money and prices aren't going up, but when you get in an economic situation, particularly with the railroads, like we have, getting agreement is most difficult.

Mr. FLOOD. When you know a situation exists or is about to happen, don't you in some way let it be known you are aware and offer your services and so on?

Mr. STOWE. Yes.

Mr. FLOOD. Because of your experience and knowledge and so on officially or unofficially you try to get into the picture.

Mr. IVES. A perfect example is the one I cited.

CENTRAL OF NEW JERSEY RAILROAD

Mr. FLOOD. I will tell you what you do. You said this morning you talked to Mr. Stafford, Chairman of the ICC, about this Jersey Central situation, but you have not gone beyond that insofar as management or labor is concerned. I wonder when you go back to your shop would you sit around the table and consider whether or not you should? The circumstances we are advised are desperate, the details we do not have. It is not under the jurisdiction of this Appropriations Committee to examine, but the jurisdiction of the legislative committees in the House and Senate. We could not properly do that.

Under the circumstances, if they are as we have been advised in the last few weeks that they are, then I would hope that you would take

an immediate look. And by immediate I mean the next 11 minutes or something like that because we understand it is a very badly confused situation. As to how far you can go I don't know. If as Mr. Yntema and Mr. March indicated as you heard them testify immediately ahead of you, we are all going to be faced with more of exactly the same thing, I would think that you would step into the breach.

Mr. IVES. We will do all we can do. We are involved in a dispute involving the Central of New Jersey and another labor organization where our efforts have not been too fruitful simply because of the fact they are in bankruptcy and the problems are very similar.

Mr. FLOOD. I wish you would and if and when you decide what to do let me know.

(The following information was subsequently submitted for the record:)

NATIONAL MEDIATION BOARD,
Washington, D.C., April 24, 1972.

Re: Appropriations hearings on April 19, 1972, National Mediation Board and the National Railroad Adjustment Board.

Hon. DANIEL J. FLOOD,
Chairman, Appropriations Subcommittee for the Departments of Labor and HEW, Cannon House Office Building, Washington, D.C.

DEAR CHAIRMAN FLOOD: Pursuant to your suggestion, representatives of the Central of New Jersey Railroad and the Lehigh Valley Railroad, as well as the employees, have been contacted in regard to the situation arising out of the recent abandonment of the Central of New Jersey Railroad operations in the Commonwealth of Pennsylvania.

The Board has been advised by all concerned that the problem, as it exists, is not a labor dispute susceptible to handling under the Railway Labor Act. We have advised everyone that, if the situation warrants, the services of the Board are available, and, we will extend all our resources and facilities to assist them if the occasion arises. Let me assure you of our continued concern with respect to this serious matter.

Sincerely,

GEORGE S. IVES, *Chairman.*

JUSTIFICATION OF THE BUDGET ESTIMATES

NATIONAL MEDIATION BOARD

DIGEST OF ESTIMATE OF APPROPRIATION, 1973

FUNCTION OF THE BOARD

The National Mediation Board administers the Railway Labor Act governing labor relations in the railroad and airline industries. The general purposes of the Act are as follows:

1. To avoid any interruption to commerce or to the operation of any carrier engaged therein;

2. To forbid any limitation upon freedom of association among employees or any denial, as a condition of employment or otherwise, of the right of employes to join a labor organization;

3. To provide for the complete independence of carriers and of employees in the matter of self-organization;

4. To provide for the prompt and orderly settlement of all disputes concerning rates of pay, rules, or working conditions;

5. To provide for the prompt and orderly settlement of all disputes growing out of grievances or out of the interpretation of application of agreements governing rates of pay, rules, or working conditions.

These general purposes are implemented through the activities of the National Mediation Board, Arbitration and Emergency Boards and the National Railroad Adjustment Board.

PROGRAM AND PERFORMANCE

1. Mediation. The Board mediates labor disputes and determines collective bargaining representatives for the 700 carriers and the one million employees in the railroad and airline industries.

Mediation Cases	1970 Actual	1971 Actual	1972 Estimate	1973 Estimate
Beginning of year	491	519	511	461
New Cases	322	313	305	300
Closed	294	321	355	390
End of year	519	511	461	371

2. Voluntary arbitration and emergency disputes. When mediation fails, the parties are urged to submit their differences to arbitration. If neither mediation nor voluntary arbitration is successful, the President, when notified of disputes which threaten seriously to interrupt service, may appoint an emergency board to investigate and report on the disputes as a basis of agreement.

	Boards Convened			
	1970 Actual	1971 Actual	1972 Estimate	1973 Estimate
Arbitration Boards	2	4	8	12
Emergency Boards	1	3	5	9

3. Adjustment of Railroad Grievances. Railroad employee and carrier grievances resulting from application of collective bargaining contracts may be brought for settlement to the National Railroad Adjustment Board. The Board is composed of carrier and union representatives compensated by the parties. Administrative direction and guidance is provided by the Administrative Officer who is compensated by the National Mediation Board. The appropriation also provides for neutral referees to sit with the Board when they are deadlocked. Public Law Boards of Adjustment, previously carried under activity 2 above, are in this budget carried under this activity because the purpose of such boards is to dispose of grievances otherwise referrable to the National Railroad Adjustment Board.

	Boards Convened			
	1970 Actual	1971 Actual	1972 Estimate	1973 Estimate
Special Boards of Adjustment	68	50	35	25
Public Law Boards	258	266	290	320

NRAB Workload

Case Status	1970 Actual	1971 Actual	1972 Estimate	1973 Estimate
Beginning of year	4,277	3,692	3,015	2,597
New Cases	921	882	1,277	1,260
Closed	1,506	1,559	1,695	1,690
Withdrawn	(669)	(618)	(571)	(571)
End of year	3,692	3,015	2,597	2,167
Referee days of service	1,381	1,525	1,800	1,886

SCHEDULE OF FUNDS AVAILABLE FOR OBLIGATION AND AN ANALYSIS OF OBLIGATIONS BY UNIFORM OBJECT CLASS

Standard Classification		1971 Actual	1972 Estimate	1973 Estimate
Personnel compensation:				
11.1	Permanent positions	$1,160,647	$1,191,700	$1,195,000
11.3	Positions other than permanent	622,130	933,000	944,000
11.5	Other personnel compensation	4,070	8,600	---
	Total personnel compensation	1,786,847	2,133,300	2,139,000
12.0	Personnel benefits	112,369	127,000	130,000
21.0	Travel and transportation of persons	225,641	324,200	330,000
23.0	Rent, communications & utilities	67,911	78,000	78,000
24.0	Printing and reproduction	44,962	56,000	45,000
25.1	Other services	81,401	45,500	71,000
26.0	Supplies and materials	14,809	19,000	19,000
31.0	Equipment	18,299	13,000	13,000
99.0	Total obligations	$2,352,239	$2,796,000	$2,825,000

NATIONAL MEDIATION BOARD

PROGRAM AND FINANCING

	1971 Actual	1972 Estimate	1973 Estimate
Program by activities:			
1. Mediation	$ 975,036	$1,156,000	$1,195,000
2. Voluntary arbitration and emergency disputes	57,806	120,000	120,000
3. Adjustment of railroad grievances	1,319,397	1,510,000	1,510,000
Total program costs, funded	2,352,239	2,786,000	2,825,000
Change in selected resources	---	10,000	---
Total obligations	2,352,239	2,796,000	2,825,000
Financing			
Unobligated balance lapsing	101,761	---	---
Budget authority	2,454,000	2,796,000	2,825,000
Budget authority			
Appropriation	$2,454,000	$2,796,000	$2,825,000

NATIONAL MEDIATION BOARD

PERSONNEL SUMMARY

	1971 Actual	1972 Estimate	1973 Estimate
Total number of permanent positions	78	76	76
Full-time equivalent of other positions	24	26	26
Average number of all employees	102	102	102
Average GS grade	9.7	9.3	9.3
Average GS salary	$14,178	$14,623	$14,888

NATIONAL MEDIATION BOARD

ORGANIZATION AND ACTIVITIES
Activity: MEDIATION

The amended Railway Labor Act administered by the National Mediation Board is the culmination of more than 70 years of experience in the field of Federal legislation dealing with the relationship of employer and employee in the transportation industry. This history commenced with the passage of the Newlands Act by the Congress in 1898, and through several successive steps of legislative action, has finally resulted in the present Railway Labor Act, passed in 1926, and amended in 1934. The airline industry was placed under this law by the Congress in 1936.

The basic aims of the present Act are to promote the settlement of all disputes concerning rates of pay, rules and working conditions by negotiation and agreement between the duly authorized and designated representatives of management and the employees. This is accomplished through the process of collective bargaining between the representatives of the rail and air carriers and their employees. Representatives for this purpose may be chosen by each party without interference, influence or coercion of either party on the other.

The primary obligation imposed by the Act on both parties is that of making agreements to govern rates of pay, rules and working conditions and to reduce strife in the industry.

The Act also imposed the definite obligation on both sides to confer and make every reasonable effort to adjust their differences through negotiation and agreement. When this is not found possible the mediation services of this Board may be invoked by either party and the Board then exerts its best efforts in mediation to bring about a settlement. Should these efforts be unsuccessful, the law then makes it the duty of the Board to urge the parties to submit their differences to final and binding arbitration. As a last resort the Board may certify to the President emergencies which threaten to interrupt interstate commerce to a substantial portion of the country, and the controversy may then be considered by an emergency board.

The Mediation Board also determines representation disputes arising among various crafts or classes of railroad and airline employees, by conducting secret ballot elections or checking signed authorization cards, and certifies the names of the chosen representatives to the carriers. In addition, the Board appoints referees to sit with the various divisions of the National Railroad Adjustment Board on deadlocked cases, and, when requested to do so appoints neutral arbitrators to sit with arbitration boards set up under the Act. The Board also appoints neutrals to work with boards of adjustment on the rail carriers and with system boards of adjustment on the airlines.

Approximately 1,000,000 rail and airline employees are under the jurisdiction of this Board and the Act.

The Mediation Board has three members who are Presidential appointees and 42 employees, making a total staff of 45. All of the staff, with the exception of the Board Members, are under the classified civil service.

The case load of the Board has remained relatively stable. In the past year there was a decrease of approximately 1½% in the Board's case load. This decrease was due in part to the fact that the major disputes in the railroad industry, involving economic issues, were handled on an industry-wide basis during the past fiscal year and, consequently, many applications for mediation were held in abeyance by the parties pending the outcome of such negotiations.

Various settlements in the railroad industry provide for the establishment of standing committees which will determine procedure for reviewing outstanding issues and seeking a solution for their settlement. It is anticipated that review committees will work with the Board in disposing of local cases which conflict with those national settlements. This work will continue into fiscal 1973.

In the airline industry, most of the major agreements covering mechanics and related employees were not subject to revision during the fiscal year, but will come up for consideration in fiscal 1972 and 1973. It is anticipated that any decrease in the case load in the railroad industry will be offset by the case load increase during the current fiscal year in the airline industry.

Title II of the Railway Labor Act, placing the airlines of the United States thereunder, was approved April 10, 1936. During the first few years thereafter, very few cases arose among airline employees requiring the mediatory service of this Board, or its services in connection with representation disputes.

Technological changes, including the increased use of automatic data processing equipment, have continued in the airline industry bringing in their wake labor problems arising out of requests for revised working rules and increased compensation. The increased earning capacity of larger and faster planes have brought demands for higher wages. The introduction of new equipment raises manning issues and complicated jurisdictional problems.

The establishment of new routes or changes in established routes has resulted in approaches for changes in agreements, which include rules and rates of pay for such service by flight crews in particular.

Consolidation of established airlines by purchase and merger has resulted in disputes involving the status of the personnel of the affected units relating to integration of seniority lists, severance pay formulae, etc. The airline industry is still expanding and mergers and consolidations under authority of the Civil Aeronautics Board continue. Many problems arise in connection with this phase of airline operations which eventually become subjects of mediation and representation cases.

Organizational activity among certain employee groups in the airline industry is still in progress and numerous individual labor organizations are involved. During the past fiscal year labor organizations have indicated an increase in organizing the employees in the growing airline commuter service companies.

Except for the pilots, who are represented by a single labor organization, other groups of the airlines are represented by many different organizations, which has resulted in a divergency in the terms of agreements on rates and rules. Many of the classes of ground service employees are still unrepresented. Organizing campaigns have generated craft or class problems which the Board has undertaken to review. We do not anticipate a decline in the number of representation disputes among airline employees.

The following table shows the actual case load figures for 1970 and 1971, and estimated figures for 1972 and 1973 based on experience for the past four years. This table is divided to show cases pending at start of year, cases docketed, cases closed and cases on hand at the end of each fiscal year. The estimated workload for 1973 is based on analysis of cases received for the past three years.

Mediation Cases	1970 Actual	1971 Actual	1972 Estimate	1973 Estimate
Beginning of year	491	519	511	461
New Cases	322	313	305	300
Closed	294	321	355	390
End of year	519	511	461	371

REVIEW OF OPERATIONS

During the past fiscal year substantial progress was made in disposing of issues which have plagued the railroad industry for many years. The Board, however, is aware that not all items of controversy have been disposed of, but believes that a basis has been established which the Board, by working with carriers and organizations, hopes will create a period of mutual respect for each others problems, and recognition of the need to find solutions for labor management problems short of economic warfare.

In the airline industry all organizations continue to press for more favorable contracts covering issues involving job security, union shop and wage increases. The Board does not anticipate any decline in its work load, but rather expects an increase as the organizations' efforts continue to be directed toward more favorable agreements.

Representation disputes in both the airline and railroad industries are increasing. Representation disputes among railroad employees, particularly the operating employees, are on the rise. Unorganized airlines employees are expressing their desire for representation in increasing number. Mergers of airline companies result in representation problems which must be promptly disposed of, and organizations continue to press the organization of employees among the air commuter airlines.

ANALYSIS OF TRAVEL, 1971

The operations of the Mediation Board are directed from Washington. No field offices are maintained. Field Mediators, located at strategic duty stations, travel throughout the country depending on the need of the Board.

Year	Total Travel Days	Cost per Travel Day	Total	Number Cases Closed	Total Days Per Case	Number of Travelers	Travel Days per Traveler
1969	3,851	$ 29.00	$ 110,000	422	9	20	193
1970	4,232	29.00	124,000	294	14	21	201
1971	2,601	45.00	116,450	321	8	21	124
1972	4,100	45.00	184,000	355	11	24	170
1973	4,200	45.00	190,000	390	11	25	170

TRAINING

The Board in recognition of its obligation to provide competent assistance to the industries it serves, proposes to enter into an intensive and more formalized training program in order to keep its staff abreast of the sophisticated technique and developments in the labor-relations field. For this purpose the Board is requesting a total of $25,000. The Board envisions a program of staff development which will incorporate inservice training by competent experts. The inservice program will be augmented by a program detailing staff members to selected training programs which will upgrade the professional skill of the employees of the Board in keeping with the increased technical demands in administering the Act.

SUMMARY

The amount requested for this activity is $1,195,000, an increase of $39,000 or 3% over the past year's estimate. This increase is requested to meet the cost of mandatory advancements and increased transportation and communications costs and the need to strengthen our staff training program.

NATIONAL MEDIATION BOARD

ACTIVITY ANALYSIS BY OBJECT CLASSIFICATION

	1971 Actual	1972 Estimate	1973 Estimate
Activity: MEDIATION			
Personnel compensation			
Permanent positions	$ 734,968	845,000	857,000
Positions other than permanent	2,250	3,000	3,000
Pay above the stated annual rate	2,310	5,000	---
Total personnel compensation	739,528	853,000	860,000
Personnel benefits	58,590	69,000	70,000
Travel and transportation of persons	116,695	184,000	190,000
Rent, communications and utilities	27,420	28,000	28,000
Printing and reproduction	4,035	5,000	5,000
Other services	12,850	5,000	30,000
Supplies and materials	6,040	7,000	7,000
Equipment	9,878	5,000	5,000
Total obligations	$ 975,036	1,156,000	1,195,000

Activity: VOLUNTARY ARBITRATION AND EMERGENCY DISPUTES

A total of $120,000 is requested for this activity to finance operations in the fiscal year 1973. This is the same amount that was allocated for fiscal 1972.

Emergency Boards. Under the terms of Section 10 of the Railway Labor Act, if a dispute between a carrier and its employees is not adjusted through mediation or the other procedures prescribed by the Act, and should, in the judgment of the National Mediation Board, threaten to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service, the Board shall notify the President, who may thereupon in his discretion, create an emergency board to investigate and report to him respecting such dispute. An emergency board may be composed of such number of persons as the President designates, and persons so designated shall not be pecuniarily or otherwise interested in any organization of employees or any carrier. The compensation of emergency board members is fixed by the President. An emergency board is created separately in each instance, and is required to investigate the facts as to the dispute and report thereon to the President within 30 days from the date of its creation.

During the past fiscal year three emergency boards were created. Expenditures for these boards amounted to $52,880.

These boards serve a major purpose in focusing attention on issues involved in disputes which could seriously disrupt the economy of the nation. Emergency boards give the parties time to make a last-ditch effort to resolve their differences based upon objective recommendation by impartial experts.

Arbitration Boards. Section 5.3(a) of the Railway Labor Act provides in the event mediation of a dispute is unsuccessful, the Board shall endeavor to induce the parties to submit their controversy to arbitration under the provisions of Section 7 of the Act. Generally, arbitration boards consist of three members, a representative of the carrier and of the organization and a third neutral member. Arbitration boards are the result of agreements freely reached by the parties to submit their disputes involving rules of pay and working conditions to final adjudication by the parties. The compensation of the neutral member is fixed by the National Mediation Board.

Four arbitration boards were created during the past fiscal year, three of which convened. One arbitration board created during fiscal year 1970 convened during 1971. Expenditures for these four boards amounted to $4,926.

In summary, the expenditures for this activity during 1971 were as follows:

Emergency Boards	$ 52,880
Arbitration Boards	4,926

It is not possible to forecast precisely the total expenditures needed for this activity, nor to determine exactly the amount required for the various types of boards established. The estimate is based on past experience, knowledge of the industry problems, and a reasonable reserve for contingencies.

Our request for this activity is $120,000 which is the same amount as is available for the current fiscal year.

NATIONAL MEDIATION BOARD

ACTIVITY ANALYSIS BY OBJECT CLASSIFICATION

Activity: VOLUNTARY ARBITRATION AND EMERGENCY DISPUTES

	1971 Actual	1972 Estimate	1973 Estimate
Personnel compensation			
Positions other than permanent	$ 34,288	$ 65,000	$65,000
Personnel benefits	1,106	2,000	2,000
Travel and transportation of persons	6,535	20,000	20,000
Rent, communications and utilities	3,000	10,000	10,000
Printing and reproduction	2,232	3,000	3,000
Other services	10,645	20,000	20,000
Total obligations	$ 57,806	120,000	120,000

Activity: ADJUSTMENT OF RAILROAD GRIEVANCES

(National Railroad Adjustment Board)

The National Railroad Adjustment Board was created by Act of Congress, approved June 21, 1934, 45 U.S.C. 153, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions, which are handled in the usual manner up to and including the chief operating officer of the carrier designated to handle such disputes. If not adjusted in this manner, the disputes are then referred to the appropriate Division of the Adjustment Board for settlement.

The National Railroad Adjustment Board consists of four divisions each of which has jurisdiction over disputes involving certain groups of employees. For example, the First Division has jurisdiction over disputes involving train and yard service employees; the Second Division, shop crafts; the Third Division, clerical forces, maintenance-of-way men, dispatchers, etc.; and the Fourth Division, water transportation and miscellaneous. The partisan members of the Board are required to consider disputes and endeavor to settle them without assistance. In the event of a deadlock a neutral assists the partisan members in disposing of the dispute.

Salaries and Office Personnel

The number of employees requested for the National Railroad Adjustment Board for the fiscal year 1973 is 31 at an estimated cost of $338,000. Little turnover is expected in fiscal year 1973. This is the minimum level needed to maintain effective operation. None of the Board's personnel is engaged in public relations or publicity activities, nor is there any employee engaged as much as half time in personnel work.

Salaries of Referees

The Act creating the National Railroad Adjustment Board provides that in case of a deadlock or inability to secure a majority vote of the division members, a referee is selected to sit with the division as a member thereof to make an award. Referees are paid as authorized by 5 U.S.C. 3109 at rates not to exceed the per diem rate equivalent to the rate of GS-18, actual and necessary travel expenses and per diem in lieu of subsistence.

Referees are usually selected from among such groups as judges, attorneys, professors of universities, or labor relations consultants. Their qualifications must be of the highest.

Referees were required 1,525 days in the settlement of 789 cases in the fiscal year 1971. For the current fiscal year, our funds, $200,000, are projected for 1,800 referee days, which we expect will result in the

settlement of 1,022 cases. The estimate of $211,000 for 1973 is based upon 1,523 referee days which we expect will result in the settlement of approximately 900 cases.

Personnel Benefits

Personnel benefits consist of the employer's share of costs of employees' life insurance, health benefits, Civil Service retirement and Federal Insurance Contributions Act taxes. Fifty-eight thousand, an increase of $2,000 over the current fiscal year, is requested.

Travel Expenses

Almost all of the expenses will be incurred by referees in connection with travel between their official station and Chicago. Referees are selected from all parts of the United States. It is estimated that the overall cost will approximate $38,000 for the year, plus about $2,000 for other official travel, making a total of $40,000.

Printing and Reproduction

The largest part of the appropriation for printing and reproduction is expended for printing awards of the various divisions for only the interested parties and for the use of members of the Board. An initial supply of each of the awards is printed in pamphlet form; and when a sufficient number has been issued, a volume is bound. The Board receives 80 pamphlet copies and 40 of each of the volumes. It is necessary to furnish the Library of Congress a number of copies of each volume for use in the library and for international exchange.

The field contract for printing and binding awards permits the contractor to sell to interested parties, largely railroad labor organizations and the carriers; therefore, the cost is spread so that the Government pays approximately one-third of the amount it would have to pay were it not for these outside sales.

Other Items

The other items in the estimate involve comparatively small amounts, and in these little or no change is expected.

WORK LOAD

There follows a statement showing the number of cases received, docketed, and disposed of by the various divisions during the fiscal years 1970 and 1971. The Board has no control over the number of cases submitted.

	Number Pending July 1	Number Received	Total	Number Closed	Number Pending June 30
			Fiscal Year 1970		
First Div.	2,940	192	3,132	482	2,650
Second Div.	186	179	365	209	156
Third Div.	1,087	470	1,557	728	829
Fourth Div.	64	80	144	87	57
Totals	4,277	921	5,198	1,506	3,692
			Fiscal Year 1971		
First Div.	2,650	69	2,719	665	2,054
Second Div.	156	162	318	181	137
Third Div.	829	565	1,394	615	779
Fourth Div.	57	86	143	98	45
Totals	3,692	882	4,574	1,559	3,015

Following is a statement which shows the work load of the Board as a whole (actual data for Fiscal Year 1970 and 1971 and projected data for Fiscal Year 1972 and 1973).

	Work Load			
	1970 Actual	1971 Actual	1972 Estimate	1973 Estimate
Beginning of year	4,277	3,692	3,015	2,597
New cases	921	882	1,277	1,260
Closed	1,506/1	1,559	1,695	1,690
End of year	3,692	3,015	2,597	2,167

/1 First Division inoperative from 1/1/69 through 4/23/70 when Railway Labor Act amended. (PL 91-234)

Activity: ADJUSTMENT OF RAILROAD GRIEVANCES

(Special Boards of Adjustment)

Public Law 89-456 was approved June 20, 1966. This law provides that either the carrier or the organization can request the establishment of a special adjustment board to dispose of disputes otherwise referable to the National Railroad Adjustment Board.

Neutral members of such boards are appointed and compensated by the National Mediation Board. In addition to neutrals appointed to dispose of disputes involving grievances, the law provides that neutrals may be appointed to dispose of procedural issues which arise as to the establishment of the Board itself. All indications are that there will be no decrease in requests for boards to dispose of grievances in the railroad industry.

Expenditures for these boards are in the budget carried in this activity because of their relationship to the work of the National Railroad Adjustment Board.

During the past year 188 public law boards were docketed and 266 boards convened for which $381,961 was obligated.

Public Law Procedural Boards - Total Cost $4,033

Number of boards convened	8
Total referee man-days	29 3/4

Public Law Merit Boards - Total Cost $377,928

Number of boards convened	258
Total referee man-days	3,021
Number of cases disposed of: (decided and/or withdrawn)	2,835
Average cost per case	$133.31
Average referee days per case	1.07

Special boards of adjustment continued to function during the past year. Eight new special boards were created, and during this period a total of 50 boards convened, one of which was for an interpretation. These boards are gradually being phased out as the Board encourages the use of public law boards to dispose of grievances, rather than special boards of adjustment.

Special Boards of Adjustment - Total Cost $135,480

Number of boards convened	50
Number of cases disposed of	773
Total referee man-days	1,160
Average cost per case	$175.27
Average number of days per case	1.5

The Board does not anticipate a decline in the expenditures for boards set up to dispose of grievances in the railroad industry. We are requesting $780,000 to cover these expenditures which is the same amount as is available for the current fiscal year.

SUMMARY

The estimate for the fiscal 1973 is $1,509,700 for the adjudication of grievances by the National Railroad Adjustment Board and the Special Boards of Adjustment, which is $10,300 less than the amount estimated for fiscal year 1972. This indicates $729,700 for the National Railroad Adjustment Board and $780,000 for Special Boards of Adjustment.

We wish to stress the fact that the salaries of the 34 members of the National Railroad Adjustment Board are paid by the carriers and the labor organizations and the Government pays the salaries of the employees of the Board, as well as for supplies and other incidental expenses. It may, therefore, properly be pointed out that approximately half the cost of operation of the Adjustment Board is borne by the carriers and the labor organizations.

The Board has now been in existence about thirty-seven years, and the estimate for 1973 is based upon past experience, by which we endeavor to anticipate future requirements. We feel that conditions fully justify the $729,700 requested.

There is no indication that grievances submitted to boards of adjustment will decline in fiscal year 1973. A total of $780,000 is requested to finance these boards which is the same amount as is available for the current fiscal year.

NATIONAL MEDIATION BOARD
NATIONAL RAILROAD ADJUSTMENT BOARD
ACTIVITY ANALYSIS BY OBJECT CLASSIFICATION

CONSOLIDATED

Activity: ADJUSTMENT OF RAILROAD GRIEVANCES	1971 Actual	1972 Estimate	1973 Estimate
Personnel compensation			
Permanent positions	$ 425,679	346,700	338,000
Positions other than permanent	585,592	865,000	876,000
Other personal services	1,760	3,600	---
Total personnel compensation	1,013,031	1,215,300	1,214,000
Personnel benefits	52,673	56,000	58,000
Travel and transportation of persons	102,286	120,000	120,000
Transportation of things	125	200	200
Rent, communications, and utilities	37,491	40,000	40,000
Printing and reproduction	38,695	48,000	37,000
Other services	57,906	20,500	20,500
Supplies and materials	8,769	12,000	12,000
Equipment	8,421	8,000	8,000
Total obligations	$ 1,319,397	1,520,000	1,509,700

NATIONAL MEDIATION BOARD
NATIONAL RAILROAD ADJUSTMENT BOARD
ACTIVITY ANALYSIS OF OBJECT CLASSIFICATION

ADMINISTRATION AND REFEREE COSTS

Activity: ADJUSTMENT OF RAILROAD GRIEVANCES	1971 Actual	1972 Estimate	1973 Estimate
Personnel compensation			
Permanent positions	$ 425,679	346,700	338,000
Positions other than permanent	154,450	200,000	211,000
Other personal services	1,760	3,600	---
Total personnel compensation	581,889	550,300	549,000
Personnel benefits	39,013	41,000	43,000
Travel and transportation of persons	31,001	40,000	40,000
Transportation of things	125	200	200
Rent, communications, and utilities	19,181	20,000	20,000
Printing and reproduction	38,695	48,000	37,000
Other services	57,906	20,500	20,500
Supplies and materials	8,769	12,000	12,000
Equipment	8,421	8,000	8,000
Total obligations	785,000	740,000	729,700

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NATIONAL MEDIATION BOARD

NATIONAL RAILROAD ADJUSTMENT BOARD

Activity: ADJUSTMENT OF RAILROAD GRIEVANCES - SPECIAL BOARDS OF ADJUSTMENT

	1971 Actual	1972 Estimate	1973 Estimate
Personnel compensation			
Positions other than permanent	$ 431,142	665,000	665,000
Personnel benefits	13,660	15,000	15,000
Travel and transportation of persons	71,285	80,000	80,000
Rent, communications and utilities	18,310	20,000	20,000
Total obligations	$ 534,397	780,000	780,000

WEDNESDAY, APRIL 19, 1972.

UNITED STATES SOLDIERS' HOME

WITNESSES

LT. GEN. F. T. UNGER, GOVERNOR
COL. IVAN W. ELLIOTT, QUARTERMASTER
R. A. GRITTON, BUDGET OFFICER

OPERATION AND MAINTENANCE

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions	6,190	6,538	6,416
Positions other than permanent	180	216	197
Other personnel compensation	284	300	295
Special personal services payments	103	112	114
Compensation of members	690	713	679
Total personnel compensation	7,447	7,879	7,701
Personnel benefits: Civilian	585	637	634
Travel and transportation of persons	3	4	9
Transportation of things	1	4	4
Rent, communications, and utilities	199	206	206
Printing and reproduction	7	7	7
Other services	434	505	558
Supplies and materials	1,544	1,676	1,709
Equipment	247	193	235
Lands and structures	105	110	50
Total costs, funded	10,572	11,221	11,113
Change in selected resources	31		
Subtotal	10,603	11,221	11,113
Quarters, subsistence, and laundry	−68	−68	−68
Total obligations	10,535	11,153	11,045

PERSONNEL SUMMARY

NONMEMBER EMPLOYEES			
Total number of permanent positions	854	824	831
Full-time equivalent of other positions	23	29	29
Average paid employment	837	860	858
Average GS grade	5.1	4.9	4.7
Average GS salary	$8,307	$8,104	$7,972
Average salary of ungraded positions	$7,481	$7,513	$7,513
MEMBER EMPLOYEES			
Average paid employment	241	237	237
Average salary	$2,913	$2,934	$2,934

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities:			
1. Medical care	4,863	5,109	5,076
2. Domiciliary care	2,171	2,269	2,225
3. Administration and central services	3,470	3,775	3,744
Total program costs, funded	10,504	11,153	11,045
Change in selected resources[1]	31		
Total obligations	10,535	11,153	11,045
Financing:			
Unobligated balance lapsing	22	200	
Budget authority (appropriation)	10,557	11,353	11,045
Relation of obligations to outlays:			
Obligations incurred, net	10,535	11,153	11,045
Obligated balance, start of year	857	1,018	1,002
Obligated balance, end of year	−1,018	−1,002	−1,002
Adjustments in expired accounts	−11		
Outlays	10,362	11,169	11,045

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

	1970	1971	1972	1973
Stores	94	113	108	108
Unpaid undelivered orders	346	358	363	363
Total selected resources	440	471	471	471

CAPITAL OUTLAY

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
U.S. SOLDIERS' HOME			
Equipment	68	12	
Lands and structures	93	318	
Total costs, funded	161	330	
Change in selected resources	156	−215	
Total obligations, U.S. Soldiers' Home	317	115	
ALLOCATION TO DEFENSE—CIVIL, ARMY			
Personnel compensation: Permanent positions	3	3	46
Personnel benefits: Civilian			4
Lands and structures	63	74	194
Total costs, funded	66	77	244
Change in selected resources	−32	−53	
Total obligations, Defense-Civil, Army	34	24	244
Total obligations	351	139	244

PERSONNEL SUMMARY

ALLOCATION TO DEFENSE—CIVIL, ARMY			
Total number of permanent positions	3	3	4
Average paid employment			4
Average GS grade			10.8
Average GS salary			$12,947

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1792 actual	1972 estimate	1973 estimate
Program by activities:			
Permanent improvements (costs—funded)	227	407	244
Change in selected resources [1]	124	−268	
Total obligations	351	139	244
Financing:			
Unobligated balance available, start of year	−281	−59	
Unobligated balance available, end of year	59		
Budget authority (appropriation)	128	80	244
Relation of obligations to outlays:			
Obligations incurred, net	351	139	244
Obligated balance, start of year	158	274	
Obligated balance, end of year	−274		
Outlays	235	413	244

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1970, $144,000; 1971, $268,000; 1972, $0; 1973, $0.

Mr. FLOOD. Now we have the U.S. Soldiers' Home. And the presentation will be made by Lt. Gen. F. T. Unger, the Governor.

I see you have a statement. Suppose we submit the statement for the record.

BIOGRAPHICAL SKETCHES OF WITNESSES

(The biographical sketches and statement follow:)

BIOGRAPHIC DATA OF FERDINAND THOMAS UNGER, LIEUTENANT GENERAL, U.S. ARMY, RETIRED

Born: October 28, 1913, Pittsburgh, Pa.

Married: October 28, 1942 to Evelyn Bayly Bucher, 2 children.

Military schools attended: U.S. Military Academy; Command and General Staff School; Educational equivalent to Command and General Staff College; Armed Forces Staff College; and the National War College.

Educational degrees: U.S. Military Academy, BS degree, civil engineering.

Major permanent duty assignments (last 10 years); Group Commander, 72d Artillery Group, U.S. Army, Europe, February 1960 to July 1960. Artillery Commander, 3d Infantry Division, U.S. Army, Europe, July 1960 to July 1961. Chief of Staff, 3d U.S. Army, Fort McPherson, Ga., August 1961 to July 1962. Director of Operations J–3, the Joint Staff, Office, Joint Chiefs of Staff, Washington, D.C., July 1962 to May 1964. Commanding General, 7th Infantry Division, U.S. Army, Pacific, June 1964 to August 1965. Deputy Chief of Staff for Individual Training, U.S. Continental Army Command, Fort Monroe, Va., September 1965 to October 1966. Commanding General, U.S. Army, Ryukyu Islands/IX Corps and High Commissioner, Ryukyu Islands, November 1966 to February 1969. Director, Civil Disturbance Planning and Operations, Office, Chief of Staff, U.S. Army, Washington, D.C., March 1969 to April 1969. Director, J–5, Plans and Policy Directorate, Office, Joint Chiefs of Staff, Washington, D.C., May 1969 to July 1970.

Retired: August 1, 1970.

Medals and awards: Distinguished Service Medal (with Oak Leaf Cluster), Legion of Merit (with 4 Oak Leaf Clusters), and Army Commendation Medal (with Oak Leaf Cluster).

BIOGRAPHICAL SKETCH OF COL. IVAN W. ELLIOTT, U.S. ARMY, RETIRED

Date of birth: February 14, 1913.

Married: Margaret K. Parks, June 8, 1938.

Children: Roger W. Elliott, date of birth, June 26, 1944, and Evelyn J. Delano, date of birth, December 1, 1946.

Education: Graduate University of Oregon, 1935, Masters Degree, Colorado College, 1937. One Quarter's work on Ph. D. 1940. Command and General Staff School, 1943. One year's work on Ph. D., Ohio State University, 1949–50, Army War College, 1952–53.

Civilian assignments: Director of Athletics, Camby High School, Canby, Oreg., 1937–41.

Military assignments as colonel, U.S. Army: Commanding Officer, U.S. Army Europe Supply Control Center, 1955–56. Chief, Requirements and Distribution Division, Military Clothing and Textile Supply Agency, 1956–59. Inspector General of Quartermaster Corps, 1959–60. Chief, Military Clothing and Textile Division, Office of the Quartermaster General, 1960–61. Assistant Director of Supply Operations, DCSLOG, 1961–63. Deputy Chief of Staff for Logistics, 7th Logistics Command, Korea, 1963–64. Quartermaster, Engineer and Purchasing Officer, U.S. Soldiers' Home, 1964 to present.

Biographic Data of Ramond A. Gritton

Born: November 26, 1924, in Washington, D.C.

Married: September 17, 1949, to Margaret McCoy of Mt. Vernon, Ohio.

Children: Lawrence, Mark and Judith.

Education: Bladensburg Senior High School, Md. Washington, D.C. Vocational School (diesel Eng.), Budgeting in the U.S. Government, Department of Agriculture. Operations Research, C.S.C.

Military service: U.S. Army 1943–45, 81st Mortar Battalion, European Theater of Operations.

Employment data: Clerk, War Production Board, Washington, D.C., 1941–42. Clerk, Veterans' Administration, Washington, D.C., 1945–46, Payroll clerk, Soldiers' Home, 1946–49. Budget clerk, Soldiers' Home, 1949–58. Budget analyst, Soldiers' Home, 1958–68. Budget officer, Soldiers' Home, 1968–present.

Statement of the Governor, U.S. Soldiers' Home Presenting the Fiscal Year 1973 Budget to Congressional Subcommittees

INTRODUCTION

Mr. Chairman, my name is Unger. I am a retired Army lieutenant general, who succeeded Lieutenant General Watson on November 1, 1971, as Governor of the U.S. Soldiers' Home. First, I would like to introduce my associates: Colonel Elliott, the quartermaster and engineer; and Mr. Gritton, the budget officer. I appreciate the opportunity to appear before this committee to discuss the Soldiers' Home budget for fiscal year 1973. Some background information on the home may be of interest in your consideration of our appropriation request.

MISSION

The Soldiers' Home was established by Congress in 1851 for the relief and support of old, invalid, or disabled soldiers of the Regular Army. Basic eligibility criteria have not been changed except to cover airmen and enlisted women of both services. Membership is a benefit for former warrant officers and enlisted personnel of the Regular Army and Air Force with the following qualifications: (1) honest and faithful service for 20 years or more as warrant officers or enlisted personnel, or (2) service-connected disabilities rendering them unable to earn a livelihood, or (3) non-service-connected disabilities rendering them unable to earn a livelihood, provided they have had service during a war. These criteria are listed in this order, not as priorities, but because about 82 percent of the membership is of the first group, and about 18 percent is of the disabilities groups.

ADMINISTRATION

General supervision of the home was placed by Congress in a Board of Commissioners now composed of the Governor of the home, the Comptroller of the Air Force, the Chief of Engineers of the Army, the Surgeon General of the Army, the Assistant Deputy Chiefs of Staff, Personnel, of the Army and of the Air Force, and the Judge Advocate General of the Air Force. The sergeant major of the Army and the chief master sergeant of the Air Force were recently given membership on the Board. Subject to approval by the Secretary of the Army and the Secretary of the Air Force, this Board has authority to establish regulations for the internal direction of the home. I am responsible to this Board for the management of the home. The law provides for an annual report of inspection of the home by the Army Inspector General to be submitted to Congress. For many years, no significant changes have been suggested and no serious deficiencies have been found by the Inspector General in the management or the operation of the home.

PHYSICAL PLANT

The home is situated in northwest Washington, D.C. Facilities include four domiciliary and four hospital buildings, a service area, a heating plant, a laundry, and some minor structures. Current capacities are 2,262 domiciliary beds and 536 hospital beds. The domiciliary capacity includes 178 beds for females. Throughout the years, the loss of Soldiers' Home land to other activities has reduced the acreage from about 500 to the present 300. The members of the home are grateful for the support provided by committees of Congress for retention of the home's land against proposals to further reduce it. Since our last appearance before this committee, there have been no further proposals to reduce our land holdings. Our present 300 acres do not include the U.S. Soldiers' Home National Cemetery which comprises approximately 16 acres. While this land has never been transferred to the jurisdiction of the Department of the Army, the operation and maintenance of the cemetery was transferred to the Office of the Quartermaster General around 1862. There is now before Congress, a bill establishing a National Cemetery System (H.R. 12674 and S. 2052) which would transfer all national cemeteries to the Veterans' Administration, except, among others, the cemetery at the Soldiers' Home. There are approximately 500 gravesites remaining in the cemetery. At the present rate of burials, about 100–125 each year, the cemetery will be filled by 1976.

FINANCING

The act of 1851 also provided that the home be financed from a trust fund, rather than from the general revenues of the U.S. Treasury. Income to this fund, as prescribed by law, is from the following principal sources: (1) a monthly contribution while on active duty, currently 10 cents, from each enlisted member and warrant officer of the Regular Army and Air Force; (2) fines and forfeitures imposed upon these personnel by sentence of courts-martial; and (3) interest of 3 percent per annum on the fund balance in the U.S. Treasury. This foresight by Congress has kept the home from becoming a burden on the taxpayer, and has provided for the maintenance and expansion of a permanent residence for over 120 years—a residence where members may spend their remaining days independent of public assistance and secure in the knowledge that their personal contributions to the trust fund have helped make the Home available. In brief, the home is truly unique—a self-supporting establishment in which each member has a vested interest.

MEMBERSHIP

Our male members range in age from 26 to 98, with an average age of 63. Our female members range from 41 to 78, with an average of 66. Average total membership during fiscal year 1971 was 2,555 including 2,362 present. About 60 of these were females. Based on 8 months' actual experience, fiscal year 1972 total membership is expected to average 2,670 including 2,453 present. About 69 of these are female members. The fiscal year 1973 appropriation request is based on an average of 2,600 including 2,394 present. The latter figure is obviously low; it was developed last fall. Increased publicity for the home, plus the winding down of the Vietnam war, apparently are having an impact on home membership. Should this impact continue, a supplemental for fiscal year 1973 will be requested. Our basis for estimating future membership is a joint study conducted by the Army and the Air Force in 1968, which projected an average increase in membership of 70 per year. Experience indicates that in periods of wartime, membership fails to increase and often declines. Those in the service tend to stay until the end of the conflict. Also, some members of the home take discharges and some eligibles delay applying for membership in order to take adavntage of wartime employment opportunities. We plan to up date this 1968 study this summer.

THE PERMANENT FUND

As indicated earlier, the home is financed from a permanent trust fund which, on June 30, 1971, had a balance of $108.4 million, the majority of which was accumulated in the two decades between 1950 and 1970. In fiscal year 1971, however, the cost of operating the home exceeded our income by $2.1 million. This was the first time since the 1930's that we had to resort to deficit financing to operate the home. Unfortunately, it is estimated that this declining balance picture will also obtain in fiscal years 1972 and 1973, when we expect the fund

to be further reduced by $3.4 million, respectively, to a total of $101 million. In the past 10 years, this attrition has been brought about by a 19-percent increase in the average membership in the home, a specific change in the source of our income, and aggravated by the continuing rise in the cost of living. In 1963 the Uniform Code of Military Justice was amended to authorize commanding officers to impose forfeitures of pay as nonjudicial punishment which the Comptroller General of the United States decided would not accrue to the home's trust fund. The General Counsel of the Department of Defense included a proposal to recover these nonjudicial fines in legislation being prepared at that time for the establishment of a separate airmen's home. The entire project for a separate airmen's home was subsequently withdrawn by the Department of Defense, and the legislative proposal to recover nonjudicial fines died with it.

The aforementioned 1968 joint study by the Army and Air Force was correct in its projection that the operating expenses of the home would exceed its income by fiscal year 1971. In addition, the study forecasted a continuing rise in the cost of living, an increase in the number of members in the home, and a decline in its income, and concluded that new construction by fiscal year 1971 would probably be required. As qualified in the study, the continuation of the Vietnam war beyond 1968 resulted in a leveling off in new memberships, thereby delaying the new construction requirement to a later year. In the judgment of the home's Board of Commissioners, however, the study's projected average annual increase of 70 members, although delayed approximately 2 years, will require added capital investment for new domiciliary and hospital accommodations averaging about $1 million yearly over and above that presented in the study. Accordingly, when construction is required, the decline in the home's trust fund will be accelerated. Based on the conclusions of the Army and Air Force study, the Secretary of the Army and the Secretary of the Air Force, in 1969, approved a recommendation by the Board of Commissioners that legislation be enacted to improve the fiscal future of the home, i.e., to provide for crediting nonjudicial forfeitures to the permanent trust fund, and to increase the rate of interest on the fund. Neither of these measures was subsequently included on the Department of Defense's list of priority proposed legislation for the 91st Congress. A bill was introduced, however, in the 92d Congress to increase the interest on the permanent trust fund to a rate commensurate with that paid to similar trust funds deposited with the Treasury (H.R. 11801, Nov. 16, 1971). The bill has been strongly endorsed by the Secretary of the Army and the Secretary of the Air Force. It is now being reviewed by the Treasury Department, the Office of Management and Budget, and the Office of the Secretary of Defense. If it becomes law this bill will increase our annual income by approximately $1.5 million. Obviously, this will not be enough to stop the continued decline projected for our trust fund balance. To further correct this situation, the Board of Commissioners has taken under consideration the submission of a recommendation that the amount contributed by regular enlisted and warrant officer personnel be reestablished at 25 cents per month by the Secretary of the Army and the Secretary of the Air Force under existing authority of the act of February 18, 1936. This increased monthly contribution would add about $3 million annually to the fund. The monthly contribution was reduced from 25 cents to 10 cents in 1943 and has remained unchanged since then.

FUTURE EXPANSION

In an effort to preclude eligible members being denied admission to the home, we are constantly studying growth indicators in order that we may plan and budget for the orderly expansion of facilities contemplated in the home's master plan, which has been approved by the National Capital Planning Commission. The leadtime required for occupation of new construction is about 5 years from the date planning funds become available. With this leadtime in mind, we have included planning funds in our fiscal year 1973 budget for the construction of the first 330-bed increment of a three-building domiciliary complex.

Although the previously mentioned Army and Air Force study projected an average increase of 70 members per year, actual experience in the 8 months of the current fiscal year indicates an increase of better than 100 members per year. By maximum utilization of substandard bed space, the home can accommodate an increase of as much as 100 per year until the first increment of the new domiciliary construction becomes available at the beginning of fiscal year 1978. Such an increase, however, will place our hospital facilities at better than a 95-percent-occupancy rate, instead of the 85 percent desired for flexibility and efficient care

of patients. It will be imperative, therefore, to include planning dollars in our fiscal year 1974 budget for corollary hospital expansion.

THE FISCAL YEAR 1973 BUDGET FOR OPERATION AND MAINTENANCE

The home's operation and maintenance appropriation request of $11,596,000 for fiscal year 1973 is $13,000 greater than its operation and maintenance appropriation of $11,583,000 for fiscal year 1972. These figures are included in the home's justification booklet which has been submitted to the committee. You probably have noted, however, that these figures differ from those printed in the Federal budget. This difference is due to the fact that, subsequent to the printing of the Federal budget, the home was granted a fiscal year 1972 supplemental appropriation of $230,000 and an addition of $551,000 to its fiscal year 1973 appropriation request to cover pay increases. The $13,000 increase in fiscal year 1973 operation and maintenance is explained by the following reductions and additions:

REDUCTIONS OF $401,000

$145,000 for annualization in fiscal year 1973 of a 5-percent-employment reduction initiated in fiscal year 1972;
$9,000 for less personnel benefits based on salary reductions;
$18,000 for continuation in fiscal year 1973 of reductions in general schedule grade levels;
$25,000 for payment in fiscal year 1973 of one more holiday (Inauguration Day), but offset by payment of 2 less days;
$24,000 for payment of seven less Sister nurses during fiscal year 1973;
$60,000 for reduction in the nonrecurring maintenance program in fiscal year 1973; and
$120,000 for less cost of Monroney amendment in fiscal year 1973; in that fiscal year 1972 costs included payments retroactive to fiscal year 1968.

ADDITIONS OF $414,000

$40,000 for payment of seven new nurses positions to replace seven contract Sister nurses;
$204,000 for annualization in fiscal year 1973 of pay increases granted in fiscal year 1972;
$18,000 for increased payments to employees' compensation benefits fund in fiscal year 1973;
$42,000 to cover expense of additional equipment scheduled for replacement in fiscal year 1973;
$77,000 to cover increases in the recurring maintenance program scheduled for fiscal year 1973;
$9,000 to improve the hospital ration; and
$24,000 for miscellaneous increases in fiscal year 1973, to include adjustment of hospital supply inventory, additional fuel oil, and additional maintenance supplies.

THE FISCAL YEAR 1973 BUDGET FOR CAPITAL OUTLAY

The home's capital outlay appropriation request of $244,000 for fiscal year 1973 covers the cost of planning for the eventual construction of the middle building of a proposed three-building domiciliary complex. The fiscal year 1972 appropriation of $80,000 covered the installation of bowling lanes in a section of a domiciliary building formerly used as a mess hall. As explained earlier, the urgent need for the planning funds in fiscal year 1973 is based on our analysis of growth indicators and the 5 years of lead time required to develop the additional facilities needed for the orderly expansion of the home. The $244,000 represents 40 percent of overall design costs for construction of a 330-bed domiciliary building with dining facilities, a theater, and a library. The plans will also cover parking areas, roads, and designs for utilities which can be used to accommodate two additional buildings eventually planned for the West Domiciliary Center.

CONCLUSION

In conclusion, although I am a relative newcomer to the home, I know that the members of the home are grateful for the committee's favorable interest in their behalf.

Mr. FLOOD. Suppose you comment on the statement.

OPERATION AND MAINTENANCE

General UNGER. Very briefly, the Soldiers' Home is submitting its budget for fiscal year 1973; for operation and maintenance, $11,596,000, and for capital outlay, $244,000.

This is $13,000 more for O. & M. than last year. In my statement you will see a list of additions and reductions. The reductions add to $401,000, the additions to $414,000. If you categorize them according to items, you will find that our personnel costs are $79,000 less whereas the other four items cost more. The other four items I refer to are services, equipment, rations for the hospital and supplies.

The reason for the $79,000 decrease is the fact that by directive of OMB we had to cut our personnel ceiling by 5 percent and to reduce our grade structure.

Then, of course, in fiscal 1972 we had to pay the Monroney amendment wage grade pay increases, retroactive to 1968. Our maintenance increased $17,000. That is on the basis of about a $420,000 maintenance program, both recurring and nonrecurring, that is only about 4 percent over fiscal 1972. We try to equalize this maintenance, particularly the recurring maintenance. Sometimes we can't do quite as well, but the $17,000 addition we are asking is just about 4 percent more.

CAPITAL OUTLAY

The capital outlay figure of $244,000 is for planning money for the first building of a three-building complex we hope to build and which we really need. This first building will house 330 people and have in it such community facilities as a theater and mess hall and library and of course we will put in the various roads and utilities needed for the other two buildings in the complex.

Yesterday we had 2,698 members. Of these, 71 were female members. The basis for our projection into the future is a 1968 Army-Air Force study—we are going to have this study updated this year. This study indicated that we could expect an addition to the home of about 70 members per year. It went on to state, however, that during times of war the member increase is lower, because people take advantage of increased employment. We found this to be true. In 1969 and 1970 we had a decrease of 12 one year, 37 another. In 1971 we had 50 more.

Based on the 9 months experience we have had this year, we expect an increase of about 120 people in fiscal year 1972.

We are watching all of the indicators available to us in order that we will not be placed in the position where we will have people knocking on our gates and we cannot accommodate them.

I have been concerned about what we will do during the 5-year lead-time period between receiving planning money and actually having the building come to fruition. If we do have an increase of 100 per year, this would mean that we would have an increase of 500 people before we can erect and start to use the first building of the three-building complex. In the interim of the 5 years I plan to use a lot of substandard space that we have.

We have asked for $244,000 planning money. We really can't delay this new construction any longer.

PERMANENT TRUST FUND

Mr. Chairman, you know that the Soldiers' Home is very unique in that its appropriations do not come from the Government, or from the taxpayer. Each of the members there has a vested interest in the home. By law we are required to come to the Congress to get our appropriation.

For the first time in the last 20 or 30 years our expenditures exceeded income in fiscal 1971 by $2.1 million. We expect our deficit this year to be about $3.4 million, and next year about $3.7 million. Our fund at the end of last year was $108 million.

SOURCES OF TRUST FUND INCOME

Mr. FLOOD. What is the source of the fund?

General UNGER. The source of the fund, Mr. Chairman, started in 1851. The first moneys came when General Scott was attacking Mexico City. He levied a tribute on the city. He himself had been trying for about 10 years prior to that to get started a home to take care of the old disabled and invalid soldiers. Finally he did get the tribute from the Mexico City authorities and sent back here to Washington a check for one hundred and some thousand dollars. This started it.

Since that time our income has come from three different sources. One, we withhold from Regular Army and Regular Air Force enlisted and warrant officer personnel, currently 10 cents per month.

Secondly we get interest on the fund. Since 1883 this interest has been only 3 percent which is much less than the average paid to similar funds held by the Treasury. We have a bill pending right now, H.R. 11801, to increase the rate of our interest to that which all other funds of similar nature get.

The third source of income is the fines and forfeitures from courts-martial.

In 1963 when the Department of Defense published a new courts-martial manual, it gave commanding officers the authority to levy fines without going to a court-martial proceeding. The Comptroller General of the United States ruled that fines coming from that source would not accrue to the fund. This has lost us quite a bit of money. In fact if we recovered those fines, we would get about $1.5 million more per year.

The Department of Defense tried to recoup those funds at the time when an effort was made to establish a separate airmen's home. This legislation was incorporated, and of course when the whole idea of a separate home died, this legislation died with it.

Going back to the income from interest. If the Congress passes that bill and we get what we expect about 4.5 to 4.8 percent, this would give us an increase of about $1.5 million.

The third place where we may very soon have to ask for an increase, and we don't have to have legislation to get it, is in the field of withholding. Currently there is withheld from each Regular Army and Regular Air Force enlisted and warrant officer 10 cents per month. When the Home was started in 1851, by law it was required—and the soldier at that time received $11 a month. He contributed, by law, 25 cents per month. This went on from 1851 to about 1859. Then the

withholding was reduced to 12½ cents. A soldier was making about $13 then. This went on up to the turn of the century, until about 1908, when all withholding was stopped. In 1936 it again was set at 25 cents. But in 1943, right in the middle of World War II, it was cut to 10 cents. On the books, there is authority for the Secretary of the Army and the Air Force to revert to the 25 cents.

Incidentally, when a soldier or airman goes into the service today, he gets $288 a month, and he is giving only a dime. So we may have to ask for a return to the 25 cents withholding; with our fund balance going down, and the fund balance deterioration accelerating because of capital outlay.

INCREASE FOR OPERATION AND MAINTENANCE

Mr. FLOOD. Anyhow you are asking for an increase of only $13,000?

General UNGER. In O. & M. over and above what we got last year.

Mr. FLOOD. This presumably is based upon the fact that you expect no increase at all in your membership. Last year when you were here, in your presentation you seemed to feel the membership would show definitely a marked upward trend. How is it today you expect no increase in 1973?

General UNGER. Even though in fiscal 1969 and fiscal 1970 we had a decrease, we expect that in the current fiscal year, instead of what was projected in the budget—namely, no increase—we are going to have an increase of 120.

ACTUARIAL STATUS OF TRUST FUND

Mr. FLOOD. What about the trust fund? Is that remaining actuarially sound? Is it better than a year ago or worse?

General UNGER. Worse, because for the first time—namely, fiscal 1971—we found we had to draw down the fund. Our fund balance last June 30 was $108 million, which was $2.1 million less than the $110 million at the end of fiscal 1970. We expect that this June it is going to be down an additional $3.4 million. This is why we need to look for new sources of income.

AVERAGE COSTS FOR MEDICAL AND DOMICILIARY CARE

Mr. FLOOD. Here is a subject, of course, that is very current in all areas, not just yours. What is the average cost per member per day for both medical care and domiciliary care, and are those costs increasing every year?

General UNGER. The cost per annum per member for fiscal 1971 was $4,460.

Mr. FLOOD. Average cost per member per day?

General UNGER. I will submit that.

Mr. FLOOD. For medical and domiciliary.

General UNGER. We will get the best we can. We stopped developing separate costs about 4 years ago because the hospital is an integral part of the home and provides inpatient and outpatient care to all members.

Mr. FLOOD. Of course, they are going up every year.

General UNGER. They are. I have figures here showing for the last 5 years what the per annum cost is.

Mr. FLOOD. We want that in the record.

(The information follows:)

Fiscal year 1971 daily costs:	
Per patient present	$36.85
Per member present	6.59
Average cost per annum:	
Fiscal year:	
1967	3,353.00
1968	3,592.00
1969	3,835.00
1970	4,100.00
1971	4,460.00

NUMBER OF EMPLOYEES

Mr. FLOOD. How many employees do you have on board now, and has this Government 5-percent reduction had a significant effect upon your operation?

General UNGER. Today we have 1,122 employees. We have a ceiling of 1,111. This ceiling was brought about by the OMB directive which reduced our ceiling 55 employees. We are a bit over the ceiling right now and have until June to get to it.

EFFECT OF 5-PERCENT REDUCTION

Mr. FLOOD. How did the 5-percent cut affect you?

General UNGER. It has affected us very much. I would like to say that I have talked with Mr. Veatch, head of the National Security Programs Division of OMB. In fact, I wrote Mr. Schultz on this matter of the 5-percent ceiling reduction and also on the grade structure reduction in the general schedule. I made the point that these two reductions have really hurt us.

Even though I am in sympathy with the President's desire to reduce the cost of Government and also to reduce the cost to the taxpayer, in our case because of our unique situation, levying this type of restriction on us did not benefit the taxpayer or the Government. All it did was cause us to reduce our standards.

I made the point that about 81 percent of our general schedule people in the home are employed at the hospital. And the home was set up initially, and it so states in legislation, for old and disabled soldiers. For the hospital, not only do we not want a reduction of 25, but we would like to have 39 additional personnel. OMB disallowed it. I have a list which spells out the positions.

To give you one example, our nursing business at night. Because of the ceiling, we have only three nurses that handle 11 wards in three different buildings on three different floors. This is obviously inadequate. About 7 years ago, our chief surgeon at the hospital asked the Surgeon General of the Army to do a management survey on our nursing service. At that time we had fewer members and naturally fewer in the hospital. He came up with a requirement for 68 nurses. Today, 7 years later, we have 15 nuns—we have the Sisters of Charity—and 39 lay nurses, making a total of 54. This is just one area.

In the field of doctors, even though we had authorization until the ceiling was directed to have five civilian doctors, we have been unable to get them. Because we have been unable to get them is no reason why we should have taken from us the authorization which permits us to try to get them. Our doctors are really doing about 30 to 35 percent more than they really should be doing. As a result, the type of service suffers.

The hospital at the Soldiers' Home is the cleanest I have seen in my service, and I am including civilian hospitals and military hospitals. Because of the ceiling, instead of doing the cleaning every month on a certain area, now they do it every 2 months. The employee reductions that have been taking place—a little bit nicked off each year—have finally caught up with us.

After you look at the results of 5 years of accumulated reductions, I don't believe we should continue to live with it.

It is for this reason I went to see Mr. Veatch, who agreed to make a visit to the home and bring along several of his people.

What I am leading up to is a question which you have not asked me. I will pose it for you: Am I satisfied with this budget? I would say, yes, with two qualifications. The first is based on what comes out of my further discussion with Mr. Veatch and OMB, particularly as pertains to the 5-percent ceiling and grade structure reduction.

The second is the number of members projected. The number projected in the budget is low by our recent experience. If it turns out our projections are correct, naturally we must come in for a supplemental. This is about 149 lower than we expect it to be.

CONSTRUCTION PLANS

Mr. FLOOD. Also you have a request for $244,000 for the design of a 330-bed domiciliary building.

General UNGER. Yes.

Mr. FLOOD. What do you estimate will be the construction cost?

General UNGER. We need a little more planning money. The budgeted planning money plus construction costs, according to our best estimates, will run about $10.5 million.

Mr. FLOOD. Will this building replace existing space, or does this represent an expansion of your physical facilities?

General UNGER. It is an expansion, sir.

MASTER PLAN

Mr. FLOOD. You talk about a master plan.

General UNGER. Yes, sir. We had a master plan developed and it is reviewed periodically. It has been approved by National Capital Planning Commission.

Mr. FLOOD. I think the record should show in 1972 you have the approval of the National Planning Commission as of now. I think you should have for the record a synopsis of this master plan.

General UNGER. Fine.

(The information follows:)

SYNOPSIS OF MASTER PLAN

U.S. Soldiers' Home

Washington, D. C.

The U.S. Soldiers' Home Master Plan, developed and periodically updated by the U.S. Army Corps of Engineers, has been approved by the National Capital Planning Commission. Utilizing membership growth data from the latest study on the U.S. Soldiers' Home, the master plan covers a 20-year period, 1971–90, and includes facilities for a total membership of 5,200 members at the end of that period. In brief, the master plan provides for the construction of two domiciliary complexes, each housing 1,070 members, and the expansion of hospital facilities to house 650 additional patients. A summary of the master plan's four phases of development follows:

PHASE I—1971–75

a. Construct middle building of the west domiciliary center. (To house 330 members and include kitchen, dining room, recreation facilities and utilities.)
b. Construct center wing of Pipes Building (Hospital) (65,000 s.f.) (To house clinics and additional bed space.)
c. Renovate first floor and mezzanine, Grant Building for community facilities.
d. Convert Sherman Building South for administrative use.
e. Construct residences for eight medical officers.

PHASE II—1976–80

a. Construct second and third buildings of the west domiciliary center. (Each to house 370 members).
b. Construct hospital dining hall, laboratories, storage and supply building. (60,000 s.f.)
c. Construct nursing wing between the Forwood and LaGarde buildings. (115,000 s.f.)
d. Provide individual homes for six key civilian personnel.

PHASE III—1981–85

a. Construct middle building of the south domiciliary center. (To house 330 members and include kitchen, dining room, recreation facilities and utilities).
b. Construct hospital clinic, administration and recreation building. (60,000 s.f.).
c. Construct nursing wing south of Forwood Building (85,000 s.f.).

PHASE IV—1986–90

a. Construct second and third buildings of the south domiciliary center (Each to house 370 members).
b. Renovate Forwood Building Hospital (52,340 s.f.).
c. Replace the LaGarde Building Hospital with new nursing wing (96,500 s.f.).
d. Construct addition to Ignatia Hall (Nurses Home) (9,000 s.f.).
e. Construct five individual homes for key civilian employees.

Mr. FLOOD. Mr. Robinson.

ANTICIPATION OF INCREASING CONTRIBUTION FROM SERVICEMEN

Mr. ROBINSON. Have you taken any active steps, General, to increase the amount of the contribution from 10 to 25 cents or do you intend to do this in increments?

General UNGER. No, I have not at the moment. The Board of Commissioners of the Home is composed of three active duty Army generals, three active duty Air Force generals, and myself as chairman. In the last month there was added the senior enlisted men of the Army and Air Force.

We had taken under advisement that we are going to have to make this request to the two Secretaries soon. Because we have H.R. 11801 to increase our interest in the hopper now, we would rather not disturb that. Hopefully, if that is passed, we will proceed with that increase when we need it.

Mr. ROBINSON. I can visualize that you do.

General UNGER. It is very much in my mind.

ELIGIBILITY QUALIFICATIONS FOR HOME

Mr. ROBINSON. With regard to the membership in the Home, are the qualifications very clear as to who is eligible and who is not eligible so there is no confusion with regard to who is admitted and who is not?

General UNGER. Very much so.

Mr. ROBINSON. There is no problem?

General UNGER. When an applicant makes a request to enter, the Secretary of the Board of Commissioners searches the records to see whether the man's data qualifies him. I can relate the qualifications if you would like.

Mr. ROBINSON. That is not necessary as long as there is no question.

General UNGER. It is clear.

Mr. ROBINSON. Thank you.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION OF ESTIMATES FOR THE U. S. SOLDIERS' HOME, FY 1973

LANGUAGE

Operation and maintenance: For operation and maintenance of the United States Soldiers' Home, to be paid from the Soldiers' Home permanent fund, $11,596,000: Provided, That this appropriation shall not be available for the payment of hospitalization of members of the Home in United States Army hospitals at rates in excess of those prescribed by the Secretary of the Army, upon the recommendation of the Board of Commissioners of the Home and the Surgeon General of the Army.

Capital outlay: For construction of buildings and facilities, including plans and specifications, and furnishings, to be paid from the Soldiers' Home permanent fund, $244,000, to remain available until expended.

(24 U.S.C. 41-60; 31 U.S.C. 711 (12), 725s (a): Departments of Labor, and Health, Education, and Welfare, and Related Agencies Appropriation Act, 1972)

DISTRIBUTION OF MEMBERSHIP (Averages)

	1971 actual	1972 estimate	1973 estimate	+ or -
Domiciliary present	1,923	1,955	1,955	....
Hospital present	412	412	412	....
Contract hospitals	27	27	27	....
Absent (domiciliary and hospital)	193	206	206	....
Total membership	2,555	2,600	2,600	....

SUMMARY OF OBLIGATIONS BY PROJECTS (In thousands of dollars)

	1971 actual	1972 estimate	1973 estimate	+ or -
Operation and maintenance:				
1. Medical care	$ 4,775	$ 5,264	$ 5,338	$ 74+
2. Domiciliary care	2,176	2,378	2,332	46-
3. Administration and central services	3,584	3,941	3,926	15-
Total obligations (budget authority)	10,535	11,583	11,596	13+
Capital outlay:				
4. Permanent improvements (budget authority)	128	80	244	164+
Plus obligations from prior-year appropriations	223	59	....	59-
Total obligations	351	139	244	105+

Project 1 - Medical care (In thousands of dollars)	1971 actual	1972 estimate	1973 estimate	+ or -
11 Personnel compensation	$3,620	$4,026	$4,057	$ 31+
12 Personnel benefits	286	335	338	3+
25 Other services	197	203	179	24-
26 Supplies and materials	640	657	672	15+
31 Equipment	56	67	116	49+
Deduct quarters, subsistence, and laundry	-24	-24	-24	....
Total obligations	4,775	5,264	5,338	74+

EXPLANATION OF + OR -

11 Personnel compensation (31+):

$ 8- Payment of 2 less days in FY 1973 offset by 1 more holiday (Inauguration Day).
40+ 7 new nurse positions for 3/4 of the year to replace 7 retiring contract Sister Nurses.
60- Annualization in FY 1973 of 5% reduction of employment made effective in FY 1972.
12- Annualization in FY 1973 of reduction of grade levels in the general schedule made effective in FY 1972 plus further reduction in grade levels in FY 1973.
108+ Annualization in FY 1973 of pay increases granted in FY 1972.
37- FY 1972 costs included payments retroactive to FY 1968.

12 Personnel benefits ($3+):

$ 3+ Contributions to personnel benefit funds such as retirement, social security, and insurance are greater based on salary changes listed above.

25 Other services (24-):

$ 24- Seven Sister Nurses are retiring in FY 1973 and will not be replaced.

26 Supplies and materials (15+):

6+ To increase hospital supply inventory which is estimated to be low at the beginning of FY 1973 due to excessive use of inventory in FY 1972 due to lack of funds to replenish it.
9+ Daily ration for each patient is increased from $1.31 to $1.36 to improve the menu.

31 Equipment ($49+)

49+ Included is one-time purchase of dental unit ($44) and replacement of slightly more costly equipment in FY 1973 than scheduled for FY 1972 ($5).

Project 2 - Domiciliary care (In thousands of dollars)	1971 actual	1972 estimate	1973 estimate	+ or -
11 Personnel compensation	$1,480	$1,612	$1,570	$ 42-
12 Personnel benefits	94	109	105	4-
26 Supplies and materials	617	638	638	....
31 Equipment	15	49	49	....
Deduct quarters, subsistence, and laundry	-30	-30	-30	....
Total obligations	2,176	2,378	2,332	46-

EXPLANATION OF + OR -

11 Personnel compensation ($42-):

$ 4- Payment of 2 less days in FY 1973 offset by 1 more holiday (Inauguration Day).

34- Annualization in FY 1973 of 5% reduction of employment made effective in FY 1972.

2- Annualization in FY 1973 of reduction of grade levels in the general schedule made effective in FY 1972 plus further reduction in grade levels in FY 1973.

24+ Annualization in FY 1973 of pay increases granted in FY 1972.

26- FY 1972 costs included payments retroactive to FY 1968.

12 Personnel benefits ($4-):

$ 4- Contributions to personnel benefit funds such as retirement, social security, and insurance are less based on salary changes listed above.

Project 3 - Administration and central services (In thousands of dollars)	1971 actual	1972 estimate	1973 estimate	+ or -
11 Personnel compensation	$2,347	$2,609	$2,556	$ 53-
12 Personnel benefits	205	255	265	10+
21 Travel and transportation of persons	3	4	4	....
22 Transportation of things	1	4	4	....
23 Rent, communications, and utilities	199	206	206	....
24 Printing and reproduction	7	7	7	....
25 Other services	228	302	379	77+
26 Supplies and materials	307	381	399	18+
31 Equipment	89	77	70	7-
32 Lands and structures	212	110	50	60-
Deduct quarters, subsistence, and laundry	-14	-14	-14	....
Total obligations	3,584	3,941	3,926	15-

EXPLANATION OF + OR -

11 Personnel compensation ($53-):

$ 13- Payment of 2 less days in FY 1973 offset by 1 more holiday (Inauguration Day).
51- Annualization in FY 1973 of 5% reduction of employment made effective in FY 1972.
4- Annualization in FY 1973 of reduction of grade levels in the general schedule made effective in FY 1972 plus further reduction in grade levels in FY 1973.
72+ Annualization in FY 1973 of pay increases granted in FY 1972.
57- FY 1972 costs included payments retroactive to FY 1968.

12 Personnel benefits ($10+):

$ 18+ The cost of employees' compensation benefits is greater in 1973 than paid in 1972.
8- Contributions to personnel benefit funds such as retirement, social security, and insurance are less based on salary changes listed above.

25 Other services ($77+):

$ 15+ Recurring maintenance in FY 1973 includes $15 more for the category of service contracts, tuition, auditing, surety bonds, advertising, and computer time. $11 of this is for increased cost of computer payroll services; $4 is for price increases.
12+ Recurring maintenance in FY 1973 includes $12 more for the category of painting, and repairs to roofs, floors, tile, windows, doors, boilers, and fireboxes. Each year, the cost of this category varies depending on the scope of the specific items under the program.
40+ To cover first of two phases for replacing ceiling tile in a large domiciliary building.
10+ To cover other one-time maintenance projects which cost slightly more than those scheduled in FY 1972.

26 Supplies and materials ($18+)

$ 12+ For estimated increase in use of fuel oil to cover for a full year the increase caused by the expansion of the hospital ward wing in FY 1972.
6+ Increased use of maintenance, laundry and office supplies.

31 Equipment ($7-)

$ 7- Less equipment replacement is scheduled for FY 1973.

32 Lands and structures ($60-):

$110- The cost of FY 1972 non-recurring maintenance jobs including replacement of heating controls, a heating system, and water lines and increasing the electrical service at the hospital.
50+ The cost of FY 1973 non-recurring maintenance jobs including replacement of sewer lines, air conditioning controls, sterile steam tank, heating coils, and valves. Also included is extension of the lawn sprinkler system and construction of a small toilet for employees working in the service area.

Project 4 - Permanent improvements (Capital Outlay) (In thousands of dollars)	1971 actual	1972 estimate	1973 estimate	+ or -
31 Equipment	$ 48	$ 7	$	$ 7-
32 Lands and structures	303	132	244	112+
Total obligations	351	139	244	105+

EXPLANATION OF + OR -

31 Equipment ($7-):

$ 7- Obligations for fiscal year 1972 include final purchases of equipment for the new hospital ward wing.

32 Lands and structures ($112+):

$132- Fiscal year 1972 obligations are final costs for: (a) extensions to a domiciliary building and a hospital ward wing; (b) construction of a hospital canteen; and, (c) construction of a bowling alley in a section of domiciliary building formerly used as a dining hall.

244+ Fiscal year 1973 - Obligations are for overall design costs for construction of a 330-bed domiciliary building, including facilities for dining, theater and library. The estimate also includes plans for parking areas, roads and designs for utilities which can be used to accommodate two additional buildings planned for the West Domiciliary Center.

The law established the Soldiers' Home for the relief and support of certain former warrant officers and enlisted personnel of the Regular Army and Air Force. In order to have adequate facilities available on a timely basis, a master plan was developed by the Home which provides for orderly expansion as needs are justified. The National Capital Planning Commission has approved this plan.

The lead time for occupying new construction is about five years from the time planning funds become available, as follows:

Budget Requirement	Budget Year	Funds Available	Time required to Complete	Completion Date
Concept plans	1973	Aug 1972	1 year	Aug 1973
Final design and construction	1975	Aug 1974	3 years	Aug 1977

Growth indicators must be recognized well in advance of requirements to preclude eligibles being denied admission due to lack of facilities.

STANDARD CLASSIFICATION SCHEDULE FOR OBLIGATIONS (In thousands of dollars)

	1971 actual	1972 estimate	1973 estimate	+ or -
Operation and maintenance:				
11 Personnel compensation	$ 7,447	$ 8,247	$ 8,183	$ 64-
12 Personnel benefits	585	699	708	9+
21 Travel and transportation of persons	3	4	4	....
22 Transportation of things	1	4	4	....
23 Rent, communications, and utilities	199	206	206	....
24 Printing and reproduction	7	7	7	....
25 Other services	425	505	558	53+
26 Supplies and materials	1,564	1,676	1,709	33+
31 Equipment	160	193	235	42+
32 Lands and structures	212	110	50	60-
Deduct quarters, subsistence, and laundry	-68	-68	-68	....
Total obligations	10,535	11,583	11,596	13+
Capital outlay:				
31 Equipment	48	7	....	7-
32 Lands and structures	303	132	244	112+
Total obligations	351	139	244	105+

WEDNESDAY, APRIL 19, 1970.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

WITNESSES

CHARLES H. STEVENS, EXECUTIVE DIRECTOR
RENEA HICKS, BUDGET ANALYST, OFFICE OF EDUCATION
MRS. MARY ALICE HEDGE RESZETAR, ASSOCIATE DEPUTY DIRECTOR
JOSEPH BECKER, PRESIDENT, BECKER & HAYES, INC., MEMBER OF THE COMMISSION

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Personnel compensation:			
Permanent positions		80	108
Positions other than permanent		35	45
Total personnel compensation		115	153
Personnel benefits: Civilian		10	13
Travel and transportation of persons		25	29
Rent, communications, and utilities		8	10
Printing and reproduction		1	6
Other services		33	186
Supplies and materials		2	2
Equipment		6	1
Total obligations		200	400

PERSONNEL SUMMARY

Total number of permanent positions		5	5
Full-time equivalent of other positions		1	2
Average paid employment		6	7
Average salary of ungraded positions		$21,680	$21,680

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1971 actual	1972 estimate	1973 estimate
Program by activities: Development of national policy on libraries and information science (costs—obligations)		200	400
Financing: Budget authority (appropriation)		200	400
Relation of obligations to outlays:			
Obligations incurred, net		200	400
Obligated balance, start of year			29
Obligated balance, end of year		−29	−74
Outlays		171	355

Mr. FLOOD. Now we have the National Commission on Libraries and Information Science.

The presentation will be made by Charles Stevens, Executive Director, in place of Dr. Burkhardt.

BIOGRAPHICAL SKETCHES OF WITNESSES

I see you have biographical sketches. They will be made a part of the record.

(The biographical sketches follow:)

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

BIOGRAPHICAL SKETCH

Name: Frederick H. Burkhardt.

Position: Chairman, National Commission on Libraries and Information Science.

Birthplace and date: New York, N.Y., September 13, 1912.

Education: Columbia University, 1933, B.A.; Oriel College, Oxford University, 1935, B. Litt.; Columbia University, 1940, Ph. D.; University of Michigan, 1968, LL.D.

Experience: Present: Chairman, National Commission on Libraries and Information Science; 1957–71: president, American Council of Learned Societies; 1966–69: vice chairman, National Advisory Commission on Libaries; 1947–57: president, Bennington College, Bennington, Vt.; 1945–47: associate professor of philosophy, University of Wisconsin; 1943–45: Office of Strategic Services; 1935–43: assistant professor of philosophy, University of Wisconsin.

Association memberships: Phi Beta Kappa, American Association of University Professors, American Philosophical Association, American Academy of Arts and Sciences.

BIOGRAPHICAL SKETCH

Name: Charles H. Stevens.

Position: Executive Director, National Commission on Libraries and Information Science.

Birthplace and date: Chicago, Ill., December 10, 1924.

Education: Principia College, Elsah, Ill., A.B., 1949; University of North Carolina, B.S.L.S., 1952; M.A., 1955.

Experience: Present: Executive Director, National Commission on Libraries and Information Science; 1965–72; associate director for library development, Project Intrex (Information Transfer Experiments), Massachusetts Institute of Technology, Cambridge, Mass.; 1962–65: Director of Library and publications, Massachusetts Institute of Technology, Lincoln Laboratory, Lexington, Mass.; 1959–62: Director of library and archives, Massachusetts Institute of Technology, Lincoln Laboratory, Lexington, Mass.; 1957–59; Head, scientific documentation service, Thermophysical Properties Research Center, Purdue University, West Lafayette, Ind.; 1954–57; Aero-engineering librarian, Purdue University libraries, West Lafayette, Ind.; 1952–54: Librarian, U.S. Air Force Air-Ground School, Southern Pines, N.C.

Association memberships: American Library Association (Council 1970–72); American Society for Information Science; Committee on Library Automation; COSATI–Task Group on Library Programs, 1969–71; *Engineering Index*, board of trustees, 1966–69; Sigma Xi. Special Libraries Association: advisory council chairman, board of directors 1966–68.

BIOGRAPHICAL SKETCH

Name: Joseph Becker.

Position: President, Becker & Hayes, Inc.

Birthplace and date: New York, N.Y., April 15, 1923.

Education: Polytechnic Institute of Brooklyn, Brooklyn, N.Y., 1944, B. aero engineering; Catholic University of America, 1955, M.S.L.S.; University of California at Los Angeles, 1960, research fellow, computer science.

Experience: Present: President, Becker & Hayes, Inc., 1966–69; Vice president, Interuniversity Communications Council (EDUCOM); 1946–66: Electronic data processing with Federal Government; 1939–44: Library assistant, New York Public Library.

Association memberships: Association for Computing Machinery; past president, Information Science and Automation Division, American Library Association; American Cybernetics Society; past president, American Society for Information Science.

INTRODUCTION OF SUPPORTING WITNESS

Mr. STEVENS. I want to express to you and the committee, Dr. Burkhardt's regrets he couldn't be here. With me I have a member of the Commission, Mr. Joseph Becker, president of Becker & Hayes Publishing Co.

Mr. FLOOD. I see you have a statement. How do you wish to proceed?
Mr. STEVENS. I would like to read it if I may.
Mr. FLOOD. You may proceed.

GENERAL STATEMENT

Mr. STEVENS. Mr. Chairman and members of the committee, it is very fitting that this Commission should have its hearing before this committee this week which is—by Presidential proclamation—National Library Week. In the opening sentence of that proclamation Mr. Nixon says, "Libraries form the nucleus of our public information system." This Commission, created under Public Law 91-345, is charged with the responsible task of seeing that all of the elements of our information system are operating effectively to fill their important role and to advise the Congress and the President on actions to be taken to fulfill the needs of all citizens for information.

During this current partial fiscal year we were provided with $200,000 to start our work. Our request for fiscal 1973 (our first full year) is for $400,000 to fund Commission travel, expenses, compensation for a staff of five persons and approximately $186,000 for studies and surveys to be prepared for Commission action. The amount requested for studies has been limited this year with the expectation that such studies as are needed will be, in part, paid for by agencies having interests in the same general areas of knowledge.

ACTIVITIES TO DATE

During its first 7 months the Commission members have convened five times for a total of 10 days here in Washington; one additional 2-day session is scheduled before June 30. At these meetings—and by action between the meetings—the Commission has appointed its staff, opened its office and begun the spadework of fulfilling its charge.

Liason has been estab'ished with the Bureau of Libraries in the Office of Education, with the Office of Science Information Service in the National Science Foundation and with the Government Advisory Committee on International Book and Library Programs. Direct contact has been established with the Libraries of Congress, Medicine, and Agriculture. The Commission has informed itself by visits to two of these operations and will go to the Agriculture Library in June. Our executive director has been invited to represent the Commission at the meetings of the Federal Library Committee and the Committee on Scientific and Technical Information.

In its effort at self-education and in response to requests of groups whose activity is a concern of the Commission, we have heard testimony from the American Library Association, the American Society for Information Science, the Association of Research Libraries, the Council on Library Resources and Special Libraries Association. The Commission has communicated with every State library and with many regional systems. A study of State library plans is being pushed to learn whether the elements of a national plan for libraries and information services can be patterned on State developments. In short, the Commission has begun its work.

1973 PROGRAM

During the year covered by this budget request the Commission will follow up the preliminary inquiries that must precede the major studies that are required, establish its priorities for action and contract for some of the definitive studies that are needed. Specific studies that may be undertaken this year include those in the areas of library and information needs through 1976; review of available statistical data on libraries to determine gaps and weaknesses; and a study of the effects of social change on libraries and information services.

The Commission plans to continue to hear and to study requirements of interested bodies of citizens from all parts of the Nation and will, to this end, find ways to be accessible to these groups. There are already plans for hearings in the South, the Far West, and the Midwest. Other areas will be scheduled later.

Many agencies (within the Federal domain and the private sector) have tried and are trying to understand the dimensions of our informational needs. They try, as well, to fashion segments of the fabric of a national information system. The work of this Commission is related to all of their work and is fundamental to it if the product is to satisfy the requirement. Thus our studies will not duplicate those of the national libraries nor of NSF nor the USOE. They will, instead, search for answers to the broader and deeper questions that relate to national problems rather than those with strictly a geographic, subject, or mission orientation. We have used and plan to continue to use the studies that have been done in the National Academy of Sciences and elsewhere.

The Commission expects to use funds currently available to embark on a study of the feasibility of decentralized resource centers that will relieve local libraries from the ever greater pressure of expanding collections and at the same time insure improved user access. This study is to be expanded and completed in the next fiscal year. The Commission will also complete its plan for approaching and dealing with its vast array of problems and begin to formulate the profile of needs of the Nation for library service as required by law.

The justification already submitted to the committee includes an analysis of the estimated obligations by object for 1973.

I shall be pleased to answer any questions you may have on this request.

MEMBERS OF COMMISSION

(The attachment follows:)

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Dr. Frederick H. Burkhardt (chairman), president, American Council of Learned Societies, New York, N.Y.

Col. Andrew A. Aines, Office of Science Information Service, National Science Foundation, Washington, D.C.

Dr. William O. Baker, vice president, Research and Patents, Bell Telephone Laboratories, Murray Hill, N.J.

Mr. Joseph Becker, president, Becker & Hayes, Inc., Bethesda, Md.

Mr. Harold C. Crotty, president, Brotherhood of Maintenance of Ways Employes, Detroit, Mich.

Dr. Carlos A. Cuadra, manager, Education and Library Systems Department, System Development Corp., Santa Monica, Calif.

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Dean Leslie W. Dunlap, Library Administration, The University of Iowa Libraries, Iowa City, Iowa.
Dr. Martin Goland, president, Southwest Research Institute, San Antonio, Tex.
Dr. John G. Kemeny, president, Dartmouth College, Hanover, N.H.
Mr. Louis A. Lerner, publisher, Lerner Home Newspapers, Chicago, Ill.
Mrs. Bessie Boehm Moore, State Department of Education, Little Rock, Ark.
Dr. L. Quincy Mumford, The Librarian of Congress, Library of Congress, Washington, D.C.
Miss Catherine D. Scott, head librarian, Bellcom, Inc., Washington, D.C.
Mr. John E. Velde, Jr., Velde, Roelfs and Company, Pekin, Ill.,
Mr. Alfred R. Zipf, executive vice president, Bank of America Center, San Francisco, Calif.

MAJOR INCREASE IN RESEARCH CONTRACTS

Mr. FLOOD. You are asking for a $200,000 increase in your budget which means you are going to go double in about one year?

Mr. STEVENS. Correct.

Mr. FLOOD. Most of this increase, $147,900 to be exact, is for research contracts. Do you have specific contracts in mind at this time or are you still just talking?

Mr. Stevens. Both factors are involved. There are some specific things we have in mind we know need to be done that are outlined in our public law and were recognized by the National Advisory Commission on Libraries that preceded us, and they knew it needed to be done.

As I mentioned in the testimony, the overlying studies are not now being undertaken in the Office of Education, Bureau of Libraries and Education Technology, or in the National Science Foundation Office of Science Information Service. In fact, those are on the one hand oriented toward public libraries and school libraries and on the other hand oriented toward the mission objectives of supplying information on science and technology.

Our objectives are much broader. They embrace the National Libraries of Agriculture, Medicine, and the Library of Congress together with the many other Federal libraries. The Federal Library Committee within itself is making some studies but even these are not broad enough.

Mr. FLOOD. This increase of $147,000 for studies and contracts brings your total to $168,700 for 1973. How do you arrive at that particular figure?

Mr. STEVENS. The figure was arrived at for us by the Office of Management and Budget. We annualized our expenses and asked them for an amount equal to our authorization in the original bill, which was $750,000. They cut us to $400,000 and so the amount left after we annualized our expenses is what we have available for studies.

AUTHORIZED POSITIONS

Mr. FLOOD. You currently have five authorized positions and you are asking for no increase in the budget?

Mr. STEVENS. That is right.

Mr. FLOOD. Are those positions all filled at present?

Mr. STEVENS. They are filled with one exception, and the exception is my deputy who will report the first week in May.

Mr. FLOOD. Suppose you give us a list of positions by title along with the salary for each one.

(The information follows:)

Position	Salary	Grade
Executive Director	$35,000	16
Deputy Director	28,000	15
Associate Deputy Director	20,000	14
Executive Secretary	15,000	11
Secretary	9,500	7

FUTURE BUDGET EXPECTATIONS

Mr. FLOOD. Do you expect your budget to continue growing rapidly in future years or do you anticipate a leveling off?

Mr. STEVENS. The chairman of the Commission, Dr. Burkhardt, has expressed the idea our Commission should remain small and active, the staff should remain small and active and we should, to the extent possible, use the resources that are made available through other agencies. This sounds attractive but it may not be entirely possible. He has expressed the idea we should never become an Atomic Energy Commission or Civil Service Commission. But in order to change what is happening in terms of library service and information service in the Nation, it may in the future require a change in the authorization and indeed an enlarged expenditure.

PERMANENCE OF THE COMMISSION

Mr. FLOOD. On page 10 of your justifications you employ the phrase "In the early years" of the Commission. You can imagine what that does to an appropriation committee. Are we correct in assuming that yours is a permanent commission, are you going to be with us forever?

Mr. STEVENS. I think this is a proper assumption—only so long as information is critical to the Nation's needs will this Commission be necessary.

Mr. FLOOD. What kind of answer would you call that?

Mr. STEVENS. I would call it a yes answer, that it is a permanent Commission.

REGIONAL PLANNING CONFERENCES

Mr. FLOOD. What do you expect to achieve by holding three regional planning conferences in 1973?

Mr. STEVENS. The needs of the Nation regionally seem to differ; people in the rural areas around Atlanta, in the urban areas around Chicago, and in the far western areas appear to have different needs in terms of information services.

Mr. FLOOD. They do?

Mr. STEVENS. They also perceive themselves differently in terms of what they see in the national library service.

Mr. FLOOD. Give us 11 reasons for that.

Mr. STEVENS. Maybe one reason is a good enough reason. The concentration of national libraries is clearly on the east coast. Those users who are separate from these national services see that distance as a factor in providing service as long as technology can't fulfill them, and—between computers and communications—we are not yet ready to fulfill those needs from one central location.

As long as we are not ready we must listen to the people where they are located to perceive their needs and see if we can't get a consensus that will allow us to arrive at a reasonable plan.

Mr. FLOOD. Mr. Robinson.

Mr. ROBINSON. Thank you, Mr. Chairman.

PERMANENT COMMISSION

Do I understand, Mr. Stevens, that the life of the Commission is not stipulated in the statute that created it?

Mr. STEVENS. That is correct.

Mr. ROBINSON. It is a permanent Commission according to the statute?

TERM AND COMPENSATION OF MEMBERS

Mr. STEVENS. Yes. The members of the Commission serve for 5-year terms that are overlapping. The first two members were reappointed last July before in fact the first meeting was held because of appointment procedure difficulties. The next three members will be either appointed or reappointed—depending on the judgment of the President—by July of 1972.

Mr. ROBINSON. Is the per diem rate at which Commission members are compensated stated in the law?

Mr. STEVENS. It is not stated in the law. The rate is the same rate you heard for the other Commission, $138.00.

LIAISON WITH COLLEGE LIBRARIES

Mr. ROBINSON. In the statement which you have given us you make mention of the various liaisons which have been established. Does this liaison include the establishment of contact with our college libraries?

Mr. STEVENS. Yes, sir, it does; we have heard testimony from the Association of Research Libraries, ARL. The American Library Asso-

ciation includes the Association of College and Research Libraries. I myself come from a college library and am considered by those in public libraries as being perhaps partly unworthy because of my over representation of that particular area. For deputy I chose a person whose entire background is public libraries.

Mr. ROBINSON. No further questions.

NO REPORTS ISSUED TO DATE

Mr. CONTE. What concrete steps have you taken to fulfill your statutory responsibility of advising "the Congress and the President on actions to be taken to fulfill the needs of all citizens for information?"

Mr. STEVENS. The substantive advice that we expect to provide can come only after the needed studies give us answers to the questions that are implicit in the statute. The Commission has expressed itself on a very few issues by resolutions. However, our first report, due on January 31, 1973, will probably give the first tangible expression of the advice that is sought.

DECENTRALIZED RESOURCE CENTERS

Mr. CONTE. When do you expect to begin your study of the feasibility of using decentralized resource centers?

Mr. STEVENS. This study will begin within sixty days. The task of outlining the scope of the study is before me now, and I expect to have it ready for Commission review and action within a week.

Mr. FLOOD. Thank you very much.

Mr. STEVENS. Thank you, sir; we appreciate the opportunity to be heard today.

JUSTIFICATION OF THE BUDGET ESTIMATES

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Salaries and expenses

Amounts Available for Obligation

	1972	1973
Appropriation.....	$200,000	$400,000
Total, obligations.....	200,000	400,000

Obligations by Object

	1972 Estimate	1973 Estimate	Increase or Decrease
Total number of permanent positions...	5	5	---
Full-time equivalent of all other positions.....	1	2	+1
Average number of all employees.....	6	7	+1
Personnel compensation:			
Permanent positions.....	$ 80,000	$108,000	+$ 28,000
Positions other than permanent.....	35,000	45,000	10,000
Subtotal, personnel compensation.	115,000	153,000	+ 38,000
Personnel benefits.....	10,000	13,000	+ 3,000
Travel and transportation of persons..	25,000	29,000	+ 4,000
Rent, communications and utilities....	8,000	10,000	+ 2,000
Printing and reproduction.....	1,000	6,000	+ 5,000
Other services.....	33,000	186,000	+ 153,000
Supplies and materials.....	2,000	2,000	---
Equipment.....	6,000	1,000	- 5,000
Total, obligations by object.....	200,000	400,000	+ 200,000

Summary of Changes

1972 estimated obligations	$200,000
1973 estimated obligations	400,000
Net change	+200,000

	Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Increases:				
A. Built-in:				
1. Annualization of positions	5	$110,700	---	+$ 37,400
2. Annualization of meeting costs	---	39,800	---	+ 6,100
3. Annualization of member and consultant support	---	28,700	---	+ 8,600
B. Program:				
1. Studies and research contracts	---	20,800		+ 147,900
Total, increases	---	---	---	+ 200,000

Explanation of Changes

Increases:

A. Built-in:

1. The requested increase of $37,400 will support the permanent positions for the remainder of the year.

2. The requested increase of $6,100 will provide for an additional meeting at the rate of one meeting every two months as in 1972.

3. The increase of $8,600 will provide for member and consultant support for the remainder of the year.

B. Program:

1. An increase of $147,900 is requested to support additional studies and research contracts as recommended by the Commission.

Authorizing Legislation

Legislation	1973 Authorized	1973 Appropriation requested
National Commission on Libraries and Information Science Act of 1970.....	$750,000	$400,000

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE
(P.L. 91-345, July 20, 1970)

STATEMENT OF POLICY

SEC. 2. The Congress hereby affirms that library and information services adequate to meet the needs of the people of the United States are essential to achieve national goals and to utilize most effectively the Nation's educational resources and that the Federal Government will cooperate with State and local governments and public and private agencies in assuring optimum provision of such services.

COMMISSION ESTABLISHED

SEC. 3. (a) There is hereby established as an independent agency within the executive branch, a National Commission on Libraries and Information Science (hereinafter referred to as the "Commission").

(b) The Department of Health, Education, and Welfare shall provide the Commission with necessary administrative services (including those related to budgeting, accounting, financial reporting, personnel, and procurement) for which payment shall be made in advance, or by reimbursement, from funds of the Commission and such amounts as may be agreed upon by the Commission and the Secretary of Health, Education, and Welfare.

CONTRIBUTIONS

SEC. 4. The Commission shall have authority to accept in the name of the United States grants, gifts, or bequests of money for immediate disbursement in furtherance of the functions of the Commission. Such grants, gifts, or bequests, after acceptance by the Commission, shall be paid by the donor or his representative to the Treasurer of the United States whose receipts shall be their acquittance. The Treasurer of the United States shall enter them in a special account to the credit of the Commission for the purposes in each case specified.

FUNCTIONS

SEC. 5. (a) The Commission shall have the primary responsibility for developing or recommending overall plans for, and advising the appropriate governments and agencies on, the policy set forth in section 2. In carrying out that responsibility, the Commission shall—

(1) advise the President and the Congress on the implementation of national policy by such statements, presentations, and reports as it deems appropriate;

(2) conduct studies, surveys, and analyses of the library and informational needs of the Nation, including the special library and informational needs of rural areas and of economically, socially, or culturally deprived persons, and the means by which these needs may be met through information centers, through the libraries of elementary and secondary schools and institutions of higher education, and through public, research, special, and other types of libraries;

(3) appraise the adequacies and deficiencies of current library and information resources and services and evaluate the effectiveness of current library and information science programs;

(4) develop overall plans for meeting national library and informational needs and for the coordination of activities at the Federal, State, and local levels, taking into consideration all of the library and informational resources of the Nation to meet those needs;

(5) be authorized to advise Federal, State, local, and private agencies regarding library and information sciences;

(6) promote research and development activities which will extend and improve the Nation's library and information-handling capability as essential links in the national communications networks;

(7) submit to the President and the Congress (not later than January 31 of each year) a report on its activities during the preceding fiscal year; and

(8) make and publish such additional reports as it deems to be necessary, including, but not limited to, reports of consultants, transcripts of testimony, summary reports, and reports of other Commission findings, studies, and recommendations.

(b) The Commission is authorized to contract with Federal agencies and other public and private agencies to carry out any of its functions under subsection (a) and to publish and disseminate such reports, findings, studies, and records as it deems appropriate.

(c) The Commission is further authorized to conduct such hearings at such times and places as it deems appropriate for carrying out the purposes of this Act.

(d) The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Commission in carrying out the purposes of this Act.

MEMBERSHIP

SEC. 6. (a) The Commission shall be composed of the Librarian of Congress and fourteen members appointed by the President, by and with the advice and consent of the Senate. Five members of the Commission shall be professional librarians or information specialists, and the remainder shall be persons having special competence or interest in the needs of our society for library and information services, at least one of whom shall be knowledgeable with respect to the technological aspects of library and information services and sciences. One of the members of the Commission shall be designated by the President as Chairman of the Commission. The terms of office of the appointive members of the Commission shall be five years, except that (1) the terms of office of the members first appointed shall commence on the date of enactment of this Act and shall expire two at the end of one year, three at the end of two years, three at the end of three years, three at the end of four years, and three at the end of five years, as designated by the President at the time of appointment, and (2) a member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term.

(b) Members of the Commission who are not in the regular full-time employ of the United States shall, while attending meetings or conferences of the Commission or otherwise engaged in the business of the Commission, be entitled to receive compensation at a rate fixed by the Chairman, but not exceeding the rate specified at the time of such

service for grade GS–18 in section 5332 of title 5, United States Code, including traveltime, and while so serving on the business of the Commission away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(c) (1) The Commission is authorized to appoint, without regard to the provisions of title 5, United States Code, covering appointments in the competitive service, such professional and technical personnel as may be necessary to enable it to carry out its function under this Act.

(2) The Commission may procure, without regard to the civil service or classification laws, temporary and intermittent services of such personnel as is necessary to the extent authorized by section 3109 of title 5, United States Code, but at rates not to exceed the rate specified at the time of such service for grade GS–18 in section 5332 of title 5, United States Code, including traveltime, and while so serving on the business of the Commission away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

AUTHORIZATION OF APPROPRIATIONS

SEC. 7. There are hereby authorized to be appropriated $500,000 for the fiscal year ending June 30, 1970, and $750,000 for the fiscal year ending June 30, 1971, and for each succeeding year, for the purpose of carrying out the provisions of this Act.

Salaries and expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1972	$200,000	1/	$200,000	$200,000
1973	400,000			

1/ Not considered by the House.

Justification

Salaries and expenses

	1972		1973		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits.	5	$125,000	5	$166,000	---	+$ 41,000
Other expenses.....	---	75,000	---	234,000	---	+ 159,000
Total.....	5	200,000	5	400,000		+ 200,000

General Statement

An amount of $400,000 and 5 permanent positions are requested to operate the National Commission on Libraries and Information Science during its second year of existence. This sum represents an increase of $200,000 over fiscal 1972, which was the first year of operation for the Commission. As compared with the start-up budget for fiscal 1972, the budget for 1973 calls for the following changes:

The number of meetings of the Commission has been increased because it is the judgment of the members that the complexity and magnitude of its task require frequent and sustained planning and policy meetings--especially in the early years of the Commission. In addition, it is the intention of the Commission to maintain only a small executive and administrative staff, which will require an active, working Commission.

Expenses of the administrative staff have been increased proportionately to the increase in the activity expected.

As stated in the enabling legislation (Public Law 91-345), Sec.5 (a) (2), the Commission in carrying out its responsibilities shall "conduct studies, surveys, and analyses of the library and informational needs of rural areas and of economically, socially, or culturally deprived persons, and the means by which these needs may be met through information centers, through the libraries of elementary and secondary schools and institutions of higher education, and through public, research, special, and other types of libraries."

The largest proportion of the present increase requested is for use to contract for such studies, surveys, and analyses.

Some examples, at present under discussion by the Commission, include (a) a projection of the national information needs and resources as of 1976, and of the technological advances and new media

that can be anticipated by that year; (b) a review of the available statistics on all types of libraries to assess their usefulness in connection with the other studies listed and with the formulation of a national plan for libraries; (c) a study of the effects of social change on libraries and information services, coupled with studies of new concepts of operation that will be needed in the new and changing social context--among operational concepts to be examined will be consortia, net working, federation, centralized cataloguing and remote access; (d) a study devoted to the question of defining the "rights" of individuals and societies to information; (e) a study of library/information centers as educational institutions, including the possibilities for the promotion of self-education in libraries; (f) an assessment of the accomplishments of federal aid to libraries and information services.

These and other studies will be needed to accomplish the functions set forth in Sec. 5(a)(3) and (4) of Public Law 91-345, to "appraise the adequacies and deficiencies of current library and information resources and services and evaluate the effectiveness of current library and information science programs" and to "develop overall plans for meeting national library and informational needs and for the coordination of activities at the Federal, State, and local levels, taking into consideration all of the library and informational resources of the Nation to meet those needs."

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Salaries and expenses

Program Purpose and Accomplishments

1972		1973		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
5	$200,000	$750,000	5	$400,000

Purpose: Advise the President and the Congress on the implementation of national policy, develop overall plans for meeting national library and informational needs, coordinate activities at the Federal, State and local levels in meeting those needs.

Explanation: Through hearings, research, review, and analysis, the Commission will reach positions that it can recommend for action to libraries, groups or types of libraries, or to the Executive and Legislative branches of the Federal government.

Accomplishments in 1972: The Commission has begun operation and has met every two months. The meetings have been used to decide upon and outline general policies, to select and employ personnel for the permanent staff and to prepare specifications for the studies, surveys and analyses to be accomplished in 1973.

Objectives for 1973: To evaluate the present library and information services of the nation and to develop over-all plans for meeting deficiencies and needs, the Commission plans to hold three regional planning conferences in fiscal 1973 to which librarians, information specialists, and informed members of the "user" public will be invited, to work out concrete ways of responding to the regional needs. Studies, surveys and analyses will be necessary to complete the evaluation.

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