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ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY

OF THE

COMMITTEE ON LABOR AND PUBLIC WELFARE UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

S. 1290

TO PROVIDE FOR THE CONTINUATION OF PROGRAMS AUTHORIZED UNDER THE ECONOMIC OPPORTUNITY ACT OF 1946, AND FOR OTHER PURPOSES

S. 397

TO EXTEND FOR TWO ADDITIONAL YEARS THE AUTHORIZATION OF APPROPRIATIONS CONTAINED IN THE ECONOMIC OPPORTUNITY ACT OF 1964

S. 1305

TO AMEND THE ECONOMIC OPPORTUNITY ACT OF 1964 TO AUTHORIZE A LEGAL SERVICES PROGRAM BY ESTABLISHING A NATIONAL LEGAL SERVICES CORPORATION, AND FOR OTHER PURPOSES

S. 2007

TO PROVIDE FOR THE CONTINUATION OF PROGRAMS AUTHORIZED UNDER THE ECONOMIC OPPORTUNITY ACT OF 1964, AND FOR OTHER PURPOSES

MARCH 23, 24, AND 25, 1971

PART 1

Printed for the use of the Committee on Labor and Public Welfare

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
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U.S. GOVERNMENT PRINTING OFFICE

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ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

TUESDAY, MARCH 23, 1971

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY,
OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10:20 a.m., pursuant to call, in room G308, New Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senators Nelson, Cranston, and Javits.

Committee staff members present: William R. Bechtel, professional staff member; and John K. Scales, minority counsel.

Senator NELSON. We will open the hearings on the Economic Opportunity Act.

I apologize for being late. I was at another hearing.

Senator JAVITS. Mr. Chairman, may I just say a word? I came to have the presence of a representative of the minority while we got the hearings opened. I appreciate very much the Chair's calling these hearings.

I am the author of the administration's bill, the sponsor of the administration's bill, with a number of other Senators. I ask unanimous consent that the bill, together with the names of the sponsors, may be made a part of my remarks.

Senator NELSON. Without objection, the bills under consideration will be printed at this point in the record.

(The bills referred to follow:)

92D CONGRESS
1ST SESSION

S. 397

IN THE SENATE OF THE UNITED STATES

JANUARY 28 (legislative day, JANUARY 26), 1971

Mr. JAVITS (for himself, Mr. CASE, Mr. MATHIAS, and Mr. SCHWEIKER) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

A BILL

To extend for two additional years the authorization of appropriations contained in the Economic Opportunity Act of 1964.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Economic Opportunity
4 Amendments of 1971".
5 SEC. 2. (a) Section 171 of the Economic Opportunity
6 Act of 1964 is amended by striking out "five succeeding fiscal
7 years" and inserting "seven succeeding fiscal years".
8 (b) Paragraphs (8) and (9) of section 222 (a) of such
9 Act are each amended by inserting "and each of the two suc-
10 ceeding fiscal years," after "1971,".

1 (c) Section 245 of such Act is amended by striking out
2 "five succeeding fiscal years" and inserting "seven succeed-
3 ing fiscal years".
4 (d) Section 321 of such Act is amended by striking
5 out "five succeeding fiscal years" and inserting "seven suc-
6 ceeding fiscal years".
7 (e) Section 408 of such Act is amended by striking out
8 "five succeeding fiscal years" and inserting "seven succeed-
9 ing fiscal years".
10 (f) Section 523 of such Act is amended by striking out
11 "four succeeding fiscal years" and inserting "six succeeding
12 fiscal years".
13 (g) Section 615 of such Act is amended by striking out
14 "five succeeding fiscal years" and inserting "seven succeed-
15 ing fiscal years".
16 (h) Section 835 of such Act is amended by striking out
17 "five succeeding fiscal years" and inserting "seven succeed-
18 ing fiscal years".
19 SEC. 3. For the purposes of carrying out the Economic
20 Opportunity Act of 1964 there are authorized to be appro-
21 priated such sums as may be necessary for the fiscal years
22 ending June 30, 1972, and June 30, 1973.

92D CONGRESS
1ST SESSION

S. 397

IN THE SENATE OF THE UNITED STATES

APRIL 1, 1971

Referred to the Committee on Labor and Public Welfare and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. BOGGS to S. 397, a bill to extend for two additional years the authorization of appropriations contained in the Economic Opportunity Act of 1964, viz:

1 On page 1, between lines 4 and 5, insert the following:

2 "TITLE I—CONTINUATION OF THE ECONOMIC

3 OPPORTUNITY ACT OF 1964"

4 On page 1, between lines 4 and 5, inserting the fol-

5 lowing:

6 "PROGRAM EXTENDED"

7 On page 1, line 5, substitute "SEC. 101." for "SEC. 2.".

8 On page 2, between lines 18 and 19, insert the fol-

9 lowing:

Amdt. No. 30

"AUTHORIZATION OF APPROPRIATIONS"

On page 2, line 19, substitute "SEC. 102." for "SEC. 3.".

On page 2, after line 22, add the following new title:

"TITLE II—OPPORTUNITIES INDUSTRIALIZATION PROGRAM

"SHORT TITLE

"SEC. 201. This title may be cited as the 'Opportunities Industrialization Assistance Act'.

"DEFINITIONS

"SEC. 202. For the purposes of this title, the term—

"(1) 'Secretary' means the Secretary of Labor; and

"(2) 'State' includes the District of Columbia and the Commonwealth of Puerto Rico.

"APPROPRIATION AUTHORIZED

"SEC. 203. (a) For the purposes of carrying out this title, there are authorized to be appropriated $100,000,000 for the fiscal year ending June 30, 1972, $147,000,000 for the fiscal year ending June 30, 1973, and $185,000,000 for the fiscal year ending June 30, 1974.

"(b) Notwithstanding any other provisions of law, unless enacted in specific limitation of the provisions of this subsection, any funds appropriated to carry out this title which are not obligated prior to the end of the fiscal year for which such funds were appropriated shall remain available for obligation during the succeeding fiscal year, and

1 any funds obligated in any fiscal year may be expended
2 during a period of two years from the date of obligation.
3 "PROGRAM AUTHORIZED
4 "SEC. 204. The Secretary shall make financial assist-
5 ance available under this title for the establishment and opera-
6 tion in any State of opportunities industrialization centers
7 designed to provide comprehensive employment services and
8 job opportunities for low-income persons who are unem-
9 ployed or underemployed. Such services shall include re-
10 cruitment, counseling, remediation, vocational training, job
11 development, job placement, family planning, and other
12 appropriate services. No funds shall be made available for
13 any program under this section unless the Secretary deter-
14 mines that adequate provisions are made to assure that (1)
15 residents of the area to be served by such program are in-
16 volved in the planning and operation of such center, and (2)
17 the business community in the area to be served by such
18 program is consulted in its development and operation. The
19 Secretary shall give priority to any program authorized un-
20 der this section serving residents of an inner city area with
21 substantial unemployment or underemployment.
22 "EQUITABLE DISTRIBUTION OF ASSISTANCE
23 "SEC. 205. The Secretary shall establish criteria de-
24 signed to achieve an equitable distribution of assstance
25 among the States under this title. In developing such cri-

1 teria as are appropriate for each part, he shall consider,
2 among other relevant factors, the ratios of population, un-
3 employment, and income levels.

4 "LIMITATIONS ON FEDERAL ASSISTANCE

5 "SEC. 206. Federal financial assistance to any program
6 carried out pursuant to this title shall not exceed 90 per
7 centum of the cost of such program, including costs of ad-
8 ministration. The Secretary may, however, approve assist-
9 ance in excess of that percentage if he determines, pursuant
10 to regulations establishing objective criteria for such deter-
11 minations, that this is necessary in furtherance of the objec-
12 tives of this Act. Non-Federal contributions may be in cash
13 or in kind, fairly evaluated, including but not limited to
14 plant, equipment, and services.

15 "ADMINISTRATION

16 "SEC. 207. (a) The Secretary shall prescribe regula-
17 tions to assure that programs assisted under this title have
18 adequate internal administrative controls, accounting require-
19 ments, personnel standards, evaluation procedures, availabil-
20 ity of inservice training and technical assistance programs,
21 and other policies as may be necessary to promote the effec-
22 tive use of funds received under this title.

23 "(b) The Secretary may prescribe such additional rules
24 and regulations as he deems necessary to carry out the provi-
25 sions of this title.

1 "(c) In carrying out his functions under this title, the
2 Secretary is authorized to utilize, with their assent, the serv-
3 ices and facilities of Federal agencies without reimburse-
4 ment, and with the consent of any State or political subdivi-
5 sion of a State, accept and utilize the services and facilities
6 of the agencies of such State or subdivision without reim-
7 bursement.

8 "REPORT

9 "SEC. 208. The Secretary shall transmit, as a part of
10 the annual report required of the Department of Labor, a
11 detailed report setting forth the activities conducted under
12 this title, including information on the extent to which par-
13 ticipants in such activities subsequently secure and retain em-
14 ployment."

92D CONGRESS
1ST SESSION

S. 1290

IN THE SENATE OF THE UNITED STATES

MARCH 19, 1971

Mr. JAVITS (for himself, Mr. WILLIAMS, Mr. NELSON, Mr. SCHWEIKER, Mr. CRANSTON, Mr. HUGHES, Mr. KENNEDY, Mr. MONDALE, Mr. PELL, Mr. RANDOLPH, Mr. BAYH, Mr. BOGGS, Mr. CASE, Mr. FONG, Mr. GRIFFIN, Mr. HART, Mr. MATHIAS, and Mr. SCOTT) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

A BILL

To provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That for the purpose of carrying out programs under the
4 Economic Opportunity Act of 1964, there are hereby au-
5 thorized to be appropriated such sums as may be necessary
6 for the fiscal years ending June 30, 1972, and June 30,
7 1973.

8 SEC. 2. Sections 171, 245, 321, 408, 615, and 835
9 of the Economic Opportunity Act of 1964 are each amended

1 by striking out "five succeeding fiscal years" and inserting
2 in lieu thereof "seven succeeding fiscal years". Section 523
3 of such Act is amended by striking out "four succeeding
4 fiscal years" and inserting in lieu thereof "six succeeding
5 fiscal years".

92D CONGRESS
1ST SESSION

S. 1305

IN THE SENATE OF THE UNITED STATES

MARCH 19, 1971

Mr. MONDALE (for himself, Mr. BROOKE, Mr. CASE, Mr. CRANSTON, Mr. JACKSON, Mr. KENNEDY, Mr. TAFT, Mr. ANDERSON, Mr. BAYH, Mr. HARRIS, Mr. HART, Mr. HUGHES, Mr. HUMPHREY, Mr. INOUYE, Mr. MAGNUSON, Mr. MCGEE, Mr. MCGOVERN, Mr. MOSS, Mr. MUSKIE, Mr. NELSON, Mr. PEARSON, Mr. STEVENSON, and Mr. TUNNEY) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

A BILL

To amend the Economic Opportunity Act of 1964 to authorize a legal services program by establishing a National Legal Services Corporation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "National Legal Serv-
4 ices Corporation Act".
5 SEC. 2. The Economic Opportunity Act of 1964 is
6 amended by adding at the end thereof the following new
7 title:

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1 "TITLE IX—NATIONAL LEGAL SERVICES
2 CORPORATION

3 "DECLARATION OF POLICY

4 "SEC. 901. The Congress hereby finds and declares
5 that—

6 "(1) it is in the public interest to encourage and
7 promote resort to attorneys and appropriate institu-
8 tions for the orderly resolution of grievances and as a
9 means of securing orderly change, responsiveness and
10 reform;

11 "(2) many low-income Americans are unable to
12 afford the cost of legal services or of access to appropriate
13 institutions;

14 "(3) access to legal services and appropriate in-
15 stitutions for all citizens of the United States not only is
16 a matter of private and local concern, but also is of
17 appropriate and important concern to the Federal Gov-
18 ernment;

19 "(4) the integrity of the attorney-client relation-
20 ship and of the adversary system of justice in the United
21 States require that there be no political interference with
22 the provision and performance of legal services;

23 "(5) existing legal services programs have pro-
24 vided economical, effective, and comprehensive legal
25 services to the client community so as to bring about a

1 peaceful resolution of grievances through resort to or-
2 derly means of change;
3 "(6) a private nonprofit corporation should be cre-
4 ated to encourage the availability of legal services and
5 legal institutions to all citizens of the United States, free
6 from extraneous interference and control.

7 "ESTABLISHMENT OF CORPORATION

8 "SEC. 902. (a) There is established a nonprofit cor-
9 poration, to be known as the 'National Legal Services Cor-
10 poration' (hereinafter referred to as the 'corporation') which
11 will not be an agency or establishment of the United States
12 Government. The corporation shall be subject to the provi-
13 sions of this title, and, to the extent consistent with this title,
14 to the District of Columbia Nonprofit Corporation Act. The
15 right to repeal, alter, or amend this title is expressly reserved.
16 "(b) No part of the net earnings of the corporation
17 shall inure to the benefit of any private person, and it shall
18 qualify as an organization described in section 501 (c) (3)
19 of the Internal Revenue Code of 1954 which is exempt from
20 taxation under section 501 (a) of such Code.

21 "PROCESS OF INCORPORATION AND ORGANIZATION

22 "SEC. 903. (a) There shall be a transition period of six
23 months following the date of enactment of the National
24 Legal Services Corporation Act for the process of in-
25 corporation and initial organization of the corporation.

1 "(b) There is established an incorporating trusteeship
2 composed of the following persons: the president of the
3 American Bar Association, the president elect of the Ameri-
4 can Bar Association, the president of the National Legal
5 Aid and Defenders Association, the president of the Ameri-
6 can Association of Law Schools, the president of the Ameri-
7 can Trial Lawyers Association, and the president of the
8 National Bar Association. The incorporating trusteeship
9 shall meet within 30 days after the enactment of the Na-
10 tional Legal Services Corporation Act to carry out the pro-
11 visions of this section.

12 "(c) (1) Not later than sixty days after the enactment
13 of the National Legal Services Corporation Act the incor-
14 porating trusteeship shall establish the initial Clients Ad-
15 visory Council to be composed of eleven members who are
16 selected, in accordance with procedures established by the
17 incorporating trusteeship, from among individuals recom-
18 mended by the governing boards of existing legal services
19 programs who are representative of the class of clients served
20 by any such program.

21 "(2) Not later than sixty days after the enactment of
22 the National Legal Services Corporation Act the incorporat-
23 ing trusteeship shall establish the intial Project Attorneys
24 Advisory Council to be composed of eleven members to be
25 selected, in accordance with procedures established by the

1 incorporating trusteeship, by attorneys who are actively
2 engaged in providing legal services under any existing legal
3 services program from among individuals who are attorneys
4 actively engaged in providing such services.
5 "(3) To assist in carrying out the provisions of this
6 subsection, the Director of the Office of Economic Oppor-
7 tunity shall compile a list of all legal services programs
8 publicly funded during the fiscal year ending June 30, 1971,
9 and the subsequent fiscal year and furnish such list to the
10 incorporating trusteeship. In order to carry out the pro-
11 visions of this subsection the Director of the Office of Eco-
12 nomic Opportunity shall make available to the incorporating
13 trusteeship such administrative services as it may require.
14 "(d) Not later than ninety days after the enactment of
15 the National Legal Services Corporation Act the Clients
16 Advisory Council and the Project Attorneys Advisory
17 Council shall each meet and each appoint three representa-
18 tives to serve on the initial board of directors of the Na-
19 tional Legal Services Corporation.
20 "(e) During the ninety-day period of incorporation of
21 the corporation the incorporating trusteeship shall take
22 whatever actions are necessary to incorporate the corpora-
23 tion, including the filing of articles of incorporation under the
24 District of Columbia Nonprofit Corporation Act, and to pre-

1 pare for the first meeting of the board of directors, except
2 the selection of the executive director of the corporation.
3 "(f) During the ninety-day period immediately follow-
4 ing the period specified in subsection (e) of this section the
5 board shall take whatever action is necessary to prepare to
6 begin to carry out the activities of the corporation six months
7 after the enactment of the National Legal Services Corpo-
8 ration Act.

9 "DIRECTORS AND OFFICERS

10 "SEC. 904. (a) The corporation shall have a board
11 of directors consisting of nineteen individuals, one of whom
12 shall be elected annually by the board to serve as chairman.
13 Members of the board shall be appointed as follows:
14 "(1) PUBLIC MEMBERS.—Five members of the board
15 shall be appointed by the President, by and with the advice
16 and consent of the Senate, and one member shall be ap-
17 pointed by the Chief Justice of the United States after con-
18 sultation with the Judicial Conference of the United States.
19 After giving due consideration to individuals recommended
20 by associations of attorneys whose membership is actively
21 engaged in conducting legal services programs the President
22 shall make the appointments under this paragraph to the
23 initial board of directors. After giving due consideration to
24 recommendations of individuals recommended by the board

1 the President shall make the appointments under this para-
2 graph for any board subsequent to the initial board.
3 "(2) LEGAL ORGANIZATION MEMBERS.—Six individu-
4 als shall be members of the board by virtue of holding the
5 following offices:
6 "(A) The president of the American Bar Asso-
7 ciation.
8 "(B) The president-elect of the American Bar
9 Association.
10 "(C) The president of the National Legal Aid and
11 Defender Association.
12 "(D) The president of the American Association
13 of Law Schools.
14 "(E) The president of the American Trial Lawyers
15 Association.
16 "(F) The president of the National Bar Asso-
17 ciation.
18 "(3) ATTORNEY-CLIENT MEMBERS.—Six members of
19 whom three shall be selected by the Clients Advisory Coun-
20 cil and three shall be selected by the Project Attorneys Ad-
21 visory Council. Any board after the initial board shall, in
22 consultation with the respective advisory councils, provide
23 for the rules with respect to the subsequent meetings of the
24 Clients Advisory Council and the Attorneys Advisory Coun-

1 cil and the process of selection of members of the board in
2 accordance with this paragraph.
3 "(4) The executive director of the corporation.
4 "(b) (1) Members appointed under paragraph (1) of
5 the preceding subsection shall be appointed for terms of three
6 years except that—
7 "(A) the terms of the directors first taking office
8 shall be effective on the ninety-first day after the enact-
9 ment of the National Legal Services Corporation Act
10 and shall expire, as designated by the President at the
11 time of appointment, three at the end of three years, two
12 at the end of two years, and in the case of the director
13 appointed by the Chief Justice, two years; and
14 "(B) any director so appointed to fill a vacancy oc-
15 curring before the expiration of the term for which his
16 predecessor was appointed shall be appointed for the
17 remainder of such term.
18 "(2) The members selected under paragraph (2) of
19 the preceding subsection shall serve for the term of office
20 for which they are elected and by virtue of which they
21 become members of the board except in no case shall a term
22 exceed three years. If any one of the organizational mem-
23 bers' term will exceed three years by virtue of holding a
24 position more than three years, the board shall provide for

1 the appointment of a successor by the appropriate orga-
2 nization.
3 "(3) The members selected pursuant to paragraph (3)
4 of the preceding subsection shall serve for a term of three
5 years except that—
6 "(A) the terms of the directors first taking office
7 shall be effective on the ninety-first day after the en-
8 actment of the National Legal Services Corporation Act
9 and shall expire as designated by the selecting advisory
10 council, one at the end of one year, one at the end of two
11 years, and one at the end of three years after such date;
12 and
13 "(B) any director so appointed to fill a vacancy
14 occurring before the expiration of the term for which
15 his predecessor was appointed shall be appointed for the
16 remainder of such term.
17 "(c) The corporation shall have an executive director,
18 who shall be an attorney, and such other officers as may be
19 named and appointed by the board of directors, at rates of
20 compensation fixed by the board, and serve at the pleasure
21 of the board. No individual shall serve as executive direc-
22 tor of the corporation for a period in excess of six years.
23 "(d) No political test or qualification shall be used in
24 selecting, appointing, or promoting any officer, attorney, or

1 employee of the corporation. No officers or employees of the
2 corporation shall receive any salary from any source other
3 than the corporation during the period of employment by the
4 corporation.

5 "ADVISORY COUNCIL: EXECUTIVE COMMITTEE

6 "SEC. 905. (a) The board shall provide for the selec-
7 tion of a Clients Advisory Council subsequent to the first such
8 council to be composed of not more than eleven members,
9 selected in accordance with procedures established by the
10 board, from among individuals who are representative of the
11 class of clients served by the legal services programs con-
12 ducted or assisted by the corporation. The Clients Advisory
13 Council shall be available to advise the President on general
14 policy matters relating to the needs of the members of the
15 client community and to select members of the board in ac-
16 cordance with section 904.

17 "(b) The board shall provide for a Project Attorneys
18 Advisory Council subsequent to the first such project. Project
19 Attorneys Advisory Council shall be composed of not more
20 than eleven members to be selected in accordance with pro-
21 cedures established by the board, from among individuals
22 who are attorneys actively engaged in providing legal serv-
23 ices conducted by the corporation. The Project Attorneys
24 Advisory Council shall be available to advise the President
25 on general policy relating to the furnishing of legal services

1 to members of the client community and to select members of
2 the board in accordance with section 904.
3 "(c) The board may establish an executive committee
4 of not less than five members nor more than seven members
5 which shall consist of the chairman of the board, the execu-
6 tive director of the corporation, one director appointed pur-
7 suant to paragraph (1) of section 904 (a), one director ap-
8 pointed pursuant to paragraph (2) of section 904 (a), and
9 one director appointed pursuant to paragraph (3) of section
10 904 (a).
11 "ACTIVITIES AND POWERS OF THE CORPORATION
12 "SEC. 906. (a) Effective six months after the enact-
13 ment of the National Legal Services Corporation Act, in
14 order to carry out the purposes of this title, the corporation is
15 authorized to—
16 "(1) provide financial assistance to qualified pro-
17 grams furnishing legal service to members of the client
18 community;
19 "(2) provide financial assistance to pay the costs of
20 contracts or other agreements made pursuant to section 3
21 of the National Legal Services Corporation Act;
22 "(3) carry out research, training, technical assist-
23 ance, experimental and clinical assistance programs
24 designed to improve the provisions of legal services to
25 members of the client community;

1 "(4) increase opportunities for legal education
2 among individuals who are members of a minority group
3 or individuals who are economically disadvantaged;
4 "(5) collect and disseminate information designed
5 to coordinate and evaluate the effectiveness of the activi-
6 ties and programs for legal service in various parts of the
7 country;
8 "(6) assist and coordinate all programs for the pro-
9 vision of legal service and legal assistance to the client
10 community conducted or assisted by the Federal Gov-
11 ernment including—
12 "(A) reviewing all grants and contracts for the
13 provision of legal services to the client community
14 made under other provisions of Federal law by any
15 agency of the Federal Government together with
16 making recommendations to the appropriate Federal
17 agency;
18 "(B) reviewing and making recommendations
19 to the President and Congress concerning any pro-
20 posal, whether by legislation or executive action, to
21 establish a federally assisted program for the provi-
22 sion of legal services to the client community; and
23 "(C) upon request of the President, providing
24 training, technical assistance, monitoring and evalua-

1 tion services to any federally assisted legal services
2 program;
3 "(7) establish such procedures and take such other
4 measures as may be necessary to assure that attorneys
5 employed by the corporation and attorneys paid in whole
6 or in part from funds provided by the corporation carry
7 out the same duties to their clients and enjoy the same
8 protection from interference as if such an attorney was
9 hired directly by the client;
10 "(8) establish standards of eligibility for the pro-
11 vision of legal services to be rendered by any grantee
12 or contractee of the corporation with special provision
13 for priority for members of the client community whose
14 means are least adequate to obtain private legal services;
15 "(9) establish policies consistent with the best
16 standards of the legal profession to assure the integrity,
17 effectiveness and professional quality of the attorneys
18 providing legal services under this title; and
19 "(10) carry on such other activities as would fur-
20 ther the purposes of this title.
21 "(b) In the performance of the functions set forth
22 in subsection (a) the corporation is authorized to—
23 "(1) make grants, enter into contracts, leases, co-
24 operative agreements or other transactions, in accord-

1 ance with bylaws established by the board of directors
2 appropriate to conduct the activities of the corporation;
3 "(2) accept unconditional gifts or donations of serv-
4 ices, money or property, real, personal, or mixed, tan-
5 gible or intangible, and use, sell, or otherwise dispose
6 of such property for the purpose of carrying out its
7 activities;
8 "(3) appoint such attorneys and other professional
9 and clerical personnel as may be required and fix their
10 compensation;
11 "(4) promulgate regulations containing criteria
12 specifying the manner of approval of applications for
13 grants based upon the following considerations—
14 "(A) the most economical, effective, and com-
15 prehensive delivery of legal services to the client
16 community;
17 "(B) peaceful resolution of grievances and
18 resort to orderly means of seeking change; and
19 "(C) maximum utilization of the expertise and
20 facilities of organizations presently specializing in
21 the delivery of legal services to the client com-
22 munity;
23 "(5) establish and maintain a law library;
24 "(6) establish procedures for the conduct of legal

1 services programs assisted by the corporation con-
2 taining a requirement that the applicant will give assur-
3 ances that the program will be supervised by a policy-
4 making board on which the members of the legal profes-
5 sion constitute a majority and members of the client
6 community constitute at least one-third of the members
7 of such board.

8 "(c) In any case in which services are performed for
9 the Federal Government by the corporation the corporation
10 shall be reimbursed for the cost of such services pursuant
11 to an agreement between the executive director of the cor-
12 poration and the head of the agency of the Federal Gov-
13 ernment concerned.

14 "NONPROFIT AND NONPOLITICAL NATURE OF THE
15 CORPORATION

16 "SEC. 907. (a) The corporation shall have no power to
17 issue any shares of stock, or to declare or pay any dividends.

18 "(b) No part of the income or assets of the corporation
19 shall inure to the benefit of any director, officer, employee,
20 or any other individual except as reasonable compensation
21 for services.

22 "(c) The corporation may not contribute to or other-
23 wise support any political party or candidate for elective
24 public office.

1 "ACCESS TO RECORDS AND DOCUMENTS RELATED TO THE
2 CORPORATION

3 "SEC. 908. (a) Copies of all records and documents
4 pertinent to each grant and contract made by the corpor-
5 ation shall be maintained in a place readily accessible and
6 open to public inspection during ordinary working hours for
7 a period of at least five years subsequent to the making of
8 such grant or contract.

9 "(b) Copies of all reports pertinent to the evaluation,
10 inspection or monitoring of grantees and contractees shall
11 be maintained for a period of at least three years, subse-
12 quent to such evaluation, inspection or monitoring visit.
13 Upon request, substance of such reports shall be furnished to
14 the grantee or contractee who is the subject of the evalua-
15 tion, inspection or monitoring visit.

16 "(c) The corporation shall be subject to the provisions
17 of the Freedom of Information Act.

18 "FINANCING OF THE CORPORATION

19 "SEC. 909. In addition to any funds reserved and made
20 available for payment to the corporation from appropria-
21 tions for carrying out the Economic Opportunity Act of
22 1964 for any fiscal year, there are further authorized to be
23 appropriated for payment to the corporation such sums
24 as may be necessary for any fiscal year. Funds made avail-

1 able to the corporation from appropriations for any fiscal
2 year shall remain available until expended.

3 "RECORDS AND AUDIT OF THE CORPORATION AND THE
4 RECIPIENTS OF ASSISTANCE

5 "SEC. 910. (a) The accounts of the corporation shall
6 be audited annually in accordance with generally accepted
7 auditing standards by any independent licensed public ac-
8 countant certified or licensed by a regulatory authority of
9 a State or other political subdivision of the United States.
10 Each such audit shall be conducted at the place or places
11 where the accounts of the corporation are normally kept.
12 All books, accounts, financial records, reports, files, and all
13 other papers, things, or property belonging to or in use by
14 the corporation and necessary to facilitate the audit shall
15 be made available to the person conducting the audit, and
16 full facilities for verifying transactions with the balance, or
17 securities held by depositories, fiscal agents, and custodians
18 shall be afforded to any such person. The report of each
19 such independent audit shall be included in the annual re-
20 port required under this title. The audit report shall set forth
21 the scope of the audit and include such statements as are
22 necessary to present fairly the corporation's assets and liabil-
23 ities, surplus or deficit of the corporation, with an analysis
24 of the changes therein during the year, supplemented in rea-

1 sonable detail by a statement of the income and expenses
2 of the corporation during the year, and a statement of the
3 sources and application of funds, together with the opinion
4 of the independent auditor of those statements.

5 "(b) (1) The financial transactions of the corporation
6 for any fiscal year during which Federal funds are available
7 to finance any portion of its operations may be audited an-
8 nually by the General Accounting Office in accordance with
9 the principles and procedures applicable to commercial cor-
10 porate transactions and under such rules and regulations as
11 may be prescribed by the Comptroller General of the United
12 States. Any such audit shall be conducted at the place or
13 places where accounts of the corporation are normally kept.
14 The representative of the General Accounting Office shall
15 have access to all books, accounts, records, reports, files and
16 all other papers, things or property belonging to or in use by
17 the corporation pertaining to its financial transactions and
18 necessary to facilitate the audit, and they shall be afforded
19 full facilities for verifying transactions with the balances or
20 securities held by depositories, fiscal agents, and custodians.
21 All such books, accounts, records, reports, files, papers, and
22 property of the corporation shall remain in the possession and
23 custody of the corporation.

24 "(2) A report of each such audit shall be made by the
25 Comptroller General to the Congress. The report to the Con-

1 gress shall contain such comments and information as the
2 Comptroller General may deem necessary to inform Congress
3 of the financial operations and condition of the corporation,
4 together with such recommendations with respect thereto, as
5 he may deem advisable. The report shall also show specifi-
6 cally any program, expenditure, or other financial transaction
7 or undertaking observed in the course of the audit, which in
8 the opinion of the Comptroller General, has been carried on
9 or made without authority of law. A copy of each report
10 shall be furnished to the executive director and to each
11 member of the board at the time submitted to the Congress.
12 "(c) (1) Each grantee or contractee, other than a
13 recipient of a fixed price contract awarded pursant to com-
14 petitive bidding procedures, under this section shall keep
15 such records as may be reasonably necessary to fully dis-
16 close the amount and the disposition by such recipient of
17 the proceeds of such assistance, the total cost of the project
18 or undertaking in connection with which such assistance
19 is given or used, and the amount and nature of that portion
20 of the cost of the project or undertaking supplied by other
21 sources, and such other records as will facilitate an effective
22 audit.
23 "(2) The corporation or any of its duly authorized rep-
24 resentatives shall have access for the purpose of audit and ex-
25 amination of any books, documents, papers, and records of

1 the recipient that are pertinent to assistance received under
2 this section. The Comptroller General of the United States, or
3 any of his duly authorized representatives shall also have
4 access thereto for such purpose during any fiscal year for
5 which Federal funds are available to the corporation.

6 "REPORTS TO CONGRESS

7 "SEC. 911. The corporation shall prepare an annual
8 report for transmittal to the President and the Congress on
9 or before the 30th day of January of each year, sum-
10 marizing the activities of the corporation and making such
11 recommendations as it may deem appropriate. This report
12 shall including findings and recommendations concerning the
13 preservation of the attorney-client relationships and adher-
14 ence to the Code of Professional Responsibility of the Ameri-
15 can Bar Association in the conduct of programs supported
16 by the corporation. The report shall include a comprehensive
17 and detailed report of the operations, activities, financial
18 condition, and accomplishments of the corporation together
19 with dissenting views and recommendations, if any, of mem-
20 bers of the board.

21 "DEFINITIONS

22 "SEC. 912. As used in this title the term—

23 "(1) 'client community' means individuals unable
24 to obtain private legal counsel because of inadequate
25 financial means;

1 "(2) 'member of the client community' includes
2 any person unable to obtain private legal counsel because
3 of inadequate means;
4 "(3) 'representative of the client community' in-
5 cludes any person who is selected by members of the
6 client community whether or not a member of that
7 community;
8 "(4) 'legal services' includes legal advice, legal
9 representation, legal research, education concerning legal
10 rights and responsibilities, and similar activities;
11 "(5) 'legal profession' refers to that body composed
12 of all persons admitted to practice before the highest
13 court of at least one State of the United States;
14 "(6) 'State' includes the District of Columbia, the
15 Commonwealth of Puerto Rico, the Virgin Islands,
16 Guam, American Samoa, and the Trust Territory of the
17 Pacific Islands;
18 "(7) 'nonprofit', as applied to any foundation, cor-
19 poration, or association means a foundation, corporation,
20 or association, no part of the net earnings of which
21 inures, or may lawfully inure to the benefit of any private
22 shareholder or individual;
23 "(8) 'corporation' means the National Legal Serv-
24 ices Corporation to be established pursuant to this title.

1 "FEDERAL CONTROL

2 "SEC. 913. Nothing contained in this title shall be
3 deemed to authorize any department, agency, officer, or
4 employee of the United States to exercise any direction,
5 supervision, or control over the corporation or any of its
6 grantees or contractors or employees, or over the charter or
7 bylaws of the corporation, or over the attorneys providing
8 legal services pursuant to this title, or over the members of
9 the client community receiving legal services pursuant to
10 this title."

11 SEC. 3. (a) During the fiscal year 1972 the Director
12 of the Office of Economic Opportunity shall take such action
13 as may be necessary, in cooperation with the executive di-
14 rector of the National Legal Services Corporation, to arrange
15 for the orderly continuance by such corporation of financial
16 assistance to legal services programs assisted pursuant to
17 sections 222 (a) (3), 230, 232, or any other provision, of
18 the Economic Opportunity Act of 1964. Whenever the
19 Director of the Office of Economic Opportunity determines
20 that an obligation to provide financial assistance pursuant
21 to any contract or grant agreement for such legal services
22 will extend beyond six months after the date of enactment
23 of this Act, he shall include in any such contract or agree-
24 ment provisions to assure that the obligation to provide
25 such financial assistance may be assumed by the National

1 Legal Services Corporation, subject to such modifications of
2 the terms and conditions of that contract or grant agreement
3 as the corporation determines to be necessary.
4 (b) Effective six months after the date of enactment of
5 this Act, section 222 (a) (3) of the Economic Opportunity
6 Act of 1964 is repealed.
7 SEC. 4. (a) Of the amounts appropriated to the Office
8 of Economic Opportunity for carrying out the Economic
9 Opportunity Act of 1964, there shall be reserved and made
10 available to the Legal Services Corporation established pur-
11 suant to title IX of such Act, not less than the sums of $140,-
12 000,000 for the fiscal year ending June 30, 1972, and
13 $170,000,000 for the fiscal year ending June 30, 1973.
14 (b) Notwithstanding any other provision of law, after
15 the enactment of this Act but prior to the enactment of ap-
16 propriations to carry out the Economic Opportunity Act of
17 1964 for the fiscal year ending June 30, 1972, the Director
18 of the Office of Economic Opportunity shall, out of appropria-
19 tions then available to him, make funds available to assist
20 in meeting the organizational expenses of the corporation
21 and in carrying out its activities.
22 SEC. 5. Title VI of the Economic Opportunity Act of
23 1964 is amended by inserting after section 622 thereof the
24 following new section:

1 "RESPONSIBILITY FOR NATIONAL LEGAL SERVICES
2 CORPORATION
3 "SEC. 623. Nothing in this Act, except title IX, and
4 no reference to this Act unless such reference refers to title
5 IX, shall be construed to affect the powers and activities of
6 the National Legal Services Corporation."

92D CONGRESS
1ST SESSION

S. 2007

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1971

Mr. NELSON introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

A BILL

To provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Economic Opportunity
4 Amendments of 1971".

5 EXTENSION OF ECONOMIC OPPORTUNITY ACT

6 SEC. 2. Sections 171, 245, 321, 408, 615, and 835 of
7 the Economic Opportunity Act of 1964, as amended, are
8 each amended by striking out "five succeeding fiscal years"
9 and inserting in lieu thereof "seven succeeding fiscal
10 years".

1 AUTHORIZATION OF APPROPRIATIONS

2 SEC. 3. (a) For the purpose of carrying out parts A,
3 B, and E of title I (relating to work and training) of the
4 Economic Opportunity Act of 1964, there are authorized
5 to be appropriated $900,000,000 for the fiscal year ending
6 June 30, 1972, and such amounts as the Congress may de-
7 termine to be necessary for the fiscal year ending June 30,
8 1973.

9 (b) For the purpose of carrying out the Project Head-
10 start program described in section 222 (a) (1) of the Eco-
11 nomic Opportunity Act of 1964 and the Follow Through
12 program described in section 222 (a) (2) of such Act, there
13 are authorized to be appropriated $500,000,000 for the fiscal
14 year ending June 30, 1972, and such amounts as the Con-
15 gress may determine to be necessary for the fiscal year end-
16 ing June 30, 1973.

17 (c) (1) For the purpose of carrying out titles I (part
18 D), II, III, VI, and VIII of such Act, there are authorized
19 to be appropriated $950,000,000 for the fiscal year ending
20 June 30, 1972, and such amounts as the Congress may
21 determine to be necessary for the fiscal year ending June 30,
22 1973.

23 (2) Notwithstanding any other provision of law, unless
24 expressly in limitation of the provisions of this section, of the
25 amounts appropriated pursuant to paragraph (1) of this

1 subsection for each fiscal year, the Director of the Office of
2 Economic Opportunity shall for each such fiscal year reserve
3 and make available not less than $328,900,000 for local
4 initiative programs under section 221 of the Economic Oppor-
5 tunity Act of 1964 and the remainder of such amounts shall
6 be allocated, subject to the provisions of section 616 of such
7 Act, in such a manner that there shall be made available for
8 each fiscal year—

9 (A) $448,100,000 for the purpose of carrying out
10 title II of which $114,000,000 shall be for the Compre-
11 hensive Health Services program described in section
12 222 (a) (4), $62,500,000 shall be for the Emergency
13 Food and Medical Services program described in section
14 222 (a) (5), $25,000,000 shall be for the Family Plan-
15 ning program described in section 222 (a) (6), $8,800,-
16 000 shall be for the Senior Opportunities and Services
17 program described in section 222 (a) (7), $18,000,000
18 shall be for the Alcoholic Counseling and Recovery pro-
19 gram described in section 222 (a) (8), and $18,000,000
20 shall be for the Drug Rehabilitation program described
21 in section 222 (a) (9);

22 (B) $38,000,000 for the purpose of carrying out
23 part B of title III (relating to assistance for migrant
24 and seasonal farmworkers);

25 (C) $18,000,000 for the purpose of carrying out

1 title VI (relating to administration and coordination);
2 and
3 (D) $45,000,000 for the purpose of carrying out
4 part A of title VIII (relating to VISTA).
5 If the amounts appropriated pursuant to this subsection for
6 any fiscal year are not sufficient to assure that the full
7 amounts specified for each of the purposes set forth in
8 clauses (A) through (D) of this paragraph will be provided
9 for each such fiscal year, then the amounts specified in each
10 such clause shall be prorated to determine the allocations
11 required for each such purpose.

12 AMENDMENTS TO TITLE I

13 SEC. 4. (a) Section 123(c) of the Economic Oppor-
14 tunity Act of 1964 is amended by striking out "pursuant to
15 agreements between the Director and the Secretary of Labor
16 providing for the operation of such programs under direct
17 grants or contracts".
18 (b) Title I of the Economic Opportunity Act is amended
19 by striking out the term "Director" wherever it appears in
20 parts A, B, and E of such title and inserting in lieu thereof
21 the term "Secretary of Labor".
22 (c) Section 171 of such Act is amended by inserting
23 "part D of" immediately preceding "this title" and by in-
24 serting the following new sentence after the first sentence:
25 "The Secretary of Labor shall carry out the programs under

1 parts A, B, and E of this title during the fiscal year ending
2 June 30, 1972, and the succeeding fiscal year, in accordance
3 with agreements entered into between the Secretary of
4 Labor and the Director of the Office of Economic Oppor-
5 tunity, which have been approved by the President and
6 which contain provisions designed to assure that in the im-
7 plementation of work and training programs there will be
8 the maximum possible liaison between the Department of
9 Labor and the Office of Economic Opportunity at all operat-
10 ing levels."

11 COMMUNITY ACTION BOARDS

12 SEC. 5. Section 211 (b) of the Economic Opportunity
13 Act of 1964 is amended by deleting the last sentence
14 thereof.

15 FUNCTIONS OF DIRECTOR

16 SEC. 6. Notwithstanding any other provision of law,
17 unless enacted hereafter expressly in limitation of the pro-
18 visions of this section, the functions and powers of the Di-
19 rector of the Office of Economic Opportunity shall not be
20 transferred or delegated to the head of any other agency
21 during the fiscal year ending June 30, 1972, and the suc-
22 ceeding fiscal year.

Senator JAVITS. The purpose is to have a poverty program going, even though the administration is engaged in a massive reorganization effort which will include poverty activities.

I wish to assure my colleagues, the witnesses and the public generally, that it will be my earnest attempt to see, one, that the poverty program is continued; two, that it is made more rather than less effective, including funding and, three, that the all-important consideration of the participation of the poor as well as the break in the poverty syndrome in terms of job training and job keeping, and other factors, as well as health and nutrition, are very clearly protected and not jeopardized by any reorganization that the Congress approves.

I thank the chairman.

Senator NELSON. Thank you, Senator Javits.

Our first witness this morning is Prof. Robert J. Lampman, of the University of Wisconsin.

STATEMENT OF ROBERT J. LAMPMAN, PROFESSOR OF ECONOMICS AND STAFF MEMBER OF THE INSTITUTE FOR RESEARCH ON POVERTY, UNIVERSITY OF WISCONSIN

Senator NELSON. Professor Lampman, your statement will be presented in full in the record. You may present it in any way you desire.

Mr. LAMPMAN. Thank you, Senator.

This hearing is on legislation to extend the Economic Opportunity Act for 2 years. It is being held 7 years after President Johnson called for a "War on Poverty" and a little less than 7 years after the Congress responded affirmatively to that call.

Americans have long been concerned about poverty, and generally optimistic about prospects for reducing it; but 1964 was the first time that concern was translated into a national goal and a commitment, not only to further reduce poverty but to eliminate it.

In that year, the President recognized a public as well as a private interest, and a national as well as a State and local governmental interest in poverty.

By asserting that interest, he introduced a new appraisal of the performance of the national economy. As well as measuring the level of production, employment, and prices, we now count the number and percentage of people above and below poverty lines. Further, he implied a new order of priorities for allocating public expenditures.

We now ask not only what would a new proposal do for production or the balance of payments, or for farmers or construction workers, or for the aged or the unemployed, but also what does it do for the poor?

In his 1964 economic report, the President said:

> There are two major prongs to our specific attack on poverty in America. First, to enable every individual to build his earning power to full capacity.
>
> Second, to assure all citizens of decent living standards regardless of economic reverses or the vicissitudes of human life and health.

The Economic Opportunity Act may be said to have given greater emphasis to the first of these two. Responsibility for specific Federal programs in pursuit of the goal was divided among existing agencies

and the newly created Office of Economic Opportunity, which had two kinds of functions. One was to operate such specific programs as Job Corps and VISTA and community action programs. The other function was to coordinate the poverty-related activities of all Federal agencies.

At the outset of the war on poverty it was realized that it was necessary to have a way to measure the distance to go in eliminating poverty and the rate at which that goal was being approached.

That need has been met by a set of total money income lines—one for each family size, with some variation for family composition and farm versus nonfarm residence—which are unchanged from year to year except for changes in consumer prices.

The scope of the poverty problem is measured by counting the number of persons below these lines, and by adding up the poverty income gaps—that is, the discrepancy between actual income and poverty line income—of all those persons.

This way of measuring the problem is, of course, not fully satisfactory. It implies that poverty is essentially an income problem, and some critics have insisted that a broader view is needed.

The poverty concept, they say, should encompass lack of such public services as education, lack of such privately supplied merit goods as health care and housing, lack of self-esteem and lack of political participation and power.

However, the income measure has been more generally used than any other and, in my view, is a fair indicator of change with reference to the several nonincome concepts of poverty.

By use of the poverty lines, we are able to assess recent changes in the dimensions of the poverty problem and some of the processes by which poverty reduction comes about.

Thus, we find that between 1959 and 1969 the number of persons below these poverty lines fell from 39 million to 24 million. That is a fall from 22.4 percent to 12.2 percent of the increasing total population. This means that there was an average fall of 1.5 million persons per year or a fall of 1.2 percentage points per year.

In that same 10-year period the poverty income gap was cut from $13.6 billion to $10.1 billion; that means an average cut of $350 million per year. More meaningfully, the poverty income gap fell from 2.8 percent to 1.1 percent of the gross national product.

The likelihood of continuing the 1959–1969 rates of poverty reduction depends on many things, of course; but most notably on the growth of per capita production, and the changes in the sharing of both earned and transfer incomes. It also depends on the changing composition of the population and of that part of the population now counted as poor.

Some have argued that poverty reduction will be more difficult in the future because each year a larger part of those remaining in poverty have handicaps which prevent them from getting out of poverty by themselves. We can learn something about this by a brief look at the composition of the present poor population.

Of the 24 million persons in poverty, one-fifth are aged. Women living alone and persons in families headed by women are about as over-represented as are the aged and comprise 40 percent of the poor.

Those in families headed by nonaged disabled men make up a much smaller group—perhaps 5 percent of the total. Well over half the poor are in those three groups which we expect to have low rates of labor force participation.

However, only a third of all poor persons were in famillies—in most cases headed by women or aged persons—whose heads did not work at all during the year. About a third were in families where the head worked part of the year, and another third where the head worked all year. Sixty-four percent of all poor families have at least one earner; 22 percent have two or more earners.

Fifty-four percent of poor family heads have no more than eight grades of education. Less than one-third of the general population have such limited education.

Only 13 percent of the poor live on farms, but 40 percent are nonfarmers who live outside metropolitan areas; 18 percent live in suburbs and 30 percent live in the central cities. The incidence or frequency of poverty is about the same for the central cities as it is for the Nation. The poor in the central cities are not notably different from those outside the cities except that more of them are nonwhite.

The region of the country which is most overrepresented among the poor is the South, which includes almost half of the Nation's poor. The State with the largest number of poor in 1960 was Texas and the State with the highest frequency of poverty was Mississippi.

Almost a third of the poor are nonwhite, almost all of whom are Negroes. Forty-two percent of the 9.8 million poor children are nonwhite.

Less than half of those counted as poor received any cash public assistance in 1969. Estimates differ on this point. Moreover, the number on public assistance has increased rapidly in recent years.

This is a changing proportion. Most of those, however, who are not on assistance now, are not eligible and will not be unless the present system of eligibility by category—which quite effectively excludes families headed by able-bodied men—is radically altered.

Public assistance, and social insurance and veterans' benefits as well, are heavily weighted in favor of the aged and broken families and do relatively little for those who are members of nonaged, intact families. But these cash transfers are almost half of the total income of the poor.

Moreover, the poor population would be at least 20 million larger and the poverty income gap would be $10 billion greater in the absence of such transfers.

I would like to underscore, then, that our transfers, our public assistance, social insurance and so on, are a very powerful arm in the war on poverty.

Many of the poor are handicapped in some sense. However, the majority of the persons in each of the handicapped groups, that is, aged, women, nonwhite, poorly educated, are not poor. Neither are most of the unemployed nor most of those in depressed areas poor.

One is seriously misled if he thinks of the poor as including the dominant part of any broad demographic group or of any geographic group of any size.

The prospects for poverty reduction in this decade are influenced by the facts reviewed above. But it is important to see the process by which proverty reduction goes forth. This process involves changes in productivity per man-year at work, in employment, and in the composition of the population.

It also involves the shifts people make from lower to higher income occupations and regions, and changes in the amount and pattern of cash transfer payments.

During the last decade the size of the poverty group was reduced by an improvement of productivity of 3 percent per year, and by improvement of employment with unemployment dropping from over 6 to less than 4 percent. However, changes in the composition of the population worked against poverty reduction.

Poverty was reduced in spite of relatively rapid increases in those family sizes where poverty is most common, an unfavorable change in the age of family heads, a relative decrease in the number of families headed by a person in the labor force, and a disproportionate increase in the nonwhite population, which has a much higher incidence of poverty than does the white population.

Looking forward, we see that population changes are likely to be more favorable for poverty reduction. Table 1 offers a quick summary of some of these changes. Of those mentioned above, only nonwhites will increase as a percentage of the total population. And the record shows that nonwhites are not immune to economic growth and employment opportunities.

In other words, the prospects on the population front are quite different than they were in the earlier postwar decades. I think we are in a rather different era with the change in the age composition of the population and with the change in family composition.

(The information referred to follows:)

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TABLE 1

Importance of Selected Characteristics in Determination of Poverty-Population in 1970's

Characteristic	Percent of Poverty Population Having This Characteristic 1969	Will Persons with This Characteristic Increase or Decrease as Percent of Total Population?	Degree to Which Persons with Characteristic are Immune to Economic Growth
Low educational attainment of family head	56	Decrease	High
Old age	21	Decrease	High
Female head of family	43	No Change	High
Disability of non-aged	5	No Change	High
Large family size (four or more children)	32	No Change	Low
Non-white	31	Increase	Low

Mr. LAMPMAN. During the 1960's, people made many moves which kept them out of or took them out of poverty. Self-interest, when opportunity is presented, works as a powerful engine to propel people out of poverty.

I estimate that the actual total of poor families is now 2 million lower than it would be if there had been no occupational, industrial or interregional moves. Again, the current decade should be favorable to poverty reduction as far as mobility of the population goes.

The last decade was an extraordinary one for growth in cash transfers, the total of such payments doubled, from $25.9 billion in 1960 to over $50 billion in 1970. The survey of economic opportunity, initiated by the Office of Economic Opportunity, enables us to know a good deal about the role of cash transfers for the year 1966.

In that year there were 16.1 million pretransfer poor households; 12.3 million of them received a transfer, and 6.1 million households were taken out of—or kept out of—poverty by transfer. The pretransfer poverty income gap of $24.3 billion was reduced to a posttransfer gap of only about $10 billion. Whether parallel changes in transfers will occur again in this decade is in the hands of the Congress and State legislatures.

It should be pointed out that although cash transfers doubled in the last decade, the posttransfer poverty income gap was reduced by only $3.5 billion. Perhaps some way can be found to get more of any increase in the future in transfers to those who need them most.

That statement is intended as a critical comment on developments in the transfer field. We have spent a lot of additional money, but a relatively small part of that has gone to the people who are counted as poor.

I find it useful to think of Government cash transfers as part of a public-private system of cash and inkind redistribution system. This system has seven parts, as indicated in table 2, and paid out total benefits in 1967 valued at over one-sixth of the gross national product.

(The information referred to follows:)

TABLE 2

Components of American System of Redistribution, 1967

Item	Family Receipts (in billions of dollars)
Increase in factor income due to subsidy	1
Employer-financed privately insured benefits	7
Tax-financed public cash and in-kind transfers	100
Employee-financed privately insured benefits	10
Reduction in market price due to subsidy	1
Transfers via philantropic institutions	3
Inter-family transfers	10
Total	132

Note: For discussion of this table, see the author's "Transfer Approaches to Distribution Policy," The American Economic Review, May 1970.

Mr. LAMPMAN. About $50 billion of these benefits go to the pretransfer poor, who pay about $10 billion for them. Their net gain of about $40 billion, which raises their share of income—in cash and in kind—from 3 percent of the preredistribution income to 9 percent of the postredistribution income, is one statement of the scope of the Nation's continuing war on poverty.

I would like to add there, Mr. Chairman, that one of the important roles that the Office of Economic Opportunity has played is to focus the Nation's attention on a wide array of efforts that are being made and that can be made against poverty.

The Office of Economic Opportunity has, I am sure, advised the President and Congress on the interrelationships among these many programs, and they help to give us some broad understanding of the overall scope of our efforts against poverty.

I think it has often been said, quite in error, that the war on poverty involves only the $2 billion or less that is spent through the Office of Economic Opportunity.

This is, it seems to me, quite misleading and overlooks the importance of our cash transfers and of our educational expenditures, and of our health expenditures and so on, through other parts of the Federal and State Governments.

Some of these transfers of income and inkind and service character have only a delayed impact on the process of poverty reduction. Hence, schooling outlays in this year will be reflected in higher incomes 10 or more years from now.

On the other hand, the rise in incomes in the early 1970's, reflects the increasing outlays for schooling which were made in the 1950's.

There are many different ways to go about accelerating the poverty reduction process. Some of them are suggested by a glance at table 2. Some of them have been mentioned earlier. But, clearly, if we are to eliminate poverty before the end of this decade some new steps are needed with regard to both (1) more and better jobs for the poor and, (2) more and better designed cash transfers for the poor.

Let me assume that fiscal and monetary policy will soon be successful in bringing unemployment down to more acceptable levels than we now have. What other policies could be evoked to improve employment opportunities for the poor? One such measure is to pay employers a subsidy or grant them a tax credit aimed at covering the costs of recruiting and training disadvantaged workers. The idea is to induce employers to hire from the back of the line, so to speak.

This may merely spread a given level of unemployment among workers in a different way, or it may lead to a reduction in the overall level of unemployment.

Subsidy measures of this type are difficult to administer and uncertain as to outcome, as this subcommittee discovered in its investigation of the jobs in the business sector program. A variation of this idea is to offer all employers a subsidy to induce them to hire low-productivity workers on a permanent basis. The subsidy would be greater the lower the wage rate. It would thus be a kind of negative payroll tax and would encourage the employer to substitute low-skill labor for high-skill labor.

A still different proposal is to expand public and nonprofit employ-

ment of unskilled and inexperienced workers. The extreme form of this is for the Federal Government to become the "employer of last resort," that is, to stand ready to put any and all persons who want but cannot find a job on the Government payroll at the minimum wage.

A more moderate proposal is to fund out of tax revenues, by means of matching grants to State and local governments and nonprofit organizations like hospitals, a limited number of jobs. These selected employers would agree to expand their employment at prevailing wages by hiring through standard channels.

Hopefully, this would be less inflationary than a generalized expansion of employment, although we must note that it would tend to force wages up at the low end and hence have some cost-raising effects.

The direct approach of using public funds to create jobs for poor people is popular among people across the political spectrum. It accords with the Puritan ethic and the high value we put upon work.

The cost of providing a million jobs by some combination of the methods described above would be about $4 billion a year, assuming that employers will take on added workers without a subsidy for added fixed plant and equipment costs. The amount of poverty reduction and narrowing of the poverty income gap which would be accomplished thereby would depend on who got the jobs.

If the jobs were genuinely new jobs and did not merely shift the financial responsibility for jobs that would have existed anyway, and if all the job takers were from poor families who would otherwise have had no wage income, then several million people could be taken out of poverty and the poverty income gap could be cut by $4 billion less administrative and supervisory costs. The taxpayers would lose $4 billion, but the Nation would gain the value of whatever the extra employees produced.

However, it is likely that there would be a certain amount of slippage in practice. Not all the jobs will be jobs that would not have been open otherwise, and not all the takers will be from poor families.

I think it needs to be emphasized here that not all the unemployed people are poor and not all the poor are unemployed at any moment in time.

Senator NELSON. May I ask a question?

Mr. LAMPMAN. Yes, sir.

Senator NELSON. On the question of public service employment, you use the phrase "employer of last resort."

Why not just employer, period, in a job that needs to be done that isn't filled now or that opens up? In other words, this is the question I raise: The Government, the Congress, the Administration, is taking the position that private employers have an obligation to give some assistance, give some opportunities, to people who have been deprived in one way or another, in educational opportunity or whatever.

We had the job opportunities in the business sector (JOBS) program which, I suppose, couldn't conceivably work except in a situation of full employment. But while we have said to private employers that they have a moral obligation to employ, train and give opportun-

ities to people who have been deprived of opportunities, the Government, itself, does not assume the same obligation.

The biggest employer by far in the country is the public employer, whether it is at the village, town, city, State, or Federal level. The public becomes a larger and larger employer every single year. Yet, we have established a situation in which public employment really is white collar employment, or, rather employment for people who have had white collar opportunities, so to speak, except for some of the jobs such as trash collection, street workers, in the unskilled field.

But what we have really done is barred opportunity to those who have been deprived in one way or another by certain requirements in order to be employed.

So why shouldn't it be the obligation of the Government to say that poor people are just as entitled to an opportunity to work in the public employment field and to on-the-job training, and promotion up the line, as anybody who comes to the Government as an educated middle-class or upper-class person.

In that way if we simply said we are going to give opportunities here and we are going to have on-the-job training, which we proposed in the bill which the President vetoed, you could bring in a good many millions of people over a period of time into the public employment service field and give them their education and give them their opportunity.

Mr. LAMPMAN. Yes, I understand the parallel you are drawing, and I think it is a very good one. The obligation to provide employment for people of limited skill and at low-productivity potential at least temporarily does lie with the public sector as well as the private.

Senator NELSON. I am not talking about jobs that are not real. The testimony of the mayors here was quite uniform in that all kinds of very necessary jobs in the city are not being filled. Some cities have laid off employees. In Detroit, as I recall, the mayor said there were 2,500 unfilled slots because of the budget problem.

I am talking about the Government's responsibility to say to the deprived person, "Here is an opportunity to come into public service employment. We will give training so that you will have an opportunity to rise vertically in the system and not be an unskilled, low-paid public service worker all your life, if you want to take the training and have the capacity. You can go right up the line like anybody else."

In this way, it seems to me, we would be assuming a moral obligation that we tell the private employer he must assume. We would be affording an opportunity to deprived people who, it seems to me, are entitled to an opportunity to get a job in the public service field.

Mr. LAMPMAN. I did want to point out, however, that there is a possibility of slippage in the use of public employment to get an answer to the poverty problem. Unless one is careful about the administration, a good many of these public employment jobs might otherwise go to secondary workers in nonpoor families. They might go to people who are presently earning approximately poverty-line incomes in private employment.

It is not automatic, in other words, that adding to the public payrolls across the country will have a maximum impact on the poverty problem.

So I think the question of eligibility for some of these public jobs is one that we need to address.

I do have a proposal a little bit later about a way to combine public employment and the family assistance plan.

If I may return to the testimony, I will come to that.

If, as seems likely, there were more than one million people who would like to have such jobs, it would raise difficult questions of how to ration the jobs. It would be likely to produce the inequitable situation of some poor persons getting paid less for working at private jobs than others are paid for equivalent public jobs.

Job subsidy for the poor is a troubling route, but one that is worth at least a cautious trial.

Another approach to the poverty problem is that of cash transfers. Could we not expand the set of money transfers referred to above to reduce the poverty income gap to zero?

The answer is that we could, but there is no plan which will take everybody out of poverty for an amount equal to the poverty income gap, which is now about $10 billion. A negative income tax with a guarantee at the poverty line and a 50 percent tax rate—hence a break-even point at twice the poverty line—that would be about a $7,000 break-even point—would have cost at least $25 billion in 1967 in benefits and income tax forgiveness over and above what we were then spending on transfers.

These net benefits would go to some 80 million people, leaving the upper 120 million to pay the $25 billion on top of the taxes they are now paying.

Worry about subjecting working people to a 50 percent marginal tax rate—and note that we are talking not about a few categorical poor, but about 40 percent of the population—leads some to advocate lowering the offset tax rate to, say, 33⅓ percent, thereby raising the break-even points to three times the poverty lines and placing the whole tax load, which would then be expanded to cover about $50 billion of net new transfers to the lower two-thirds of the population, on the upper one-third. That amount would require a near doubling of the money now being transferred by all public and private sources.

In any event, what may look at the outset like an easy problem takes on greater scope as one surveys the alternatives.

Certainly it is a major disservice to rational discourse to suggest, as many have done, that the United States could eliminate poverty if we were only willing to transfer an additional $10 billion to the poor. There is no way to get that $10 billion into the hands of the poor without spending far more than that.

There are, however, numerous ways to fill part of the poverty income gap. One way is to expand social insurance. Still another way is to increase public assistance, particularly in the low-income, low-benefit States.

This could be done by having the Federal Government play a stronger role, perhaps an exclusive role, in setting standards for and administering categorical assistance.

Total cash benefits under public assistance amount to about $8 billion. Adding $2 billion or so to this total by increasing benefits in such low-income regions as the South, where almost half the Na-

tion's poor are found, would seem to be a high priority use of anti-poverty funds.

One cannot go very far in considering transfer payments as a way to narrow the poverty income gap without confronting two overlapping issues: what to do about children in intact families and what to do about "the working poor."

About half the poor are children under 18, and the greater part of these are in families headed by aman who works all or most of the time. Few of the latter group are either on assistance or eligible for it. To extend assistance to cover able-bodied men with jobs seems inappropriate because of the discentives to work which are entailed.

These disincentives to work are of two kinds. One arises out of the guarantee or lump-sum benefit which is assured if the family has no other income. If this is high enough to approach the poverty line it may induce some to quit work altogether.

The other disincentive is associated with the amount by which the benefit is reduced as earnings rise. This is a "tax rate," in effect, and in public assistance it has traditionally been as severe as 100 percent, or a dollar-for-dollar reduction in benefit for every dollar earned.

Senator NELSON. What do you mean by tax rate?

Mr. LAMPMAN. The amount by which the benefit is reduced as earnings rise; this may mean if you earn another dollar you lose 50 cents in benefit. It is a play on words, I guess, to call that a tax rate.

But in public assistance for a long time it had been a case that if one did earn $1 he lost $1 in benefits.

Senator NELSON. That is true, isn't it, in all welfare programs now?

Mr. LAMPMAN. The 1967 amendments to the Social Security Act were to go into effect in 1969, and they involved a 66⅔-percent tax rate. That is, one could keep the first $30, I believe it was, and one-third of the additional dollars earned per month.

Senator NELSON. How do they monitor that?

Mr. LAMPMAN. I understand the particular family is expected to report any earnings they have. The case worker is then to communicate this information to the central office of the welfare administration.

Senator NELSON. How do you keep the welfare department from reducing the welfare benefits commensurate with the increase in social security?

Mr. LAMPMAN. This is, of course, very hard to do from the top down, all the way from the Federal Government down to the county level. I am told that, in fact, there is wide variation in practice from one welfare administration and even perhaps from one case worker to another in the way this actual tax rate is administered.

Senator NELSON. That is at the State level, isn't it?

Mr. LAMPMAN. Yes, sir. The Federal amendments, however, were to take effect in July 1969.

Senator NELSON. And they were to provide that they couldn't reduce that welfare benefit by more than one-third of the increase in the social security benefit? Is that what you are saying?

Mr. LAMPMAN. No, I am not sure about that. I was referring to earnings. If a person on welfare earns through employment an extra

dollar, these amendments directed the States to reduce the welfare benefit by only 33⅓ cents.

Senator NELSON. Have there been any surveys to see how that was worked?

Mr. LAMPMAN. I can't speak to that, sir. My general impression is that it takes welfare administrators and case workers a long time to introduce any change into their practice.

I have been told some welfare administrations now do is, in effect, to use the same break-even point they had before the 1969 amendments were introduced.

But the 1969 amendments implied that since you could keep some money that you earned, you would be able to stay on welfare over a longer range of earnings.

Let us say under a 100-percent arrangement, if the maximum benefit was $2,000 for a family, that meant that when they earned $2,000 they went off welfare. However, the 1969 amendments made it possible for one to earn more than $2,000 and still get some, but a partial, welfare benefit. However, I believe many State administrations have been very slow in introducing that modification.

To avoid these disincentives to the poor but to put some added cash in their hands, many have argued that we should adopt a children's or family allowance as 62 other Nations have done.

Another alternative is to adopt a variation of the negative income tax which I call an "income supplement for the working poor."

The British Government has proposed a family income supplement which has very low benefit in the case a family has no earnings, but which does provide some income supplementation at or around what we would think of as poverty lines.

One could have a plan which has virtually no guarantee to it, no maximum benefit or a very low maximum benefit in the case of no earnings, and which has a relatively low marginal tax rate on added earnings.

This might be appropriate for working poor people but not for families that are aged or where the woman as the head of the family has small children in the home.

A still different alternative might be to combine a negative income tax for the working poor, featuring a zero quarantee and a matching payment for each dollar of earnings up to, say, $1,300, with an offer of public work sufficient to yield $2,600 of earnings to principal earners in families with children.

Workers could take their choice, but would have considerably more incentive to take private rather than public employment.

Mr. Chairman, here I would like to attach for the record a brief memorandum which Robert Haveman and I have written, entitled "Family Assistance and Public Employment Toward a Resolution of the Impasse."

Senator NELSON. That will be made a part of the record.

(The information referred to follows:)

FAMILY ASSISTANCE AND PUBLIC EMPLOYMENT: TOWARD A RESOLUTION OF THE IMPASSE

Robert Haveman and Robert Lampman*

Opinion surveys have indicated that a sizable majority of the nation's citizens support reform of the welfare system and the provision of income supplements to all poor families with children. President Nixon's Family Assistance Plan (FAP) proposes to do both of these things. Yet it has encountered serious difficulties in the Congress--especially in the Senate. A substantial division of opinion exists on the structure of a new policy to assist the so-called "working poor."

The reasons for this congressional reaction are complex, yet not without substance. Many Congressmen have been concerned with the way in which FAP was presented by the Administration to the Congress. The testimony of the Department of Health, Education, and Welfare supporting the legislation was viewed as contradictory and superficial. The Administration, it was claimed, had not done its homework. Equally damaging was the revelation by former Senator John J. Williams of Delaware that when the payment schedule of FAP was combined with such other public programs as AFDC, food stamps, Medicaid, and public housing, a poor family might actually receive less total income by increasing its work effort and earnings.

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There has also been controversy about the potentially coercive nature of the work test which is a part of FAP. This test requires all heads of families (except mothers of preschool children) to register for work and accept a "suitable" job, if offered, in order to qualify for full benefits. Many have felt that this provision would extend some of the worst abuses in the present welfare system to a new group of poor people.

Further, there is basic disagreement in the Congress regarding the level of income which should be guaranteed to a family with no earnings. Some Congressmen feel that the $1600 guarantee of FAP (for a family of four) is far too low; it has been pointed out that even if a family had twice that much income, they would still be classified as poverty stricken. Others view this guarantee level as inviting able-bodied men to retire from the work force. The concern of the latter group was heightened when the Nixon Administration raised the guarantee level to about $2200 by melding the government's food provision program into FAP. All of this points up the concern that a guarantee that is appropriate for a woman with small children may not be suitable for an able-bodied man of working age.

At the same time that FAP was being debated in 1970, Congress was constructing a plan to provide some 200,000 public employment opportunities. Following the leadership of Senator Gaylord Nelson of Wisconsin, Congress passed the Employment and Manpower Act of 1970. The President, however, vetoed this legislation, objecting to both its budgetary cost and to its WPA-like features. He also noted that the bill has no very

effective means of terminating the participation of a person in the program once he has been granted public employment and very little incentive for voluntary termination. Congress is trying again this year to force such a public employment bill--The Emergency Employment Act of 1971--into law.

In a very real sense, the Congressional debate over FAP has taken place in relative isolation from the debate over public employment. In fact, some of the sponsors of the latter legislation have failed heretofore to take a position on FAP.

We judge that these two legislative measures have characteristics which make them highly complementary. In fact, substantial problems with each of the proposals could be by-passed by a careful meshing of the two. These problems include the work test and the potential work disincentives of FAP as well as the difficulty of terminating public employment.

In the following discussion, we outline an alternative to those provisions of FAP which deal with the working poor. Those provisions related to the so-called categorical poor, i.e., those now eligible for Old Age Assistance, Aid to the Blind, Aid to the Permanently and Totally Disabled, and Aid to Families with Dependent children, would remain untouched. We feel that this alternative captures the objectives of both income support to the working poor and public employment-training efforts while at the same time eliminating serious drawbacks in each. It accepts the definition of "working poor" in FAP--namely, families with children headed by able-bodied men under age 65 and having incomes below the

poverty line. Most of these families, of which there were about two million in 1966, have some earnings. In fact, over 70 percent of these families in that year had earnings at or above the level of one-half the poverty line. Only 13 percent had earnings under one-fourth of the poverty line.

This plan would offer two different options for such working poor people. The first option is geared toward those people who are able to earn even modest amounts in the regular labor market. It would match increments to earned income dollar-for-dollar up to a specified level of earnings. As such, it provides strong incentives for engaging in private sector employment. The second option is geared toward those principal earners who are unable to obtain employment in the private sector. This option provides a special program of public employment and job training.

Let us be more specific. For the poor who are able to find employment in the private sector, the first option would provide a 100 percent subsidy--a matching grant--for each additional dollar earned up to $1300 per year. After achieving earned income of $1300--which, when matched, would provide total income of $2600--the worker would fall on a schedule similar to FAP. The first column of the following table illustrates the schedule applicable to a low income worker (with a family of four) engaging in private employment. Note that beyond $1300 of earnings the total income rises only 50 cents for each extra dollar of earnings. This relationship is called a marginal tax rate of 50 percent.

The second option makes public employment and/or job training available to the principal earners in all poor families. Participation in

such employment or training would be remunerated at the prevailing regional hourly wage rate for unskilled labor. As opposed to employment in the private sector, public employment would not qualify for the 100 percent matching grant. However, it would guarantee enough work to yield $2600 of annual income to any low income family of four persons.

In addition to opting for either private sector or public sector employment, a low income worker could combine the two. For a worker with some private sector earnings, the public program could be used to supplement private matched earnings up to a total income of $2600. Up to a total income level of $2600, there would be no erosion of earnings through the marginal tax rate. Beyond $2600, incremental public earnings are subject to the 50 percent tax rate. Similarly, for an individual with some public sector earnings, private sector (matched) earnings could be used to supplement public earnings up to the $2600 level. In either case, then, if subsidized private sector earnings plus public sector earnings total more than $2600, earnings in excess of $2600 are subject to the 50 percent tax rate.

The table illustrates the total income pattern for low income workers who engage in either public sector or private sector activities or combine these in various proportions. Several patterns are of special interest. First, the very large incentive for increased private sector employment (provided by the matching grant on private earned income up to $1300) is seen in the first column. As private earned income increases from $500 to $1000 to $1300, total income increases from $1000 to $2000 to $2600. This incentive for incremental private sector employment is also seen by reading across the rows. For any level

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TOTAL INCOME BY EARNED INCOME LEVEL AND BY PUBLIC-PRIVATE DIVISION OF EARNED INCOME FOR A FAMILY OF FOUR PERSONS

	Total Income if Earnings are:		
Earned Income	100 percent private	50 percent private 50 percent public	100 percent public
$500	$1000*	$750*	$500*
1000	2000*	1500*	1000*
1300	2600	1950*	1300*
1500	2700	2250*	1500*
2000	2950	2800	2000*
2500	3200	3175	2500*
3000	3450	3450	NA
3500	3700	3700	NA
4000	4000	4000	NA

*Any family with total income below $2600 is eligible for additional tax free public sector earnings equal to the difference between the total income figure shown and $2600.

NA Not applicable, in that public sector earnings cannot exceed $2600 per worker.

of earned income, the level of total income is positively related to the proportion of it which is earned in private employment.

Second, the effect of the 50 percent tax rate on income over $2600 is seen by reading down the first two columns. After a total income level of $2600, only about 50 percent of increments to earnings are retained. This characteristic is necessary to assure that the break-even income level will not exceed approximately $4000. This tax rate

has yet another impact which is observable in the table. While individuals who have some private income are eligible for a total of $2600 of public sector income, any public income earned after a total income level of $2600 has been attained is subject to the 50 percent tax rate. In effect, such earnings would entail employment at approximately 50 percent of the minimum hourly wage rate--or about 80 cents per hour. Few could be expected to make themselves available for the public program at this hourly rate. Consequently, this provision assures that excessive use of the public program will be minimal.

Finally, it should be emphasized that all of the cases in the table showing less than $2600 of total income have additional tax free income available to them by working in the public employment-training program. All of these cases are denoted by a single asterisk and are found above the line running diagonally through the table. As shown in the table, then, these cases represent individuals who fail to avail themselves of the $2600 guarantee which is open to them.

We believe that this plan has many advantages relative to both FAP and proposed public employment legislation. It eliminates the need for the work test provisions of FAP as they apply to the working poor. (It would still leave the controversial question of a work-test for the AFDC mother of school-age children.) It guarantees every working poor family a minimum income of $2600 which is in excess of the FAP guarantee. It offers this through a public employment-training program. It encourages private sector employment by offering matching grants for such earnings. It enables the principal earner from low income families to combine both private and public earnings. It incorporates a mechanism

to discourage abuse--excess use--of the public employment-training program and very strong incentives for terminating public employment even though full-time private employment may not pay as much as public work.

The budgetary cost of this plan for the working poor is difficult to estimate because of the several options it would make available. For example, in periods of recession when private sector employment is tight, the public employment-training program would be larger relative to earnings subsidies than in a period of full employment. But it is likely that initially the plan would be somewhat more costly than FAP's provisions for the working poor--perhaps as costly as the sum of those provisions and the public employment bill.

However, because of the substantial incentives in the plan to increase private sector employment, it should generate long run cost savings relative to FAP. Moreover, the value of the real outputs generated by the public program should not be neglected. These outputs take the form of increased public services and productivity improvements attributable to a more highly trained labor force. We judge that there is substantial potential for innovation to develop a wide range of employment activities which are both meaningful to low income workers and productive of valuable services. Few, we suspect, would deny that there is enormous need for an enlarged range of public services and for improved quality of those services.

We would not wish to convey the impression that the program which we are suggesting has no drawbacks. Our primary reservation concerns the public employment-training component of the plan. Clearly, such a program places a new and substantial responsibility on the public

sector. Experience in devising innovative employment opportunities for people with meager skills--programs which will be neither demeaning or coercive--is not in long supply in government at any level. Moreover, the history of work relief programs in this country does not indicate that success in operating such programs is inevitable. Although assisting low income people to become better able to compete for private sector jobs would seem preferable to only providing financial aid, there are many problems which would be encountered. These include the relatively high administrative and other complementary costs of public employment programs, the potential which they afford for further coercion of the poor, and their likely competition with regular public employment.

While this approach to income support for the working poor does not resolve all of the difficulties inherent in existing proposals, it does mitigate the problems of the work test in FAP and the termination problem of existing public employment proposals. Moreover, it incorporates robust incentives for private sector earnings throughout a substantial range of poverty income levels. Whether the characteristics of the alternative suggested here make it preferable to existing proposals is a matter for study and public debate. It is our hope that this combination of income supplementation and public employment will contribute to the search for the optimum means of providing aid to the working poor, and to a resolution of the impasse.

Mr. LAMPMAN. This particular memorandum refers to the problem of who should be eligible for public jobs that might be created specifically for poor family heads, and it combines, as I mentioned, a guarantee that there would be a job sufficient to yield, say, $2,600 of earnings for people who want such a job, but it also says if you will work in private employment we will match, dollar for dollar, the first $1,300 of earnings.

Senator NELSON. Why would that give more of an incentive to work in public than private, or private than public employment?

Mr. LAMPMAN. Well, I think, at a given wage rate, or at some wage rate, one could work half as much in private employment and get $2,600 take-home as he had to work in public employment to get $2,600.

Senator NELSON. Are you saying the $2,600 figure that you use here for public employment would mean a full-time employment at $2,600?

Mr. LAMPMAN. Yes. Let us say it was close to full-time employment. But that would be unmatched by any further money. But if he worked in private, according to this proposal, there would be a match.

Senator NELSON. What would that hourly rate be at fulltime?

Mr. LAMPMAN. Fulltime would be, say, 2,000 hours. It would be a little over $1 an hour. I can't figure that quickly. But one could, of course, vary the wage rates that one uses in the example.

The novelty of this proposal is that it would, first of all, allocate jobs only to principal earners in families.

Senator NELSON. This would be only in that circumstance, principal earners?

Mr. Lpdsampman. Yes.

Senator NELSON. With children?

Mr. LAMPMAN. Yes. In other words, it would go along with the family assistance plan in defining the working poor, the ones who are special targets of concern from the poverty standpoint.

Senator NELSON. How many people aree there in that class that we are looking at? How many people are principal earners in a family who are either not working at all and are able to, or who are working and making $2,600 or less?

Mr. LAMPMAN. I wish I had my tables here.

Senator NELSON. Is that a statistic that we have?

Mr. LAMPMAN. Yes, we do.

Senator NELSON. Is it a significant number?

Mr. LAMPMAN. Yes, it is. Altogether the families headed by men, I think, we are nonetheless poor, number almost two million. They are what we would call able-bodied persons in working ages, and have children.

Senator NELSON. And no employment?

Mr. LAMPMAN. Most of them do have employment.

Senator NELSON. Is it under $2,600?

Mr. LAMPMAN. No, much of it is between $2,600 and the poverty line, say, for a family of four of around $3,600. Very few have earnings under $1,500 in a year.

Senator NELSON. This proposal wouldn't have any effect on anybody making more than $2,600, I suppose.

Mr. LAMPMAN. That is right.

Senator NELSON. So it would only affect a group who are making less?

Mr. LAMPMAN. Right. This would focus its attention on the most needy of family heads who are at this time, at least, in most States ineligible for any public assistance.

Senator NELSON. If you can give the committee that figure later for the record, we would appreciate.

Mr. LAMPMAN. Yes, I will.

(The information subsequently supplied follows:)

Of approximately two million such families, about one million had earnings under $2600 in 1966. Table A shows these relationships, but in terms of distance from the poverty-line, which differs for each family size. Seventy-five percent of the poverty-line was about $2600 for families of four persons in that year.

TABLE A. DISTRIBUTION OF FAMILIES WITH CHILDREN HEADED BY NONDISABLED MEN UNDER AGE 65, BY PRETRANSFER WELFARE RATIO, 1966

	Pretransfer Welfare Ratio[a]				
	Under .25	.25 to .50	.50 to .75	.75 to 1.00	All under 1.00
Number of families (thousands)	248	304	558	853	1,980
Percent of families	13	16	28	43	100

Source: A special tabulation from the Survey of Economic Opportunity.

[a]A pretransfer welfare ratio of 1 means a family of any size has earnings equal to the poverty line for its family size.

Mr. LAMPMAN. Some Senators and Congressman have expressed interest, I read in the press anyway, in some method of matching private earnings. A wage subsidy is one method. This I would refer to as an earnings subsidy. It is not a wage-rate-per-hour subsidy, but it is a match of the total earnings during the year, which would vary with family size, and which would then make, I think, a very substantial contribution to a reduction of the poverty gap.

President Nixon's family assistance plan (FAP), which he proposed in 1969, is an interesting combination of the ideas reviewed above. The net result of the Nixon proposal would be to add about $3 billion to the amount of cash transfers going to the poor. It would add about 14 million more persons to the welfare rolls.

It would narrow the difference in treatment of equally poor families in the several States, and similarly, it would narrow the difference between families headed by men and those headed by women.

The family assistance plan has been under scrutiny in Congress, where the following broad issues are being weighed: how much to transfer, how to divide transfers between cash and in kind, how much emphasis on children, how intensely to concentrate on poverty reduction, how high a marginal tax rate, what existing transfers should be reduced to help finance any new benefit?

But, even after those issues are resolved, there are numerous, somewhat more technical issues to be settled. Some of these are:

1. Should the plan have a work test associated with it, as does FAP? Should the work test apply to all adults? Should the penalty for failing to work less than fulltime be severe?

2. Should the income subject to the special offset tax be defined broadly (as in FAP) or narrowly? Should social security benefits be included, and hence taxed? (In FAP they are taxed at 100 percent.) Should work expenses and child care expenses be deductible?

3. Should the family be defined so as to leave a choice as to what persons, and hence whose incomes, are to be included in calculating a family's benefits? Most negative income tax analysts have assumed 1 year would be the period, but public assistance administrators use 1 month.

4. How should a new benefit be articulated with existing public assistance programs? Should AFDC–U be dropped? Should a new plan set maximum combined tax rates for those families simultaneously on FAP and a State benefit program?

5. How should the new cash benefit be related to inkind benefits such as food stamps and medicaid? If food stamps are priced inversely to income they take on the basis characteristic of a negative tax and hence have a marginal tax rate associated with them. That marginal tax rate could combine with other tax rates to raise the over-all tax rate on some families to very high levels. Should the food-stamp bonus be calculated after the FAP benefit, but before the State supplementary payment, or after both? Or should all food stamps be dropped and the funds be diverted to financing the more generous negative income tax?

6. How should the plan be administered and by whom? Should it be handled by the States or by the Federal Government? If the latter, should it be done by the Internal Revenue Service, the Social Security Administration, or a new agency?

Those six questions indicate the complexity of introducing a new type of income-conditioned benefit into the existing system of transfers.

I have faith that the historic process of poverty reduction can continue to work, that new methods of providing jobs and cash transfers for the poor can be found and implemented, and that this Nation can eliminate proverty well before this decade is over.

Senator NELSON. Would you have any comments to make on the feasibility of the proposed family assistance plan?

Mr. LAMPMAN. I have many specific questions and concerns about the family assistance plan. Perhaps the first one I would emphasize is the problem of the income-accounting period.

Most of the people who have written on negative income taxation have generally assumed we would be working with a one-year income accounting period, just as we do in the income tax.

However, welfare administrators have traditionally used a 1-month accounting period. That is, benefits are calculated by reference to the family's monthly income in the current month. This makes an enormous difference. I don't think enough attention has been paid to this particular problem.

Senator NELSON. What is the difference?

Mr. LAMPMAN. In the first place, it makes a great difference as to the total cost of family assistance. As you know, many families have low-income months, but nonetheless, may be well above the poverty line on a yearly basis.

Many workers have seasonality to their employment. If you let a person apply on the basis simply of 1-bad month, we will have far more, I think, than 14 million persons added to the welfare rolls.

Senator NELSON. Does the family assistance plan propose that?

Mr. LAMPMAN. There is no specific reference to this, but much of the discussion and testimony from the administration has implied that they would deal with an income period shorter than one year, perhaps a quarter.

So I am very concerned about that as a problem in, first of all, estimating costs and numbers of people who would be involved and, second, as regards the equity of the whole thing. I think we have to be very careful to conserve funds, to get them into the hands of the people who need them the most.

I am also concerned about the work test and certain aspects of it. I think it would be very difficult to administer faily and reasonably.

What, for example, would you do on a work test for a farmer or for another self-employed person? What would you do with regard to a work test in seasonal occupations? That is a particular technicality, I suppose you might say, and does not speak directly to the philosophy of the work test altogether.

I have tried to think of some way to have a family assistance plan that did not have to have a work test associated with it. I think it is a very difficult thing to administer and to do fairly across the whole country, among the great variety of circumstances that families are in.

Another question that has concerned me a great deal is what to do about aid to families with dependent children for unemployed par-

ents, AFDC-U. This is at the heart of some of the controversy that there has been.

One proposal has been to drop AFDC-U as a federally supported category or assistance program. Another proposal has been to make it mandatory upon all the States.

Here we are talking about the working poor, if you please. We are talking about male-headed families where they typically work. Aid to families with dependent children has many difficulties in it as an operating transfer mechanism.

In the first place, eligibility is quite arbitrary. It depends upon a certain amount of unemployment which may have rather little reference to annual income.

Second, once a person is on it, he can stay on it up to some maximum hours that he may work. Let's say 30 hours a week. When he passes that point, he loses all eligibility and this is a notch, so-called, in the transfer schedule, which means that if he works an extra hour he may lose $1,000 or something of that sort.

He may also lose eligibility for certain programs such as medicaid. It is an enormous disincentive to work full time, then, for a person who once got onto the progam.

For the first hours that he works he pays at a rate of about 67 percent on extra earnings. So it is an enormously unsatisfactory program, especially for families headed by working men.

As you know, some States, including Wisconsin, have been backing away from AFDC-U. One proposal, however, is to require all States to add that to the list of categorical programs they now have.

I am also concerned about food stamps. I think we would be much better off if we could eliminate food stamps as far as the family assistance plan is concerned, and convert that benefit into cash.

There is a mounting concern as we consider more programs for the poor as to how these all interrelate to one another. How do you combine food stamps with cash? How do you combine housing bonuses? How do you combine Medicaid or other types of free health care benefits for the poor?

Having stated those as reservations and problems, let me say that I do support the general purposes and philosophy of the family assistance plan, but I think that it will be very important in planning for such legislation that we give a careful look at all alternatives, including public work along the lines I indicated earlier.

It will be very important and necessary to have some clear position about how public work should be made available to people who in some sense are willing to take a work test and are willing to work, anxious to work, but for whom there are no jobs currently on the scene.

Finally, I would like to mention one other difficulty with the family assistance plan as I see it. That has to do with day care for children. This in some cases will amount to a very large benefit if it is made free and available to some mothers of small children.

How does that benefit get knit into a program that pays out cash benefits? I think rather little thought has been given to that matter and it could produce great inequity among families in different parts of the country and different communities. I think more thought needs to be given to that.

Senator NELSON. Do you mean if the day care was charged it would create inequity?

Mr. LAMPMAN. As compared to giving it free, and does one set aside or let earnings be tax free, so-called, with reference to the cost of day care.

In other words, as we now do in some welfare administrations, if a mother goes out and gets a job and puts her children in a day care center, we often exempt any earnings or set aside any earnings to cover the cost of that day care.

Senator NELSON. In other words, that is not computed in the maximum?

Mr. LAMPMAN. That is right. That question, I think, needs to be spoken to in thinking about a nationwide system where the Federal Government is going to take the primary responsibility in setting standards and basic methods of computing benefits.

Senator NELSON. Thank you very much.

Mr. Scales, the minority counsel, has a question.

Mr. SCALES. Professor, as you know, the family assistance act, itself, represents what has been called an income strategy in dealing with poverty.

And, as you mentioned earlier, the OEO programs represent a very small part of the Federal financial commitment on poverty. It occurs to me that as we have more of an income strategy, it would be more and more difficult to justify the element of participation. We will be talking about cost-benefit ratios, the number of job slots, and so forth.

Can the element of participation be measured? And, how, in your opinion, can it be preserved in the new context of programs being run by older established agencies?

Mr. LAMPMAN. I understand your question to refer quite specifically to community action.

Let me say I think your question has merit. It does point to the fact that many people have thought that to engage large numbers of people in specific communities in planning and managing and giving guidance and advice concerning programs that affect them, one makes an independent contribution to overcoming poverty.

That is based in some part on a definition of poverty that turns on participation as opposed to income. One of the difficulties from a national point of view is that many of these programs have varied from one part of the country to another.

The emphasis has shifted from one administration to the other.

It is very hard to get a cost-benefit study that is very meaningful. We have to go on faith, I believe, that people do learn by experience, they do gain to the extent that they are brought into the operations of government and the management of particular programs that benefit them.

I think the existing agencies can do more of this, and local governments can do more of this. Perhaps one of the main contributions of OEO has been to show ways that this can be done.

I would like to emphasize that Headstart has played a great part in bringing many volunteers into the education field. They will now be in a position to play a leadership role in broader education.

One particular kind of participatory effort that I think the OEO is

most notable for, will be remembered a long time for, is the introduction of legal services for the poor, and certain types of medical services for the poor. Those have changed the country, they have changed the prospects and the hopes of many disadvantaged persons all across this Nation.

They are very valuable things, indeed.

Mr. SCALES. Thank you.

Do you think that as the general federal funding, for antipoverty programs becomes—I think the administration suggests it is in the area of over $20 billion this year, or maybe even $30 billion—that we should increase proportionately the money for local initiative programs.

Mr. LAMPMAN. As a rough rule of thumb, that sounds reasonable to me. I suppose, also, individual programs must be assessed on their own merits.

Mr. SCALES. Of course.

Thank you very much.

Thank you, Mr. Chairman.

Senator NELSON. Thank you very much, Dr. Lampman. We appreciate your coming.

Our next witness is Miss Orshansky, of the Social Security Administration.

The staff has prepared some questions which you have copies of, which we were hoping you would address yourself to. You may elaborate on them in any way you desire.

STATEMENT OF MISS MOLLIE ORSHANSKY, SOCIAL SECURITY ADMINISTRATION, WASHINGTON, D.C.

Miss ORSHANSKY. There wasn't much time to prepare detailed answers to all of the questions. I do have notes on rather "longish" responses to three of the questions that I want to make, and I can make some comments about the others.

The first question asks for the rationale for and the history of the present poverty income level.

The present poverty income level is an extension of the definition developed by the Social Security Administration some years ago as part of its ongoing research program. Originally published early in 1965 to apply to 1963 income, it was a tool to make it possible to evaluate the relative economic well-being of diverse segments of our population.

To bring it down in more colloquial terms, it was an attempt to specify in dollar terms the minimum level of income need for families of different types that would be in keeping with American consumption patterns.

It was developed from analysis of the percent of income devoted to food expenditures by U.S. families and the lowest outlay at which, according to the U.S. Department of Agriculture, an American housewife with average skill and making average choices could hope to provide her family with a diet meeting recommended nutritional goals.

At the time the index was developed, the latest consumption pat-

tern models available were from a Department of Agiculture 1955 food consumption survey, and from a 1960–61 family expenditures survey conducted by the Department of Labor and the Department of Agriculture.

These studies suggested that the food expenditures of average families of three or more represented about one-third of their money income after taxes.

A slightly different relationship is more appropriate for smaller families with their relatively larger fixed overhead costs. The studies indicated also that the Agriculture Department Economy food plan represented a level of expenditure at which an average housewife had about an even chance of providing a fair or better diet for her family, but really only one chance in 10 of providing a good diet.

So in 1963, the base year, the poverty line for a four-person nonfarm family averaged out at $3,128. That measure, devised as a statistical yardstick rather than a criterion to determine individual family needs, was soon adopted by the Council of Economic Advisers, the Office of Economic Opportunity, and other agencies for planning and budgeting and, unfortunately, for program eligibility as well in the absence of other measures.

The index came into wide use in Government agencies on an ad libidem basis adjusted only by food-price change forward year by year and backward to 1959, the earliest date for which the census data was still available in the necessary detail.

In combination with the census income samples, the index developed could provide a thumbnail sketch of the numbers and types of households falling below minimum adequate income for their size and composition and could also show the changes in the number and composition of this poverty population year by year.

By 1959, on the advice of a Federal interagency committee established by what was then called the Bureau of the Budget, the price adjustment factor for the index was changed to the all-items consumer price index, and the farm-nonfarm income differential of need narrowed.

But no other changes, conceptual or otherwise, were permitted.

With a 19.7-percent rise in the consumer price index between the base year of 1963 and 1969, the average poverty line as published now stands at $3,743 for a four-person family.

With a 6-percent rise in consumer prices between 1969 and 1970, we may assume that when the 1970 poverty lines are available later this year the figure for a four-person family will more appropriately be about $3,970.

I don't know whether that answers the question, but I think it does lead directly into the next one, which perhaps has more relevance.

You suggested that we discuss how the index of poverty works at the present time, who administers the measurement and how it is revised.

By direction of the Bureau of the Budget in Budget Circular No. A–46, Transmittal Memorandum No. 9, Aug. 29, 1969, the 1963 Social Security Administration base year index adjusted annually only for price change reflected in the Consumer Price Index, and with a smaller farm-nonfarm differential, became the official figure for use by Government agencies in budgetary and planning.

The Census Bureau, as the collector and distributor of statistics on U.S. family income, was assigned responsibility for counting and publishing regularly—that means once a year—data on characteristics of the poor, and these then would be the official Government statistics on poverty.

Although the Bureau of the Budget memo specifically exempted agencies from a requirement to use the criteria for determining eligibility for antipoverty programs or programs for the disadvantaged, many agencies continued to use them as a convenient reference point.

I might say that the Social Security Administration in publishing its criteria and the accompanying analyses has pointed out from the beginning that they were more suited for general overall evaluation than for use as an individual criterion of need.

But as time goes on I think we realize that such a distinction is very hard to live up to and perhaps becomes more apparent than real.

In issuing the directive, the Budget Bureau was responding to the consensus of the interagency committee on the need for some change in the measure, specifically, for a more realistic price inflator and farm family measure of need, but not to other basic questions about the measure that were raised.

The Social Security Administration, for example, proposed following up the principles incorporated in the original measure by revising it upward to reflect the latest data on family food consumption patterns, notably those reported by the Agriculture Department from a 1965 survey and which are now used in the compilation of the Bureau of Labor statistics standard budgets, which you are going to hear about. Such an updating would raise the index by about 10 percent over and above any price increase. But this proposal was not accepted.

Other suggestions on how to determine a suitable frame for keeping the index in tune with economic trends or for investigation of alternative models of adequacy, for example, the relationship of housing or medical care costs to income need, or the effect of community services and public facilities on consumption potential of families with the same income living in different types of communities, were likewise deferred.

Although no agency was precluded by the Budget Bureau memorandum from further research, no agency has been assigned the official responsibility for it.

The committee, itself, has not met since the decisions were made in 1969 to formalize and, in a sense, freeze the index, except for price change.

You have heard from Professor Lampman much of the highlights of the changes in the incidence of poverty from 1960 to 1970, using the SSA measure.

I would not repeat them here but I would like to emphasize or perhaps restate one of the points that Professor Lampman made.

As we look at the poverty population over the decade, we must remember that we are looking at net change. We say we have reduced the numbers in poverty from close to 40 million in 1959 to a little over 24 million today, and it sounds like we have taken "some 16 million people out of poverty."

Obviously, some people in the poverty count at the beginning are

still there, and some are not; some people who were not there at the beginning or maybe not even alive are there now.

The net change is what we are talking about. But as we look at this, we can see that much of the change was what, if I may use a personal phrase, one might call inadvertent. It resulted more from increased wage opportunities and job opportunities for those who could work than it did from specific antipoverty programs.

One very important thing to notice as we look at the net change is that the reduction has almost exclusively been in the numbers relating to persons in households headed by men.

If you look at the makeup of the poverty population in 1959, of the nearly 40 million persons then counted in poverty, about 10.4 million were in households headed by women. That number has stayed almost unvaried throughout the decade. If anyting, it has risen slightly.

The numbers of children in poverty in households headed by men have declined, but the numbers of children of the poor in households headed by women have not.

So today, roughly speaking, the 10 million children in poverty are almost evenly divided—5½ million in men's families and 4½ million in women's.

Professor Lampman mentioned the fact that more of our poor are aged than used to be the case. If one looks at the numbers, and I am using crude language, perhaps, that is not suitable for so formal a meeting as this, one would say the poverty population has gotten older, it has gotten more female, it has gotten blacker.

The proportion of the poor comprised of persons in these groups who, for one reason or another, do not have equal access to employment opportunity, has increased as the others with better earning capacity have made their own way out.

These figures suggest that we need perhaps more specific programs and more diverse programs than just the general prosperity that economic trends of the past decade have provided.

I would mention again, not because it specifically measures trends so much, but because it refers to one of our other problems, what I will call the spatial maldistribution of income. We find today, as a few years ago when we first began counting, that a very large and disproportionate share of our poverty population comes from the Southern, low-income States, roughly half.

I have not looked at the latest 1970 census figures yet, but a goodly proportion, nearly half, of the black population still resides in the South. Incomes there are not only lower than in other parts of the country but the disparity between white and nonwhite income is greater there than other places. It is one of the special problems of our Negro poor that we have so unequal a distribution of economic resources and employment opportunity.

The next question asks something that I believe in a way Professor Lampman answered: How has the current recession affected the number of people living in poverty as measured by this index?

This is that one might call a free form question. Pick your own model.

Unfortunately, or fortunately—unfortunately for a forcaster, but fortunately for our Nation—over the 10-year period for which we

have numbers in poverty, we have not had, except once in 1960 and then a very minor interlude, a situation of marked rise in unemployment to the extent that the last year or two have witnessed.

Therfore, if we follow in one fashion or another—choosing one might say each our own poison for forecasting—a way of using the past to tell us what will happen in the future, we have no guide.

What has happened before is not likely to happen again.

It seems to me that the effect of the recession or unemployment so far on the numbers of people in poverty, at least let us say for the year 1970, will probably not show up in a large rise in the numbers of poor.

What is more likely is that we will interrupt this downward trend of roughly 1½ million persons less in poverty each year than we have experienced over the last decade. We will slow it up, perhaps maybe even increase the number in poverty in some small measure, but at least in my opinion, it is not likely that the year 1970 will see a very marked rise.

One reason, of course, is that despite what one might think, it is not unemployment to which one can attribute the plight of most of the people in our poverty population.

The other reason is that our poverty lines are so low. For the kind of unemployment we hear about, affecting higher skilled workers but not yet for protracted periods, it takes a long, long time for unemployment of someone with relatively comfortable income to begin with to be reflected in a below-poverty position.

This doesn't mean that people won't be uncomfortable and have a rough time, but it means we may not see this particular statistical effect until some later point.

The next two questions asked are: What are the limitations of the index from statistical and policy standpoints? And can we suggest changes which might be needed in the system or additional research?

The index, of course, as time goes on, suffers the same limitation we all do, namely advancing age. Arrived at late in 1964 in the light of then readily available data, data already in the main 9 years old at that point, the income criteria have not been updated in a real sense, that is, to take account of the greater degree of consumption potential that prosperity has made possible for the majority of American families.

The difference between the poverty line and average income has steadily widened. In 1969 the poverty measure for a nonfarm family of four represented no more than 35 percent of the median income for all four-person U.S. families not living on a farm.

In 1963, this critical ratio was about 43 percent, and in 1959, amost 50 percent. Thus, while we measure progress in the sense that our poor are becoming fewer in number, the yardstick we are using means that the gap between what the poor have and the rest of us enjoy is growing wider.

I might say, although I perhaps should have said it in answer to the other question, that one weak point in our analysis of poverty trends is that we seem to stress more the reduction in the numbers in poverty, or are more impressed by them, than looking at the problem of differential rates to see whether the unevenness in the chances of being poor are smoothed out.

From the figures I mentioned before, it is clear that although all groups in the population now have a lower poverty risk than at the beginning of the decade, the improvement was much greater for families of men, young working men, for white families, and for families without children, than it was for the others.

So some of the disadvantages of having a large family, being old, black or a woman reflected in the differential poverty rates have actually grown worse, not better.

By definition, the poverty index does not and perhaps cannot allow for the individual variations in need of families in their own special setting, such as the extra help from special services available in their own community, or the limitations of health or education, or the need to support dependents not in the family unit itself that bring extra pressures to many families.

And the index tells us nothing about the content of living the choices and constraints that families are faced with every day for themselves now and for their children in the future.

The index is a still photograph, not a moving picture.

Some economists are concerned that the low income reported by families may be transitory, so that they are only temporarily poor. Some of us on the other hand are concerned about those who may be only temporarily rich, like the near poor and others in uncertain economic status who must contend with the menacing spectre of poverty even though for the moment or the year they have made it.

Our data now on income position are collected only once a year on a recap basis, and will count a family poor only if the total income for the year falls below the appropriate line.

Since many programs of aid, such as public assistance, unemployment insurance, free school lunch, and the like, must be geared or have been geared to circumstances at the time of application, the present annually based poverty line—income relationship seriously understates the administrative universe of need in connection with program planning.

We have too little information on the timing and overlap of the various income transfer and service programs to know when and how we reach the poor, and how effective each program is in achieving nonpoverty status for those it serves.

Because the poverty and low-income measures—and we did make two measures to begin with, but only the lower poverty criterion has received the acceptance of constant use—because the measures were tailored not only to the existing data in their derivation but were keyed to available income data for application, that is, in counting or describing, we have not allowed properly for income tax liability.

Moreover, criteria were limited to the census overall definition of a family rather than to other combinations of consumer units, and no allowance was made for special market and price difficulties some families face, viz, the problems large families or minority families have in finding housing, or the limited kinds of retail outlets in many poverty neighborhoods which some of our current pricing measures bypass.

You have asked for a profile of the population receiving welfare benefits.

I have been given an article which is to appear in the forthcoming issue of the "Rehabilitation Record" called "Who Are the Recipients of Public Assistance?" by Betty Burnside, who is Chief of the Assistance Payments Study Section in the National Center for Social Satistics.

That could tell you much better than I all of the characteristics.

I would just like to read from the first paragraph which might give some indication of what is in here.

There were over 12 million public assistance recipients in November 1970, almost seven million of them children, and the annual cost of making these payments is currently more than $9 billion. Three-fourths of all recipients receive aid to families with dependent children.

Contrary to the popular stereotype of a Mother Hubbard household overflowing with children, the average AFDC family consists of just four persons, a mother and three youngsters. Close to three-fourths of all the AFDC recipients are children with a median age of nine years. One-third of the children are under age six. A few, less than three percent, aged 18 to 20, are eligible for AFDC because they regularly attend school or a course in vocational education.

In terms of numbers of recipients, 17 percent of the total, the second largest program, is old age assistance, designed to help needy individuals who are 65 years or older. Over one-third of all old age assistance recipients are 80 or over, and the longer life expectancy of women probably accounts for the fact that over two-thirds of OAA recipients are female.

The third largest program is aid to the permanently and totally disabled, accounting for 7½ percent of all recipients. And the fourth and by far the smallest, less than one percent of all recipients, is aid to the blind, that is, needy persons who meet the specific definitions of blindness in terms of the measurement of the State in which they live.

I think that gives you an idea of the kinds of things you will find in here.

(The information subsequently supplied follows:)

WHO ARE THE RECIPIENTS OF PUBLIC ASSISTANCE?

(BY BETTY BURNSIDE)*

Recent publicity in various news media has broadened the base of persons in the general population who know at least some facts concerning public assistance under federally-aided programs. Although they may not remember the exact figures, large numbers of people have read that there were over 12 million public assistance recipients in November 1970, almost 7 million of them children, and that the annual cost of maintenance payments is currently more than 9 billion dollars. But the roster of recipients includes many more than these few facts.

What are the people like who for a period of time in their lives need financial help? To some extent their characteristics[1] are delimited by the programs under which they are served. One of these characteristics is age. There are four different types of federally-aided public assistance:

Three-fourths of all recipients receive aid to families with dependent children, a program designed for the purpose of encouraging care of dependent children in their own homes or in the homes of relatives. States furnish financial assistance and rehabilitation and other services to help the parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and

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protection. Contrary to the popular stereotype of a Mother Hubbard household overflowing with children, the average AFDC family consists of just four persons —a mother and three children. Close to three-fourths of all AFDC recipients are children, with a median age of 9 years. Most of these children are under age 18; one-third are under age 6. The few (less than 3 percent) aged 18 to 20 are eligible for AFDC because they are regularly attending school or a course of vocational or technical training designed to fit them for gainful employment. The average AFDC mother is fairly young (median age 32 years). There is a father in the home of less than one-fifth of all AFDC families, and most of these men are either incapacitated or unemployed. The average incapacitated father is considerably older (median age 49 years) than one who is unemployed (35 years).

In terms of numbers of recipients (17 percent of the total), the second largest program is old-age assistance, designed to help needy individuals who are 65 years of age or older. The median age of OAA recipients is 77 years; over one-third are 80 and over. The longer life expectancy of women is probably one of the factors accounting for the fact that over two-thirds of OAA recipients are female. However, the prevalence of females in the population of OAA recipients is much greater than in the U.S. population aged 65 and over, in which 55 percent are women.[2]

The third largest program is aid to the permanently and totally disabled (seven and one-half percent of all recipients). Under this program, financial assistance is given to needy disabled persons 18 years of age or older, and States are encouraged to furnish rehabilitation and other services to help such individuals attain or retain capability for self-support or self-care. The median age of APTD recipients is 55 years, and just over half of all recipients are women.

The fourth program, and by far the smallest (less than one percent of all recipients), is aid to the blind, that is, needy persons who meet the specific definition of blindness, in terms of ophthalmic measurement, of the State in which they live. In addition to money payments, States are encouraged, when practicable, to furnish rehabilitation and other services to help such individuals attain or retain capability for self-support or self-care. There is no age limitation in this program, and although there are AB recipients under 18 and over 85 years old, the median age is 61 years.

Time on assistance.—Contrary to the popular myth of successive generations on welfare, most recipients receive assistance for only a very limited period of time.[3] The average for AFDC families is just under 23 months; for APTD recipients, a little over 2½ years. Together, these two types of recipients account for more than 8 in 10 of all persons who receive federally-aided public assistance. The average recipient of OAA and AB has required welfare help for a period of about 6 years, indicating that for many persons old age and blindness are relatively greater handicaps than other conditions which lead to dependence. Place of residence. Public assistance recipients are primarily urban dwellers. Over 8 in 10 of AFDC families now live in an urbanized area, as do about 2 in 3 of the recipients of OAA, APTD, and AB. Thus, the overall concentration of welfare recipients in urban areas is similar to that of the general population (in 1970, 73.5 percent[4]), and for AFDC alone, is considerably higher.

Race.—The majority of welfare recipients are white (58 percent), and most of the remainder are black. Less than two percent are American Indians. The racial distribution varies considerably, however, among the various categories of public assistance. The proportions of black and white families on AFDC are nearly equal, whereas 3 in 4 recipients of old-age assistance are white, as are about 2 in 3 recipients of AB and APTD. About 1 in 7 AFDC families is of Latin American birth or ancestry, with Puerto Rican and Mexican lineage predominating.

Marital status.—Considerably more than half of all adult welfare recipients are not presently married. A deceased spouse is most common among recipients of old-age assistance (54 percent), as would be expected because of their placement in the life cycle relative to the other groups. The incidence of divorce or separation is highest among AFDC families (27 percent), for whom marital breakup ranks on a par with birth out of wedlock as an immediate cause of dependency on welfare. Although the parents are presently married in about 40 percent of all AFDC families, both parents are in the home in only 18 percent. In most AFDC families (92 percent) the mother is in the home with the

dependent children. Spinsterhood or bachelorhood is found most often among recipients of APTD (37 percent), and it is possible that many of these persons did not marry because of their physical disabilities.

PERCENT DISTRIBUTION BY MARITAL STATUS

	AFDC parents [1]	Recipients of		
		AB	OAA	APTD
Presently married	39	31	26	22
Separated, divorced	27	15	11	22
Widowed	6	28	54	18
Never married [2]	28	26	9	37

[1] Based on status of father.
[2] Father not married to mother.

Education.—The considerable variation in the educational level of adult public assistance recipients is related in part to differences in age. In general, younger adults in the United States have completed more grades of school than older adults.[5] Among AFDC mothers—the youngest group of adult recipients—there are proportionately more high school graduates (18 percent) than for any other group. The median number of grades of school completed by AFDC mothers (10.0) is close to the median of 10.8 grades for all females in the United States aged 14 years and over.[6] About half of all mothers have attended high school, compared with considerably less than one-fifth of OAA, APTD, and AB recipients. Among these latter groups of aged, disabled, and blind persons, well over half do not even have an eighth grade education. About 1 in 10 recipients of AB have attended a school for the blind and/or have had special home teaching.

Employment.—The fact that an individual needs public assistance is indicative of a lack of current lucrative employment or other income. In addition, old age, disability, lack of job skills, and child care responsibilities often act as barriers to employment for persons having these characteristics. As might be expected, therefore, the rate of current employment among public assistance recipients is quite low. About 1 in 8 AFDC mothers is employed either full or part time; less than 1 percent of all AFDC children work for pay. The Social Security Act precludes AFDC payments to families with fathers in the home who have full-time jobs; most fathers receiving AFDC are disabled or unemployed. About 8 percent of AB recipients and 3 percent of OAA recipients are currently employed, with employment rates higher for males than for females. Notwithstanding a dearth of current employment, the majority of unemployed adult recipients have worked at some time in the past, with past employment rates much higher for males than for females. There is, in addition, a sizeable minority of adult recipients who have never worked for pay, including nearly one-fourth of AFDC mothers.

PERCENT DISTRIBUTION BY CURRENT EMPLOYMENT STATUS AND EMPLOYMENT HISTORY

	AFDC mothers	Recipients of		
		AB	OAA	APTD
Employed:				
Currently	13	8	3	----------
Previously [1]	50	53	63	66
Never employed	23	36	29	32
Other [2]	7	----------	----------	----------
Unknown	7	3	5	2

[1] Estimated.
[2] Enrolled or awaiting enrollment in the Work Incentive Program.

Low occupational level is often a correlate of welfare dependency. Illustrative of this relationship are the usual occupations reported for recipients of public assistance, with the exception of blind persons, for whom data are not

available. Over half of the men had been employed as laborers, and the occupation most frequently reported for women was that of service worker.

Thus, the employment potential of most of the welfare population is very small—the recipients of OAA, APTD, and AB, and the AFDC children. One-eighth of the AFDC adults are incapacitated. All of the unemployed fathers receiving AFDC would presumably accept jobs, but they are relatively small in number. The largest group with employment potential are the AFDC mothers who are not incapacitated. Many of these women, however, presently have no marketable skills or no one to care for their children should they be able to find work. The Work Incentive Program, designed to break the cycle of poverty for people on public assistance, is as yet reaching only a small group of the AFDC mothers. Although the WIN program is expanding rapidly, its present resources are too limited to serve all employable adults on public assistancee.

Health conditions and mobility.—At least one disabling condition per recipient is indicated by the titles of the programs for aid to the blind and aid to the permanently and totally disabled, but many AB and APTD recipients have additional health problems. Close to half of all persons receiving AB have some type of chronic mental or physical condition other than blindness. Over half of all APTD recipients have more than one major impairment. Among old-age assistance recipients, a considerable variety of chronic health conditions have been self-reported. For example, over half suffer from arthritis or rheumatism; 4 in 10 have high blood pressure; 3 in 10 have heart trouble. Predictably, health problems are not as prevalent among AFDC recipients, although about 1 in 7 of the AFDC mothers and 1 in 8 AFDC fathers is physically or mentally incapacitated. There has been no similar overall evaluation of the health of AFDC children, but some physical or mental impairments have been identified such as emotional or other nervous disorders (affecting 6 percent of the children), mental retardation (4 percent), speech defect (3 percent), orthopedic impairment (3 percent).

Notwithstanding the problems of age and disability, a large majority of the recipients of OAA and AB (82 percent) and of APTD (69 percent) are sufficiently mobile so as not to be confined to the home. Only about 1 in 10 persons receiving OAA or APTD needs help in getting around outside the home, but help from another person or a guide dog is needed by over 4 in 10 blind recipients. The extent of disability severe enough to require confinement to bed or a chair is quite limited, affecting only 11 percent of APTD recipients and about 8 percent of persons receiving OAA and AB.

Vocational rehabilitation.—Given a sizeable population of public assistance recipients with varying combinations of physical, economic, and social disabilities, how many have been reached by the vocational rehabilitation agency? Proportions of those known to have received services are: AB recipients, 29 percent; APTD, 18; AFDC (one or more members, mostly mothers and fathers), 12.

Although OAA recipients are not excluded from the program of vocational rehabilitation, only a few are referred because of the limitations imposed by age.

Because the target groups for vocational rehabilitation consist primarily of AB and APTD recipients and AFDC adults, it should be helpful to summarize some relevant characteristics associated with each group:

AB recipients.—Aside from persons receiving OAA, this is the oldest group of recipients, with a median age of 61 years .Only 1 in 4 is under 50 years of age. Their educational level is low; over half of the recipients have not completed the eighth grade. About 6 in 10 have had some work experience; only 8 percent are currently employed. For many recipients of AB, legal blindness is accompanied by other health problems such as a chronic physical or mental condition and/or another type of impairment.

APTD recipicnts.—Only 1 in 3 of these persons is under age 50; the median age is 55 years. Their educational level is the lowest for any group of recipients in that almost 2 in 3 have not completed the eighth grade in school. Presumably none are currently employed, although 2 in 3 have worked at some time in the past. The extent of disability is indicated by several factors: over half have a secondary impairment; the median length of time for a primary impairment is 13 years; 1 in 3 is confined to the home.

AFDC adults.—Together, these persons are the youngest group and have the highest educational level among all adult recipients. The median age for AFDC

mothers is 32 years (and almost 6 in 10 are under age 35); for unemployed fathers it is 35 years; for incapacitated fathers, 49 years. About half of AFDC mothers have attended high school (18 percent are graduates), as have 4 in 10 unemployed fathers. Only one-fifth of incapacitated fathers have attended high school. AFDC mothers have the highest employment rate among recipients, with 13 percent working full or part time. An additional 7 percent are either enrolled or awaiting enrollment in the Work Incentive Program. About half of all AFDC mothers and almost all AFDC fathers have had previous work experience. One-eighth of AFDC adult recipients are physically or mentally incapacitated.

The above summary describes the clients that vocational rehabilitation counselors are encountering and will encounter in future cases involving public assistance recipients. There is, obviously, no typical recipient of public assistance. The client who seeks aid from the vocational rehabilitation agency may be young or old, a grade school dropout or a high school graduate, ablebodied or incapacitated. The conclusion is inescapable that for counselors there is a tremendous challenge in the potential for rehabilitation among the large numbers of persons presently receiving public assistance.

NOTES AND REFERENCES

(1) Characteristics data in this report are from the latest studies of public assistance recipients by the National Center for Social Statistics and its predecessor organizations in the U.S. Department of Health, Education, and Welfare: AFDC, 1969 and 1967; OAA, 1967; APTD and AB, 1962. NCSS is currently conducting new studies of all four types of recipients. Percentages in this report are rounded; totals may not equal 100.

(2) U.S. Department of Commerce, Bureau of the Census *of Census Population: 1960, Vol. 1, Characteristics of the Population, Part I, U.S. Summary,* table 158, page 1–359.

(3) The period referred to is the time from receipt of the first check from the welfare agency, following the latest application for assistance, to the month of the specific characteristics study.

(4) U.S. Bureau of the Census, unpublished.

(5) U.S. Department of Commerce, Bureau of the Census, *op. cit.*, table 173, page 1–404.

(6) U.S. Department of Commerce, Bureau of the Census, *op. cit.*, table 173, page 1–405.

Miss ORSHANSKY. You asked about a comparison of the poverty population, welfare recipients and the unemployed.

Professor Lampman has indicated that the unemployed represent only a small proportion of the poor. We have the numbers. I can summarize by saying that although a considerable proportion of unemployed persons are counted poor, the majority of persons counted poor are not poor because they are unemployed but poor because they are unable to work or unfortunately do work but can't earn enough to support their family.

I was able this morning just before I left to look at a tabulation of the poverty population as counted in 1967 by the census to see how many received public assistance.

As those figures go, and they are very rough, about one in six of households without children that are in poverty, and those are mostly aged persons and couples, receive public assistance.

About one in three poor households with children received public assistance, one in two of the families headed by a woman, but only one in six of the families headed by a man.

The last question you ask, I trust will get more attention from some of the other people who are here, my friends and colleagues, from the Bureau of Labor Statistics.

You asked that we compare the poverty income level of $3,800 for a family of four with the lower budget cost for a family of four as

developed by BLS which, it says here, was about $6,960 today in metropolitan areas.

I can only say first that the poverty level is not, of course, a subsistence level. In America we would not tolerate only a subsistence level even for our poorest as a matter of public policy. But it is the lowest income at which data indicate a family could have a chance of still feeling it belonged in America. The poverty line of $3,743 for a four-person family happens to come out to the earnings that a person employed year-round, full-time at the current minimum wage, could expect.

I don't know enough to know whether in determining the minimum wage thought was given to the possibility of a man and wife and two children being supported on it. But that would not be in my opinion an unreasonable consideration. One must remember that the budget cost for the lower level of a worker's family according to the BLS, if I read the reports right, relates to a family of a full-time employed man 38 years old who has worked at least 15 years.

I would assume one would always expect a worker to achieve higher income and earning power as his experience extended. So we would not assume that the minimum wage or any income guarantee for those who don't work, or the basic poverty level should offer as high a standard as that for families of a worker who had worked for a considerable number of years.

There are differences in methods between the derivation of the SSA poverty level and the Bureau of Labor Statistics Budgets. In SSA, we elected to make—in the absence of conventional standards—as few decisions of judjgment in determing the poverty level as possible.

Basically, we made only two. We determined that the pattern of food consumption associated with a minimum adequate level should be; what amount in dollars that would require, using the Department of Agriculture food plans; and then how much in total money income that food expenditure should represent.

We estimated the food needs and total income. All the other things were left unspecified; we really did not and do not know how families with that income or below it have to assign their funds: what they can buy and what they must do without.

In the BLS determinations, with more complex and rigorous procedures, they arrive at estimates for individual items and categories of family living and build up the total from that.

In comparing or choosing among the two measures it is not so much which is better or which is more reasonable. It is the basic purpose one assumes the level serves, and the number of persons or families that it would delineate as a target group falling below it. How does that profile relate to the costs, standards and philosophies implied in any program which makes reference to the criterions of adequacy.

That concludes my statement, Mr. Chairman.

Senator NELSON. Thank you very much.

Our next witnesses who are appearing together are Messrs. Harold Goldstein, William Milligan and Peter Henle, of the Bureau of Labor Statistics.

STATEMENTS OF HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER FOR MANPOWER AND EMPLOYMENT STATISTICS, AND PETER HENLE, CHIEF ECONOMIST, BUREAU OF LABOR STATISTICS, U.S. DEPARTMENT OF LABOR

Mr. Goldstein Mr. Chairman, Mr. Milligan isn't appearing today. We have arranged that I will handle questions that the committee had asked him about. He is here to answer any further questions the committee may have.

Senator NELSON. Would you identify yourself for the record?

Mr. HENLE. I am Peter Henle, Chief Economist in the Bureau of Labor Statistics.

Mr. GOLDSTEIN. I am Harold Goldstein, Assistant Commissioner for Manpower and Employment Statistics, in the Bureau of Labor Statistics.

Mr. HENLE. Do you wish us to proceed in any special order, Mr. Chairman?

Mr. GOLDSTEIN. Should we go down the questions?

Senator NELSON. Just go ahead. If you want to consolidate any of them, what is fine, just so we get the information for the record.

Mr. GOLDSTEIN. The first question the committee asked was: "Please outline the history of the development of Federal unemployment statistics. Please explain changes which have been made in the definitions since 1965, and the effect on published unemployment rates."

The Governments' unemployment statistics have been compiled on substantially the same basis since 1940. It was started by the WPA. It was taken over by the Bureau of the Census in 1942, and the Bureau of the Census has conducted the operation ever since.

In 1959, the Bureau of Labor Statistics was given responsibility for analysis of the data and for determining what data are collected.

Before 1940, we had no measure of unemployment. We had measures of employment. In order to estimate how many people were unemployed, we made an estimate of the total number of people in the working population and subtracted the employed as estimated from that to get an estimate of the unemployed.

Beginning in 1940, we got a direct measurement of the number of unemployed as well as the number of employed, by beginning an interview survey in a sample of households throughout the United States, carefully selected to represent cities and rural areas in the different parts of the country.

We have used basically the same concepts in defining employment and unemployment ever since 1940. That is, first, that we are measuring activity in a single week, the week before the survey is actually made. So we are not relying on people's memory. We are getting a very specific activity of either employment or unemployment, seeking work.

Second, the basic concepts for defining employment and unemployment have been that if a person worked or had a job from which he was temporarily absent, he is counted as employed. If he did not work in the previous week but was looking for work, he is counted as unemployed.

These have been the general concepts which we have followed ever

since 1940. There have been many technical improvements in the survey since that time, the sample has been increased and redesigned a number of times, the questions have been sharpened, and other methodological improvements have been made. Only twice in this period have there been any changes in the definitions.

In both of these cases the changes were in rather small aspects of the definitions, trying to get a clearer picture of the status of marginal groups, groups which were hard to classify properly as between employment, unemployment, and not in the labor force.

Changes were made first in 1957 on the basis of an interagency study of the problem of concepts and definitions in the labor force survey, and the changes then were only two. People who were on layoff and with definite instructions to return within 30 days had been previously classified as employed, that is, as people temporarily absent from their jobs, "employed-with a job but not at work."

In 1957, this group was switched to being classified as unemployed.

The second group whose classification was changed at that time was people who were waiting to start a job within 30 days. They were not working in the previous week but waiting to start a job. They had been previously classified as employed, but in 1957 they were switched to unemployed.

These people didn't fit the basic definitions. They were not working in the previous week, nor were they looking for work. Here lay the problem. It was felt in 1957 that these people who were not working, not receiving income, should not be classified as employed, so they were changed to unemployed.

We have no measure of the effect of these changes on the unemployment estimates or rates but the effect is believed to be small because the groups are small.

In 1967, further changes were introduced on the basis of a very careful study of the Government's employment and unemployment statistics made by the President's Commission on Employment and Unemployment Statistics, chaired by Prof. R. A. Gordon of the University of California.

The committee made a study for a year and wrote a rather extensive report. The Government undertook to put that report into effect and made a number of studies, conducted sample surveys, and tested questions and procedures designed to put the recommendations of the Gordon committee into effect.

There has been testimony, Mr. Chairman, on this before the Joint Economic Committee in 1963.

In short, the changes made were to first eliminate from the measure of the labor force boys and girls 14 and 15 years old. Most of those who worked were in three different classifications, either newsboys, babysitters or unpaid family workers—people who helped in a family business or a family farm.

The effect of the elimination of the 14- and 15-year olds was to reduce the count in employment by about 1,200,000 in 1966, to reduce the number of unemployed, people seeking work, by about 100,000, and to reduce the overall unemployment rate by one-tenth of 1 percent.

This change has been carried backward in the statistics for the past

years so that when we have employment rates for the period before 1967, we can compare them with the current statistics.

The effect of the other changes that I am about to describe had the effect of reducing the unemployment rate by one-tenth of one percent, the stimated number of unemployed by about 100,000.

Briefly, these changes were designed to sharpen the measurement of unemployment.

One of these changes was that unemployed were defined as people who had engaged in a specific job-seeking activity in the past 4 weeks and were available for work in the survey week.

The requirement that they had engaged in a specific job-seeking activity was designed to make sure that they were really looking for work.

The extension of the period in which they could engage in this activity to the past 4 weeks was designed to take account of the fact that the way in which many people look for a job is to apply for a job—and then, because they may have been told that they may hear from this employer, they may not do anything active to look for work in a particular week. But they are still, in a real sense, looking for work.

Also, the requirement is that they be available for work in the previous week. A person who had looked for a job within the past four weeks but had changed his mind—let us say a housewife whose family responsibilities suddenly became such that she couldn't work —would not be counted as unemployed until she was available again for work.

That is one change that was made.

A second change that was made was that people with a job but absent from work either because of vacation or because they were on strike, or some other reason, and who were looking for work would not be classed as employed.

Up to that time such people were classed as unemployed if they were looking for work, because our basic definition for an unemployed person is a person looking for work.

But in this case it was that this very small group of people who are on strike or on vacation, and also looking for another job, are properly classified as employed since they have a job attachment.

A third change affects people who didn't look for work because they believed that no work was available in their community.

The question designed to elicit this information had not previously been asked. But if a person volunteered the information that the reason her husband was not looking for work was that he believed no work was available, the instruction was that he was to be classed as unemployed.

The Gordon committee was very critical of this procedure, a procedure in which we depended on volunteered information. After careful consideration, they recommended that such people be classified as "not in the labor force."

They also recommended that this group be carefully measured so that we would know something about them. We have, beginning in 1967, continued to measure this group.

Those were the changes in definition, and they were the only

changes in definition introduced in the measurement of unemployment in this last 30 years.

The next question is "Please explain how unemployment statistics are compiled for labor market areas, for States, for urban poverty areas, and for the Nation as a whole."

I mentioned that for the Nation as a whole we use a sample, which is now 50,000 households. This sample is surveyed every month by personal visit or, after the first visit, by a telephone call.

The statistics are based on this sample, with adjustments to properly estimate the status of the total population.

This sample is also used to develop statistics on an annual average basis for 10 of the largest States and for 20 of the largest metropolitan areas. We do it on an annual average basis because the sample collected each month is not large enough to give us accurate statistics on employment and unemployment in the areas. By averaging it over the year, we have more reliable data.

We also publish statistics on the current employment and unemployment situation in the combined poverty sections of the 100 largest metropolitan areas of the country. This gives us an insight into employment and unemployment situations of the people in the urban poverty areas. This is published quarterly.

There is another way that is used in estimating unemployment for States and for individual metropolitan areas. The statistics I mentioned can cover only 10 States and 20 large areas because the sample isn't large enough to give us greater data.

But for some years now, State employment security agencies have been making estimates of current unemployment in metropolitan areas and States. They do it for 150 large metropolitan areas and for quite a large number, I think 70 or more, smaller areas where the data are needed.

This is done every month now. It is done largely on the basis of the data on the insured unemployed in those States or metropolitan areas.

Currently, nationally, insured unemployment is running about 40 percent of total unemployment as estimated from the national labor force sample. There are many reasons for the difference. The insured unemployed don't include people who are not covered by unemployment insurance, people who work in various kinds of nonprofit institutions, in State and local government agencies, people who work on farms, and new workers who come in and look for work who would be counted as unemployed in the national household survey but are not receiving unemployment insurance. Nor does unemployment insurance cover employeees of very small firms in some States, nor does it cover people who have exhausted their unemployment benefits.

For this reason, as I say, the insured unemployment runs about 40 percent of the total unemploment.

The States have techniques for estimating the remainder of total unemployment by various national ratios and other methods, data on the number of people who have exhausted their benefits and so forth, so that they get an approximate measure which is used on a current basis for evaluating the labor market situation in each city and State, and for administering certain legislation, defense procuremment, Buy America Act, the Economic Development Act, and other legislation.

Determinations are on the basis of the estimated unemployment levels as estimated by the State employment security agencies.

Another question is "Based on available unemployment statistics, what effect has the current recession had on unemployment? Which groups have suffered most adversely?"

Very briefly, Mr. Chairman, the greatest declines in employment have been in the manufacturing and construction industries, and these declines have been partially offset by continued growth in the service-producing industries—trade, services, finance, State and local government.

The greatest increase in unemployment rates have been among adult men, among full-time workers as distinct from part-time workers, among workers in certain occupations, such as the professions, the skilled trades. For these workers, there has been a very substantial percentage increase in unemployment.

But when you look at it in terms of the numbers of additional unemployed, you find that you get a somewhat different picture. The largest additional group is among men. There were 900,000 more unemployed men in February of this year than there were at the point which is generally selected as the beginning of the downturn—that is, December 1969.

There are 900,000 more unemployed men, 600,000 more unemployed women, and 400,000 more unemployed teenagers.

The increase in unemployment, again in terms of the percentage increase in the unemployment rate, has been about the same for black and for white workers.

The increase in the unemployment rate was about 66 percent for black workers and about 61 percent for white workers. But in terms of the unemployment impact, it means that the unemployment rate for black workers is nearly double the rate for white workers, 9.6 percent this February, as compared to 5.3 percent for white workers.

The increases in unemployment have been, of course, among the manufacturing and construction workers, the industries in which the greatest declines in employment took place.

The next question the committee asked was to the extent possible, please supply projected figures on the size of the labor force and projected unemployment rates for the future. What increase in available jobs would be needed to obtain 4 percent unemployment and maintain that level?

We have made such projections and, in short, starting with the average labor force, employment and unemployment for January and February of this year, if you want to look ahead to the annual aveerage for 1972, or, putting it another way, a period that is centered at mid-1972, we will need between three million and four million more people employed in order to reduce the level of unemployment to 4 percent.

This allows for the growth of the labor force and for some reduction to budgeted levels in the size of the Armed Forces.

Looking ahead to the average for the year 1975, we will need about eight million to 8.6 million additional workers employed in order to achieve a 4 percent level of unemployment.

Putting the thing another way, in terms of monthly averages, our

employment will have to increase by between 200,000 and 240,000 a month from January-February of this year to mid-1972 to achieve 4 percent at that time.

To achieve 4 percent by mid-1975, employment would have to rise at the rate of 150,000 a month to 160,000 a month.

Senator NELSON. How many new people are coming into the labor market now monthly or annually?

Mr. GOLDSTEIN. Annually, about between three million and four million. The net growth of the labor force in this period is projected at about a million and a half per year.

Senator NELSON. That is those leaving, retiring, and so forth, so the net is what?

Mr. GOLDSTEIN. A million and a half a year.

The next question was compare the poverty population, the welfare population and the unemployed; to what extent are these groups similar and to what extent do they differ.

Mr. CHAIRMAN, I think Dr. Lampman and Miss Orshansky covered that, so there is nothing I can add to it.

Senator NELSON. Fine.

Mr. GOLDSTEIN. The next question had to do with the subemployment index. Here, Mr. Chairman, I would like to combine several questions: "Please outline the history of the subemployment index.

The second question is "What are the conceptual problems in con-
Why was this information desired, how was it developed, and what levels of subemployment were uncovered?"
tinuing and reissuing the subemployment index?"

Third, "What effect has the current recession had on subemployment or underemployment?"

The subemployment rate was first conceived as the Department of Labor tried to interpret the results of a survey that we made in November 1966 of employment conditions in the poverty areas of eight large cities.

At that time there was concern that although unemployment was low and getting lower over a period of years in there, there were still many people who were in distress, economically.

It was realized that unemployment, as we measure it, is not the only measure or indication of an employment problem.

The Department of Labor was concerned with looking into employment problems in a broader sense. In interpreting the results of the data from these poverty area surveys in November 1966, we found, for example, that the unemployment rate as we measure it ran about 10 percent in these areas when the national unemployment rate was, I believe, below four percent at that time.

But, in addition, there were other groups that were in trouble. One group was people who were employed only part-time although they wanted full-time work.

In developing a subemployment index, this group was added.

A third group was people who, though employed full-time, were earning very low wages. As Dr. Lampman and Miss Orshansky brought out, this is a major cause of poverty.

In developing this subemployment index, we counted household heads below the age of 65 who were earning less than $60 a week at

full-time work, and other people, not household heads, employed full-time but earning less than $56 a week.

A fourth group included in the subemployment index was people who do not participate in the labor force, men between the ages of 20 and 64 who were neither working nor looking for work.

There has been some concern that some people just give up the search for work because of discouragement. They find they can't get work. In that sense, our unemployment estimates, which are based on people actually seeking work, do not measure the full extent of the problem of lack of employment opportunity.

For the subemployment index, an arbitrary figure of 50 percent of the men not participating in the labor force who were 20 to 64 years of age was included.

One more group was included. There is evidence that the population census undercounts some groups in the population, and that the undercount is most severe among underprivileged groups. The undercount was highest among young Negro men. It was higher among Negroes than among whites and highest among young men.

So an estimate was made of the number of males uncounted in these poverty areas by comparing the number of females with the number of males. More females were counted than males, and an estimate was made of the number of males that were uncounted.

Arbitrarily, one-half of the uncounted males were taken to be included in the subemployment index.

In total, in these 8 cities, the subemployment rate ranged from 25 to 45 percent in the different cities, and averaged about 34 percent for the 8 cities combined.

Since then, we have had some second thoughts about this. Further research has revealed more information about the people who don't participate in the labor force. I mentioned that the Gordon committee had recommended that people who don't participate in the labor force should be counted and studies should be made of them.

We have developed some information about their characteristics which suggests that most of those who don't participate are not really interested in work. They have health problems, or they are in school. They have family problems, if they are women. There is a group of them, but only a relatively small part of the total of people who are not participating in the labor force, who are not participating, not looking for work, because they believe no work is available.

We would say now that one-half of the male participants aged 20 to 64 was too high an estimate of people who have an employment problem.

Similiarly, we have no reason to believe, on the basis of the evidence we now have, that one-half of the men not counted in the population census are people who have an employment problem.

The best evidence we have been able to find suggests that the characteristics of men in the poverty areas who are not counted in the census are probably very close to those of men who are counted. Since then, an attempt has been made to develop another kind of measure of subemployment by counting subemployed people on the basis of their experience over a whole year, people who were unemployed 15 or more weeks in the previous year, and people who were working

year-round and full-time but earning less than $3,000 a year, which was a figure close to the then poverty level, a figure that we did have.

In 1961, the number of people subemployed by this definition was 17 percent of the labor force. In 1966, this number had been reduced to 10 percent. In 1968, we estimate it was about 7 percent. And in 1969, we estimate 5 percent. As you can see, Mr. Chairman, this is a lower measure of subemployment than the first one used, and is not as inclusive and probably suffers from some defects for that reason.

These are, then two attempts to measure subemployment. I would say that neither one of them is fully satisfactory, and we are continuing to study this problem and to develop, hopefully, a better measure.

One final question, Mr. Chairman: "Please outline the history of the Bureau of Labor Statistics' Urban Employment Survey since 1967. How is it operated, in what cities, what is the cost, and what are the highlights of its findings?"

This Urban Employment Survey was started as a result of the findings of the survey I previously mentioned, the November 1966 survey. The purpose was to develop more insight in depth into the problems of the people who live in the poverty area of large cities.

It was set up as an intensive study, with a much longer questionnaire designed to get at some of the reasons for their employment-related problems.

It was developed by a Department of Labor-wide committee. It was funded by the Manpower Administration, administered and designed by the Bureau of Labor Statistics in cooperation with the Department-wide committee, and the actual surveying was done by the Bureau of the Census in the poverty areas of the six cities, New York, Chicago, Los Angeles, Detroit, Atlanta and Houston.

In two of those cities, in order to get some comparative data, we surveyed also the balance of the city, so that we could compare the people in the poverty area with a nonpoverty population in the same city. These two cities were Detroit and Atlanta.

The cost, including the cost of the collection of the data, was about $2 million each year.

The survey was conducted in full-scale in these six cities for only 2 years, beginning in July 1968 and ending in June 1970.

Experimental work is still continuing as a result of that survey, to develop new lines of questions that will give us some insight into some of the employmentrelated problems of people in these areas.

One of the new studies we are engaged in is one designed to develop questions on underemployment.

Another one is on the problems of women with young children at home who want to work.

Another one is on health and physical handicap conditions that make it difficult for workers to be employed.

The findings of this survey have been published extensively in about 30 reports. We found that unemployment in those areas was two to three times the average for the United States; that the labor force participation was lower than in the United States for men, not especially lower for women; that more of the people in these areas were working part time. In Atlanta, 1 out of 4 workers were working part time, which is much higher than the national average. Men in

these areas were proportionately more concentrated than men generally in the United States in such jobs as laborers, and women in service jobs, particularly domestic service.

In Atlanta and Houston, for example, 27 percent of the women workers living in these poverty areas were engaged in domestic service, which compares to about 5 percent in the country as a whole.

The earnings were low. Twenty-five percent of the people in Houston and Atlanta who were working earned less than $65 a week, which is close to the Federal minimum wage of $1.60 an hour. Twenty-three to 31 percent of the families in these areas were earning incomes below poverty levels.

There is one other point I think I should add. The educational level of the people in these areas was low. Less than 40 percent were high school graduates outside of New York and Los Angeles—that is, in the other four cities—and this compares to about 60 percent high school graduates in the United States as a whole. Their training was minimal. Only one out of eight had completed any formal training, and mostly this had been either in school or in the Armed Forces.

Mr. Chairman, that is all I have on the questions.

(The prepared statement of Mr. Henle, with an attachment, follows:)

STATEMENT OF PETER HENLE
CHIEF ECONOMIST, Bureau of Labor Statistics
Hearings Before the Senate Labor and Education
Subcommittee on Manpower, Poverty, and Employment
March 23, 1971

Responses to Committee Questions on BLS Budgets For An Urban Family of Four Persons

1. Q. How were the budget levels developed and what significance is attached to them?

A. The concept of the intermediate budget was developed by BLS in the mid-1940's, in response to a directive by a Subcommittee of the Committee on Appropriations of the House of Representatives to provide information, for use in appraising income tax exemptions, on the cost of an adequate standard of living. Annual pricing of the original budget was terminated in 1951, because the list of goods and services which was used to determine budget costs was considered outdated. A new list, representative of consumption patterns in the 1950's, was derived and priced in 20 metropolitan areas in 1959, and results were published as "The Interim City Worker's Family Budget." Costs of a third edition of this budget, influenced by levels and patterns of consumption in the 1960's, were published for 1966. Then, this single-level budget was supplemented by two additional budgets, which are illustrative of levels of living lower and higher than the

intermediate budget. The three levels were priced initially in spring 1967 in 39 metropolitan areas and 4 regional classes of non-metropolitan areas. In spring 1969, the budgets were repriced, and in spring 1970 their costs were estimated by applying price changes reported in the Consumer Price Index to the appropriate budget components of goods and services and recalculating the applicable taxes.

All three budgets were designed to provide for the maintenance of physical health and social well-being, the nurture of children, and participation in community activities. Within this broad framework, the budget derivation procedures distinguished different levels of adequacy by varying the assumptions concerning the manner of living and by providing different quantities and qualities of the necessary goods and services. The manner of living in the lower budget differs from that in the intermediate and higher budgets in several specifications: The family lives in rental housing without air conditioning, relies heavily on the use of public transportation, supplemented, where necessary, by the use of an older car, performs more services for itself, and utilizes free recreation facilities in the community. The life style in the higher budget, on the other hand, is marked by more homeownership, compared with the intermediate budget, high levels of new-car ownership,

more household appliances and equipment, and more paid-for services. For a majority of the items common to each budget, the quantity is greater and the quality higher in the intermediate than in the lower budget, and in the higher than in the intermediate budget.

Two kinds of data were used to derive the lists of goods and services. For the food-at-home and the shelter components, nutritional and health standards determined by scientists and technicians were used. Recommended allowances for nutrient intake have been scientifically formulated for individuals in different sex-age groups. The U.S. Department of Agriculture has translated these requirements into food plans at different cost levels, which reflect the actual consumption patterns of families with varying amounts of money to spend for food. The USDA low-cost food plan was used for the lower BLS budget, and the moderate-and liberal-cost plans in the intermediate and higher budgets respectively.

Similarly, technical experts have described standards for shelter relating to factors such as sleeping space appropriate to family size and composition, essential household equipment (including plumbing), adequate heat, structural condition of the unit, and neighborhood

location. Beginning with these basic requirements, housing units may be rented or purchased at different levels of cost. A housing unit may include a guestroom or den in addition to adequate sleeping space for the family, or it may have two bathrooms or more, central air conditioning, architectural distinction as well as sound structural condition, and it may be located in a convenient or exclusive area. For the current budgets, average contract rents and purchase prices of owned homes were accepted as a proxy measure of such qualitative differences among all housing units which conformed to the basic standards. Thus, the average rent for the low third of the distribution of contract rents for units which met the housing standard was used for the lower budget, while the averages for the middle and high thirds of the distribution were used for the intermediate and higher budgets, respectively.

For the transportation component, prevailing practices of budget-type families themselves, as revealed by data from the 1960-61 Survey of Consumer Expenditures, provided the criteria. Ownership of a car was specified for varying proportions of families at the three budget levels. Transportation costs also differ among the budgets as a result of the variation in weights for automobile ownership in individual metropolitan areas, a reflection of the greater

availability of public transportation in some areas than in others; and different specifications for the ages of the cars purchased and traded in, and for the number of miles driven at each budget level.

The medical care component in the three budgets provides basic hospital and surgical insurance for all family members, obtained by the husband through a group contract at his place of employment, consistent with prevailing patterns for families of the budget type. Allowances for medical care not covered by insurance were estimated from 1963-64 utilization data from the National Health Survey or from the 1960-61 Consumer Expenditure Survey data.

For other categories of consumption--housefurnishings, household operation, clothing, personal care, education, reading, recreation, meals away from home, and alcoholic beverages--the data analyzed were from the 1960-61 Survey of Consumer Expenditures. In relating consumption (for a particular category of goods) to income, the income class containing the point of highest elasticity was defined as appropriate for determining the quantities for the intermediate budget. Quantities for the lower and higher were derived respectively from the income classes immediately below and above the class containing the point of maxi-

mum elasticity, or inflection point.

The Bureau refrains from describing the budget levels by such adjectives as minimum, liberal, subsistence, necessary modest, moderate, adequate, comfortable, luxury, ideal, etc. None of these terms is self-explanatory or objective. Their meaning is affected by changes over time in the conditions of living within a society, as well as by the experience and attitudes of the individual using the term. Accordingly, we describe the budget levels only as lower, intermediate, or higher, and the significance of the levels can be determined only by examining the detailed lists of goods and services which were used to determine the budget costs.

In terms of their uses, the lower budget was developed in response to requests from State public assistance agencies, who considered the consumption component of the intermediate budget too high to be consistent with the objectives of public assistance programs, or with the funds available to administer such programs. Legislators attempting to formulate income criteria for admission to public housing units had a similar problem. Periodic evaluation of the Federal program providing partial income protection against loss of earnings because of long-term severe disability and

of State programs for unemployment insurance and workmen's compensation also generated demand for living cost estimates below the level of the intermediate BLS budget.

The new lower budget does not pretend to identify the cutoff point which separates families with enough from those with insufficient income, in the context of these and numerous other programs. It does provide an additional estimate of living costs which may constitute a more realistic benchmark than the intermediate budget and hence be more useful to those concerned with problems of inadequate income.

Judicial decrees for support orders and alimony payments frequently take account of the intermediate budget in determining either ability to pay or the recipient's need. This budget has also been used to determine equitable amounts of college loans or scholarships, and the ability to pay for subsidized medical, mental health, or guidance services.

Voluntary social and welfare agencies providing services to families with a special problem (such as a handicapped child or an aged parent with a long-term illness) frequently requested budget estimates for a level higher than the intermediate to consider in determining eligibility criteria or in establishing a scale of fees. The higher budget was developed for this group of users.

Probably the widest use of all three budget levels is to measure variations in living costs among different cities.

2. Q. How are the BLS budget levels related to the poverty income level of $3,800 for a family of four?

A. For each of the three BLS budget levels for a four-person family, it was assumed that the source of the family's income is full-time employment of the family head. The budget totals were derived by determining the costs of the components of family consumption--food, housing, transportation, clothing, personal care, medical care, reading, recreation, etc.--at three levels of living. In addition to these items consumed directly by the family, the budget totals include allowances for other costs--gifts and contributions, life insurance, and occupational expenses. Then, the taxes which a family would have to pay on the income earned to maintain the specified level of consumption were calculated. These taxes include Social Security payments, disability insurance contributions in some States, and local, State, and Federal personal income taxes. At Spring 1970 price levels, these various components of the budget totals at each level of living were distributed as follows:

Budget component	Costs			Percent distribution		
	Lower	Inter-mediate	Higher	Lower	Inter-mediate	Higher
Consumption	$5,553	$ 8,205	$11,346	80	77	73
Other costs	343	539	903	5	5	6
Subtotal	5,896	8,744	12,249			
Taxes	1,064	1,920	3,262	15	18	21
Total budget costs	6,960	10,664	15,511	100	100	100

The poverty level income of $3,800 for a family of four, or $3,970 in 1970 (the date of the BLS budget estimates above) rests on a rationale for a measure of minimum income requirements developed by the Social Security Administration, consisting of two premises: (1) A family should be able to provide for itself a nutritionally adequate diet at a minimum level of cost, as measured by the USDA economy food plan; and (2) on an average, food comprises one third of family money income after taxes. From these premises total income requirements were set at 3 times the cost of the economy food plan. This implies, of course, that incomes are derived from a non-taxable source, or are below the levels at which families would be required to pay income taxes. The "economy food plan" is at a lower cost level than the "low-cost food plan" used in the BLS lower budget.

The various components of the BLS lower 4-person budget bear the following relationships to the poverty level for a family of four:

	Cost	Index
Poverty level	$3,970	100
BLS lower budget:		
Consumption	5,553	140
Consumption plus other costs	5,896	149
Total budget (including taxes)	6,960	175

3. Q. Based on data in the family budget studies, how well would an urban family be able to live at the $3,800 level ($3,967 at spring 1970 price levels)?

A. A third of the poverty level total is allocated to food costs, which at 1970 price levels would amount to an annual allowance of $1,320, or a weekly allowance of $25 for a family of 4 persons. These costs are based on the USDA economy food plan, and assume that all meals are eaten at home or carried from home.

This poverty level allowance compares with a food outlay of $1,905 annually, or about $37 weekly in the BLS lower budget. This budget uses the USDA low-cost food plan as a basis for food-at-home costs, and also provides for buying some meals away from home: Each child could buy lunch at school about twice a week; the husband could buy lunch at work about five times a month; and the whole family could eat in a restaurant about 6 times a year. According to USDA home economists, menus for food at home based on the low-cost plan require a considerable amount of home preparation, as well as skill in cooking to make varied and appetizing meals, even though the cost level of this plan is 25 percent higher than the economy plan.

After food costs based on the economy plan are subtracted from the poverty income level, only about $2,650 remains to cover all other consumption outlays for a 4-person family. The BLS lower budget allowance for these components amounts to $3,650 annually, allocated in the following manner:

$1,429	Housing: Rent for 5-room, 1-bath unit, plus allowances for laundry, cleaning, paper supplies, basic telephone service, replacement of some house-furnishings.
505	Transportation: Use of public transportation, with ownership of an 8-year-old car by all families only in those areas in which transportation is not available.
807	Clothing and personal care items. (Assumes family has average inventories of clothing items.)
562	Medical care: Premium for hospitalization and surgical insurance policy where insurance is not provided by employer, supplemented by average utilization for uncovered items and services.
345	Other family consumption (reading, recreation, public school expenses, tobacco, alcohol, and miscellaneous items).

BLS leaves it to the users of its various budget levels to evaluate how well a family would be able to live at each level.

It needs to be stressed, of course, that the "family of four persons" whose living patterns were assessed to develop all three of the BLS budget estimates included a husband who was employed full-time. If it is assumed alternatively that the husband is unemployed, this single alteration in the budget specifications would affect food costs (lunches at home would be substituted for the average number of lunches purchased at work), transportation costs, and clothing costs (the husband's allowance would be reduced to the level of the nonworking wife's). Cost of medical insurance obtained through the husband's place of employment would be eliminated, as would social security and personal income taxes. In some communities, children in families with an unemployed head may be eligible to receive lunches free at school, and the family may qualify for free medical care. The effects of these different assumptions on the cost of the lower budget are summarized in table 1.

These alternative adjusted costs of the BLS lower budget bear the following relationship to the poverty level for a family of four:

	Cost	Index
Poverty level	$3,970	100
BLS lower budget adjusted for husband's unemployment:		
Consumption----------	5,284	133
Consumption plus other costs---	5,563	140
BLS lower budget adjusted for husband's unemployment, and free school lunches and medical care:		
Consumption----------	4,701	118
Consumption plus other costs---	4,962	125

Table 1. Published and adjusted costs of BLS lower budget for a 4-person family

Spring 1970

Component	Published cost	Adjusted costs	
		Husband unemployed	Husband unemployed, school lunches and medical care free
Food	$1,905	$1,871	$1,724
Housing	1,429	1,429	1,429
Transportation	505	420	420
Clothing	625	601	601
Personal care	182	182	182
Medical care	562	436	--
Other family consumption	345	345	345
Total cost of family consumption	5,553	5,284	4,701
Gifts and contributions	165	159	141
Life insurance	120	120	120
Occupational expenses	58	--	--
Social security and disability payments	345	--	--
Personal taxes	719	--	--
Total cost of budgets	6,960	5,563	4,962
Difference resulting from adjustments		1,397	1,998

SOURCE: U.S. Department of Labor
Bureau of Labor Statistics

4. Q. What percent of urban American families are below the level of your minimum adequate budget?

A. For the reasons cited above BLS has not described its lower level budget as a minimum adequate budget. Also, this budget is for a very precisely defined family type of four persons. From Bureau of the Census data on incomes, we have estimated that, in 1969, about 16 percent of budget-type families had incomes below the lower budget (i.e., $6,543 or less). We are not able to furnish comparable estimates for families of other types.

5. Q. What effect has inflation and the recent recession had on the urban worker's budget?

A. Some comparative data on both budget costs and mean incomes for 4-person families are available for the 2-year period 1967 to 1969. They indicate that, although inflationary pressures raised the costs of the budgets over this period, the rise was considerably less than the increase in average income for all 4-person families:

	1967	1969	Percentage change 1967-1969
BLS 4-person budget cost:			
Lower	$ 5,915	$ 6,544	10.6
Intermediate	9,076	10,064	10.9
Higher	13,050	14,571	11.7
Census mean income, 4-person families	10,939	12,856	17.5

U.S. DEPARTMENT OF LABOR
Bureau of Labor Statistics
Washington, D.C. 20212

THREE BUDGETS FOR AN URBAN FAMILY OF FOUR PERSONS
FINAL SPRING 1969 COST ESTIMATES

The Bureau of Labor Statistics has completed final, detailed spring 1969 costs of three budgets for an urban family of four persons--husband, wife, 13-year-old boy, and 8-year-old girl. These costs, which replace the preliminary estimates that were released in December 1969, are available for 39 metropolitan areas; 4 regional classes of nonmetropolitan areas; Anchorage, Alaska and urban U.S.

These budgets, which describe a specified manner of living identified as Lower, Intermediate and Higher, were first published in the report Three Standards of Living for an Urban Family of Four Persons, Spring 1967 (Bulletin 1570-5), and in the April 1969 issue of the Monthly Labor Review, Reprint No. 2611. An analytical report on the spring 1969 budgets will be published shortly as a supplement to Bulletin 1570-5. These bulletins can be purchased from the regional offices of the Bureau of Labor Statistics (BLS) and the Superintendent of Documents, Washington, D.C. 20402. The price of Bulletin 1570-5 is $1. Monthly Labor Review Reprint No. 2611, additional copies of the spring 1969 budget cost tables, and estimates for spring 1970 are available free upon request from the Regional Offices of the BLS and the Office of Prices and Living Conditions.

DECEMBER 1970

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969

Item	Urban United States								
	Total			Metropolitan areas 2/			Nonmetropolitan areas 3/		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,776	$ 2,285	$ 2,879	$ 1,803	$ 2,322	$ 2,944	$ 1,655	$ 2,120	$ 2,589
Food at home	1,537	1,925	2,297	1,553	1,942	2,313	1,464	1,853	2,224
Food away from home	239	360	582	250	380	631	191	267	365
Housing: Total 4/	1,376	2,413	3,627	1,398	2,485	3,760	1,278	2,092	3,031
Renter families 4/	1,376	1,909	3,273	1,398	1,953	3,443	1,278	1,708	2,508
Homeowner families 4/	--	2,581	3,689	--	2,662	3,816	--	2,220	3,123
Shelter 5/	1,065	1,881	2,509	1,087	1,952	2,618	966	1,564	2,017
Rental costs 6/	1,065	1,377	2,155	1,087	1,420	2,301	966	1,179	1,494
Homeowner costs 7/	--	2,049	2,571	--	2,129	2,674	--	1,692	2,109
Housefurnishings	149	303	569	152	309	581	137	274	514
Household operations	162	229	439	159	224	436	175	234	455
Transportation: Total 8/	486	879	1,142	461	881	1,160	595	872	1,064
Automobile owners	647	924	1,142	666	937	1,160	595	872	1,064
Nonowners of automobiles	152	220	--	152	220	--	--	--	--
Clothing	599	856	1,252	607	868	1,272	566	799	1,163
Husband	153	204	289	152	203	289	157	210	290
Wife	131	211	342	132	215	349	128	193	310
Boy	141	197	277	144	199	283	126	188	251
Girl	115	168	233	120	174	237	94	139	215
Clothing materials and services	59	76	111	59	77	114	61	69	97
Personal care	176	236	334	181	240	338	153	217	318
Medical care: Total 9/	529	531	554	545	547	570	459	462	483
Insurance	277	277	321	285	285	331	241	241	279
Physician's visits	106	106	106	112	112	112	80	80	80
Other medical care	304	306	310	310	312	316	275	278	282
Other family consumption	328	611	1,006	342	632	1,044	266	514	837
Reading	58	77	105	63	83	113	37	49	71
Recreation	107	288	542	112	295	562	83	257	447
Education	51	65	74	55	70	78	36	41	58
Tobacco	15	15	19	15	15	19	14	14	18
Alcoholic beverages	59	73	96	59	74	97	61	69	94
Miscellaneous expenses	38	93	170	38	95	175	35	84	149
Cost of family consumption: Total 10/	5,270	7,811	10,794	5,337	7,975	11,088	4,972	7,076	9,485
Renter families	5,270	7,307	10,440	5,337	7,443	10,771	4,972	6,692	8,962
Homeowner families	--	7,979	10,856	--	8,152	11,144	--	7,204	9,577
Other costs	277	430	771	279	436	786	268	405	707
Gifts and contributions	157	270	531	159	276	546	148	245	467
Life insurance	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95
Social security and disability payments	326	387	387	332	389	389	298	377	377
Personal taxes: Total 10/	614	1,346	2,524	630	1,389	2,633	544	1,153	2,035
Renter families	614	1,199	2,383	630	1,233	2,504	544	1,047	1,839
Homeowner families	--	1,395	2,549	--	1,442	2,656	--	1,188	2,070
Cost of budget: Total 10/	6,544	10,064	14,571	6,635	10,279	14,991	6,139	9,101	12,699
Renter families	6,544	9,413	14,076	6,635	9,591	14,545	6,139	8,611	11,980
Homeowner families	--	10,281	14,658	--	10,509	15,070	--	9,264	12,826

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 -- Continued

Item	Northeast														
	Boston, Mass.			Buffalo, N.Y.			Hartford, Conn.			Lancaster, Pa.			New York-Northeastern New Jersey		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,868	$ 2,479	$ 3,084	$ 1,838	$ 2,405	$ 2,974	$1,924	$ 2,541	$ 3,075	$1,830	$ 2,393	$2,977	$1,927	$ 2,568	$3,255
Food at home	1,634	2,116	2,470	1,590	2,024	2,363	1,661	2,125	2,488	1,598	2,045	2,388	1,648	2,106	2,456
Food away from home	234	363	614	248	381	611	263	416	587	232	348	589	279	462	799
Housing: Total 4/	1,539	2,976	4,533	1,308	2,591	3,750	1,660	2,783	4,060	1,291	2,254	3,349	1,319	2,888	4,458
Renter families 4/	1,539	2,046	3,533	1,308	1,956	3,108	1,660	2,139	3,395	1,291	1,614	2,909	1,319	1,970	4,168
Homeowner families 4/	--	3,286	4,710	--	2,803	3,863	--	2,998	4,177	--	2,401	3,427	--	3,194	4,509
Shelter 5/	1,217	2,428	3,330	991	2,049	2,584	1,350	2,256	2,876	981	1,727	2,214	1,003	2,348	3,267
Rental costs 6/	1,217	1,498	2,330	991	1,414	1,942	1,350	1,612	2,211	981	1,287	1,774	1,003	1,430	2,977
Homeowner costs 7/	--	2,738	3,507	--	2,261	2,697	--	2,471	2,993	--	1,874	2,292	--	2,654	3,318
Housefurnishings	153	313	598	154	312	592	156	317	601	159	321	606	159	322	607
Household operations	169	235	480	163	230	449	154	210	458	151	206	404	157	218	459
Transportation: Total 8/	497	924	1,293	504	968	1,152	497	992	1,178	443	866	1,055	395	806	1,220
Automobile owners	789	1,088	1,293	700	968	1,152	688	992	1,178	598	866	1,055	692	966	1,220
Nonowners of automobiles	206	272	--	141	207	--	144	210	--	155	221	--	97	164	--
Clothing	582	842	1,251	615	892	1,317	608	875	1,297	584	844	1,252	608	876	1,301
Husband	143	196	283	147	203	292	144	198	285	139	191	274	151	203	293
Wife	125	207	350	135	220	363	128	208	350	127	203	334	130	214	359
Boy	136	189	274	145	202	293	146	203	296	137	191	279	147	205	297
Girl	122	179	241	131	193	259	123	182	247	122	180	244	123	181	245
Clothing materials and services	56	71	103	57	74	110	67	84	119	59	79	121	57	73	107
Personal care	184	240	335	177	233	330	193	263	369	162	213	303	178	239	345
Medical care: Total 9/	522	526	550	483	486	507	518	521	542	479	480	499	562	564	588
Insurance	277	277	322	281	281	322	264	264	304	229	229	267	247	247	296
Physician's visits	114	114	114	99	99	99	124	124	124	74	74	74	138	138	138
Other medical care	289	293	298	263	266	270	280	283	287	306	307	310	318	320	323
Other family consumption	352	650	1,064	347	646	1,069	345	640	1,050	307	598	1,022	357	663	1,095
Reading	71	91	121	66	86	117	57	77	107	50	70	100	65	85	115
Recreation	112	295	559	118	307	579	114	298	565	102	282	557	121	314	586
Education	55	70	78	55	70	78	55	70	78	55	70	78	55	70	78
Tobacco	13	15	15	16	15	18	16	16	19	13	14	20	19	16	20
Alcoholic beverages	62	77	100	55	71	102	63	77	99	52	71	102	60	76	103
Miscellaneous expenses	39	102	191	37	97	175	40	102	182	35	91	165	37	102	193
Cost of family consumption: Total 10/	5,544	8,637	12,110	5,272	8,221	11,099	5,745	8,615	11,571	5,096	7,648	10,457	5,346	8,604	12,262
Renter families	5,544	7,707	11,110	5,272	7,586	10,457	5,745	7,971	10,906	5,096	7,208	10,017	5,346	7,686	11,972
Homeowner families	--	8,947	12,287	--	8,433	11,212	--	8,830	11,888	--	7,795	10,535	--	8,910	12,313
Other costs	285	459	836	277	444	786	291	458	809	272	424	755	279	458	843
Gifts and contributions	165	299	596	157	284	546	171	298	569	152	264	515	159	298	603
Life insurance	120	160	240	120	160	240	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95	57	90	95	57	90	95
Social security and disability payments	334	374	374	333	390	390	341	374	374	304	374	374	339	393	393
Personal taxes: Total 10/	739	1,693	3,167	657	1,602	2,987	664	1,387	2,394	600	1,254	2,222	661	1,702	3,508
Renter families	739	1,399	2,737	657	1,390	2,688	664	1,218	2,193	600	1,152	2,076	661	1,384	3,335
Homeowner families	--	1,790	3,243	--	1,673	3,039	--	1,443	2,430	--	1,288	2,248	--	1,808	3,539
Cost of budget: Total 10/	6,959	11,253	16,582	6,596	10,747	15,357	7,098	10,924	15,243	6,329	9,790	13,903	6,682	11,247	17,101
Renter families	6,959	10,029	15,152	6,596	9,900	14,416	7,098	10,111	14,377	6,329	9,248	13,317	6,682	10,011	16,638
Homeowner families	--	11,660	16,835	--	11,030	15,522	--	11,195	15,396	--	9,971	14,007	--	11,659	17,183

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 -- Continued

Item	Northeast											
	Philadelphia, Pa.-N.J.			Pittsburgh, Pa.			Portland, Maine			Nonmetropolitan areas		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,909	$ 2,497	$ 3,093	$ 1,801	$ 2,357	$ 2,944	$ 1,807	$ 2,413	$ 2,989	$ 1,775	$ 2,312	$ 2,805
Food at home	1,646	2,098	2,452	1,549	1,981	2,324	1,568	2,071	2,427	1,576	2,022	2,384
Food away from home	263	399	641	252	376	620	239	342	562	199	290	421
Housing: Total 4/	1,213	2,351	3,584	1,259	2,144	3,337	1,404	2,379	3,383	1,227	2,403	3,373
Renter families 4/	1,213	1,683	3,711	1,259	1,696	2,720	1,404	1,815	2,752	1,227	1,672	2,404
Homeowner families 4/	--	2,573	3,562	--	2,293	3,446	--	2,567	3,494	--	2,646	3,544
Shelter 5/	910	1,820	2,417	950	1,608	2,178	1,067	1,812	2,203	924	1,888	2,371
Rental costs 6/	910	1,152	2,544	950	1,160	1,561	1,067	1,248	1,572	924	1,157	1,402
Homeowner costs 7/	--	2,042	2,395	--	1,757	2,287	--	2,000	2,314	--	2,131	2,542
Housefurnishings	155	317	614	157	318	604	158	322	609	137	274	496
Household operations	148	214	428	152	218	430	179	245	446	166	241	461
Transportation: Total 8/	445	834	1,185	470	864	1,092	462	927	1,115	624	900	1,107
Automobile owners	715	982	1,185	626	897	1,092	638	927	1,115	624	900	1,107
Nonowners of automobiles	175	241	--	181	248	--	134	200	--	--	--	--
Clothing	590	852	1,262	584	852	1,264	630	906	1,335	569	790	1,151
Husband	140	190	272	142	195	280	156	212	303	149	201	273
Wife	129	210	347	125	211	354	138	221	365	128	186	308
Boy	147	203	295	138	193	280	147	205	297	139	198	250
Girl	120	177	238	120	177	240	133	196	264	90	134	222
Clothing materials and services	54	72	110	59	76	110	56	72	106	63	71	98
Personal care	177	231	322	182	240	335	175	228	320	152	215	321
Medical care: Total 9/	504	507	529	468	471	492	551	553	570	472	474	494
Insurance	318	318	359	208	208	249	350	350	385	266	266	306
Physician's visits	103	103	103	94	94	94	107	107	107	90	90	90
Other medical care	264	267	272	285	288	291	294	296	297	268	270	272
Other family consumption	339	633	1,057	329	624	1,063	368	664	1,061	264	525	847
Reading	67	87	117	67	87	117	72	92	122	39	51	73
Recreation	108	292	562	108	296	570	120	311	581	87	266	441
Education	55	70	78	55	70	78	55	70	78	36	41	58
Tobacco	16	15	28	15	14	19	17	15	22	13	14	20
Alcoholic beverages	57	75	106	49	67	113	66	80	88	54	63	96
Miscellaneous expenses	36	94	174	35	90	166	38	96	170	35	90	159
Cost of family consumption: Total 10/	5,177	7,905	11,032	5,093	7,552	10,327	5,397	8,070	10,773	5,083	7,619	10,098
Renter families	5,177	7,237	11,159	5,093	7,104	9,910	5,397	7,506	10,142	5,083	6,888	9,129
Homeowner families	--	8,127	11,010	--	7,701	10,636	--	8,258	10,884	--	7,862	10,269
Other costs	274	433	783	272	421	758	281	439	770	271	424	737
Gifts and contributions	154	273	543	152	261	518	161	279	530	151	264	497
Life insurance	120	160	240	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95	57	90	95
Social security and disability payments	316	378	378	304	374	374	318	374	374	317	388	388
Personal taxes: Total 10/	671	1,415	2,536	606	1,247	2,258	580	1,236	2,134	572	1,295	2,239
Renter families	671	1,242	2,579	606	1,144	2,068	580	1,106	1,933	572	1,092	1,884
Homeowner families	--	1,473	2,529	--	1,281	2,291	--	1,279	2,189	--	1,363	2,301
Cost of budget: Total 10/	6,495	10,221	14,824	6,332	9,684	14,012	6,633	10,209	14,146	6,300	9,816	13,557
Renter families	6,495	9,380	14,994	6,332	9,133	13,205	6,633	9,515	13,314	6,300	8,882	12,233
Homeowner families	--	10,501	14,795	--	9,867	14,154	--	10,440	14,292	--	10,127	13,790

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 -- Continued

Item	North Central														
	Cedar Rapids, Iowa			Champaign-Urbana, Ill.			Chicago, Ill.-Northwestern, Ind.			Cincinnati, Ohio-Ky.-Ind.			Cleveland, Ohio		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,681	$ 2,114	$2,690	$1,748	$ 2,221	$2,821	$1,847	$ 2,318	$2,950	$1,751	$ 2,208	$2,790	$1,797	$ 2,266	$2,874
Food at home	1,450	1,782	2,137	1,520	1,889	2,277	1,609	1,963	2,365	1,519	1,865	2,255	1,514	1,864	2,247
Food away from home	231	332	553	228	332	544	238	355	585	232	343	535	283	402	627
Housing: Total 4/	1,478	2,514	3,773	1,684	2,709	4,116	1,484	2,680	3,864	1,260	2,327	3,336	1,363	2,742	3,963
Renter families 4/	1,478	2,058	3,558	1,684	2,437	3,798	1,484	2,102	3,577	1,260	1,718	2,625	1,363	1,837	2,973
Homeowner families 4/	--	2,666	3,811	--	2,799	4,172	--	2,873	3,915	--	2,530	3,462	--	3,044	4,138
Shelter 5/	1,167	1,995	2,663	1,370	2,175	2,968	1,177	2,151	2,714	962	1,812	2,235	1,055	2,193	2,797
Rental costs 6/	1,167	1,539	2,448	1,370	1,903	2,650	1,177	1,573	2,427	962	1,203	1,524	1,055	1,288	1,807
Homeowner costs 7/	--	2,147	2,701	--	2,265	3,024	--	2,344	2,765	--	2,015	2,361	--	2,495	2,972
Housefurnishings	147	297	561	152	314	613	150	305	589	149	303	572	150	310	591
Household operations	164	222	424	162	220	410	157	224	436	149	212	404	158	239	450
Transportation: Total 8/	434	930	1,134	447	905	1,114	498	919	1,277	465	906	1,084	488	882	1,090
Automobile owners	596	930	1,134	611	905	1,114	778	1,078	1,277	613	906	1,084	642	914	1,090
Nonowners of automobiles	133	199	--	144	210	--	218	284	--	190	256	--	202	269	--
Clothing	624	888	1,294	604	870	1,275	612	882	1,291	603	864	1,261	614	884	1,290
Husband	161	211	301	152	205	293	157	210	302	149	200	290	153	204	289
Wife	131	216	342	135	221	353	134	222	355	136	221	349	130	217	348
Boy	143	199	283	138	196	280	138	196	279	146	206	292	142	200	285
Girl	125	179	242	124	177	242	122	175	237	119	170	232	122	174	235
Clothing materials and services	64	83	126	55	71	107	61	79	118	53	67	98	67	89	133
Personal care	186	267	341	174	231	328	190	248	343	165	215	295	194	259	361
Medical care: Total 9/	496	500	519	540	544	563	557	558	579	456	458	478	530	534	558
Insurance	253	253	290	302	302	338	330	330	374	209	209	249	358	358	403
Physician's visits	86	86	86	103	103	103	101	101	101	94	94	94	112	112	112
Other medical care	301	305	309	307	311	315	314	315	317	272	274	277	264	268	273
Other family consumption	335	619	1,022	331	612	1,022	349	634	1,039	344	619	1,006	340	634	1,036
Reading	58	79	109	52	72	103	67	87	117	69	89	120	67	87	117
Recreation	107	285	545	110	290	554	114	294	559	110	282	540	111	293	557
Education	55	70	78	55	70	78	55	70	78	55	70	78	55	70	78
Tobacco	14	14	18	14	12	19	16	14	18	17	15	21	13	15	25
Alcoholic beverages	65	78	102	62	72	91	59	71	88	58	73	86	57	72	83
Miscellaneous expenses	36	93	170	38	96	177	38	98	179	35	90	161	37	97	176
Cost of family consumption: Total 10/	5,234	7,812	10,773	5,528	8,092	11,239	5,537	8,239	11,343	5,044	7,597	10,250	5,326	8,201	11,172
Renter families	5,234	7,356	10,558	5,528	7,820	10,921	5,537	7,661	11,056	5,044	6,988	9,539	5,326	7,296	10,182
Homeowner families	--	7,964	10,811	--	8,182	11,295	--	8,432	11,394	--	7,800	10,376	--	8,503	11,347
Other costs	276	430	770	285	440	793	285	445	798	270	423	744	279	444	790
Gifts and contributions	156	270	530	165	280	553	165	285	558	150	263	504	159	284	550
Life insurance	120	160	240	120	160	240	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95	57	90	95	57	90	95
Social security and disability payments	313	374	374	327	374	374	327	374	374	300	374	374	317	374	374
Personal taxes: Total 10/	634	1,432	2,643	614	1,254	2,293	619	1,304	2,340	569	1,252	2,185	626	1,361	2,386
Renter families	634	1,295	2,548	614	1,179	2,193	619	1,153	2,240	569	1,098	1,946	626	1,134	2,075
Homeowner families	--	1,477	2,659	--	1,279	2,311	--	1,353	2,357	--	1,303	2,228	--	1,437	2,440
Cost of budget: Total 10/	6,514	10,138	14,655	6,811	10,250	14,794	6,825	10,452	14,950	6,240	9,736	13,648	6,605	10,470	14,817
Renter families	6,514	9,545	14,345	6,811	9,903	14,376	6,825	9,723	14,563	6,240	8,973	12,698	6,605	9,338	13,516
Homeowner families	--	10,335	14,709	--	10,365	14,868	--	10,694	15,018	--	9,990	13,817	--	10,848	15,046

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 -- Continued

Item	North Central														
	Dayton, Ohio			Detroit, Mich.			Green Bay, Wis.			Indianapolis, Ind.			Kansas City, Mo.-Kans.		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$1,742	$ 2,198	$2,784	$1,819	$ 2,313	$2,942	$1,681	$ 2,124	$ 2,665	$1,781	$ 2,252	$ 2,870	$1,794	$ 2,266	$2,943
Food at home	1,514	1,871	2,251	1,570	1,941	2,358	1,474	1,820	2,195	1,545	1,906	2,303	1,554	1,925	2,330
Food away from home	228	327	533	249	372	584	207	304	470	236	346	567	240	341	613
Housing: Total 4/	1,381	2,192	3,460	1,259	2,258	3,505	1,279	2,292	3,458	1,476	2,567	3,825	1,347	2,318	3,567
Renter families 4/	1,381	1,892	3,444	1,259	1,818	3,352	1,279	1,750	2,853	1,476	2,033	3,019	1,347	1,912	3,128
Homeowner families 4/	--	2,292	3,463	--	2,405	3,532	--	2,472	3,565	--	2,745	3,967	--	2,453	3,645
Shelter 5/	1,071	1,670	2,355	968	1,738	2,345	969	1,766	2,341	1,164	2,046	2,703	1,037	1,785	2,423
Rental costs 6/	1,071	1,370	2,339	968	1,298	2,192	969	1,224	1,736	1,164	1,512	1,897	1,037	1,379	1,984
Homeowner costs 7/	--	1,770	2,358	--	1,885	2,372	--	1,946	2,448	--	2,224	2,845	--	1,920	2,501
Housefurnishings	150	304	583	149	307	591	150	308	594	141	288	556	145	296	570
Household operations	160	218	397	142	213	444	160	218	398	171	233	441	165	237	449
Transportation: Total 8/	440	861	1,077	482	889	1,113	424	859	1,054	470	948	1,130	499	952	1,191
Automobile owners	594	861	1,077	650	923	1,113	591	859	1,054	637	948	1,130	651	952	1,191
Nonowners of automobiles	154	220	--	171	237	--	112	178	--	158	224	--	217	283	--
Clothing	609	875	1,277	611	881	1,288	601	860	1,252	602	866	1,272	599	865	1,262
Husband	158	211	300	159	213	307	149	200	286	156	209	303	151	202	289
Wife	134	220	352	127	217	348	135	218	342	131	215	343	133	220	349
Boy	144	204	291	139	197	281	136	192	274	138	196	281	141	201	286
Girl	118	169	229	125	175	234	119	170	230	118	170	231	116	167	227
Clothing materials and services	55	71	105	61	79	118	62	80	120	59	76	114	58	75	111
Personal care	172	225	314	192	255	352	171	221	301	175	233	329	194	258	363
Medical care: Total 9/	462	464	483	511	515	540	457	458	477	542	544	565	520	522	542
Insurance	209	209	249	323	323	370	218	218	258	304	304	345	232	232	274
Physician's visits	97	97	97	103	103	103	73	73	73	98	98	98	100	100	100
Other medical care	275	277	279	269	273	278	290	291	293	313	315	319	320	322	324
Other family consumption	346	630	1,034	338	621	1,036	316	586	975	364	668	1,076	338	624	1,030
Reading	67	87	117	69	89	120	62	82	112	67	88	118	66	86	116
Recreation	116	297	560	107	283	544	100	267	523	132	324	590	108	287	548
Education	55	70	78	55	70	78	55	70	78	55	70	78	55	70	78
Tobacco	14	14	19	13	15	19	12	13	15	13	12	15	13	14	20
Alcoholic beverages	58	74	96	58	72	105	53	66	87	60	78	101	59	74	96
Miscellaneous expenses	36	88	164	36	92	170	34	88	160	38	96	174	37	93	172
Cost of family consumption: Total 10/	5,152	7,445	10,429	5,212	7,732	10,776	4,929	7,400	10,182	5,411	8,078	11,067	5,291	7,805	10,898
Renter families	5,152	7,145	10,413	5,212	7,292	10,623	4,929	6,858	9,577	5,411	7,544	10,261	5,291	7,399	10,459
Homeowner families	--	7,545	10,432	--	7,877	10,803	--	7,580	10,289	--	8,256	11,209	--	7,940	10,976
Other costs	273	417	753	275	427	770	267	416	741	281	439	785	278	430	776
Gifts and contributions	153	257	513	155	267	530	147	256	501	161	279	545	158	270	536
Life insurance	120	160	240	120	160	240	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95	57	90	95	57	90	95
Social Security and disability payments	307	374	374	311	374	374	299	374	374	323	374	374	316	374	374
Personal taxes: Total 10/	608	1,196	2,189	626	1,326	2,494	678	1,528	2,906	649	1,396	2,503	630	1,335	2,519
Renter families	608	1,123	2,189	626	1,241	2,475	678	1,359	2,625	649	1,234	2,219	630	1,222	2,361
Homeowner families	--	1,220	2,189	--	1,355	2,497	--	1,584	2,955	--	1,450	2,553	--	1,372	2,547
Cost of budget: Total 10/	6,397	9,522	13,840	6,481	9,949	14,509	6,230	9,808	14,298	6,721	10,377	14,824	6,572	10,034	14,662
Renter families	6,397	9,149	13,824	6,481	9,424	14,337	6,230	9,097	13,412	6,721	9,681	13,734	6,572	9,515	14,065
Homeowner families	--	9,646	13,843	--	10,125	14,539	--	10,044	14,454	--	10,609	15,016	--	10,206	14,768

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 -- Continued

Item	North Central														
	Milwaukee, Wis.			Minneapolis-St. Paul, Minn.			St. Louis, Mo.-Ill.			Wichita, Kans.			Nonmetropolitan areas		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$1,718	$ 2,182	$2,806	$1,717	$2,176	$2,799	$1,831	$2,331	$ 3,000	$1,741	$ 2,160	$ 2,729	$1,677	$ 2,102	$2,596
Food at home	1,492	1,833	2,234	1,493	1,842	2,223	1,588	1,952	2,362	1,528	1,863	2,243	1,499	1,853	2,255
Food away from home	226	349	572	224	334	576	243	379	638	213	297	486	178	249	341
Housing: Total 4/	1,431	2,757	3,901	1,384	2,326	3,428	1,368	2,344	3,382	1,409	2,299	3,427	1,418	2,263	3,304
Renter families 4/	1,431	1,941	3,025	1,384	1,916	3,173	1,368	1,845	2,920	1,409	1,900	2,907	1,418	1,914	2,711
Homeowner families 4/	--	3,029	4,055	--	2,463	3,473	--	2,510	3,464	--	2,432	3,519	--	2,379	3,409
Shelter 5/	1,127	2,231	2,781	1,080	1,804	2,293	1,067	1,811	2,237	1,101	1,779	2,311	1,100	1,725	2,250
Rental costs 6/	1,127	1,415	1,905	1,080	1,394	2,038	1,067	1,312	1,775	1,101	1,380	1,791	1,100	1,376	1,657
Homeowner costs 7/	--	2,503	2,935	--	1,941	2,338	--	1,977	2,319	--	1,912	2,403	--	1,841	2,355
Housefurnishings	140	283	541	147	299	567	147	301	580	145	298	568	139	278	524
Household operations	164	243	454	157	223	443	154	232	440	163	222	423	179	260	485
Transportation: Total 8/	448	878	1,063	470	903	1,097	503	922	1,190	436	875	1,109	582	874	1,043
Automobile owners	609	878	1,063	644	903	1,097	663	957	1,190	597	875	1,109	582	874	1,043
Nonowners of automobiles	150	216	--	147	213	--	207	273	--	138	204	--	--	--	--
Clothing	604	867	1,266	612	878	1,279	593	858	1,266	586	841	1,232	584	817	1,211
Husband	155	207	297	158	212	306	149	199	288	149	198	285	178	234	333
Wife	130	212	338	130	213	338	130	216	343	132	212	339	125	190	300
Boy	136	194	276	134	190	270	140	199	285	133	191	272	121	181	247
Girl	123	176	237	126	181	245	115	165	225	116	166	226	96	139	229
Clothing materials and services	60	78	48	64	82	120	59	79	125	56	74	110	64	73	102
Personal care	177	229	319	184	243	336	184	236	317	179	238	334	155	222	327
Medical care: Total 9/	511	513	533	505	508	531	496	500	520	506	509	529	446	450	470
Insurance	301	301	341	318	318	363	248	248	287	299	299	339	242	242	279
Physician's visits	94	94	94	89	89	89	101	101	101	95	95	95	77	77	77
Other medical care	288	290	293	279	282	286	288	292	295	282	285	288	263	269	273
Other family consumption	333	620	1,011	335	620	1,017	333	613	1,010	322	607	995	264	507	815
Reading	66	87	117	61	82	112	63	83	113	57	77	108	35	47	68
Recreation	112	289	550	111	288	548	109	288	546	106	284	544	81	251	431
Education	55	70	78	55	70	78	55	70	78	55	70	78	36	41	58
Tobacco	11	13	17	15	15	20	14	14	21	11	14	20	15	13	17
Alcoholic beverages	53	66	77	57	74	94	55	65	84	57	73	82	61	69	87
Miscellaneous expenses	36	95	172	36	91	165	37	93	168	36	89	163	36	86	154
Cost of family consumption: Total 10/	5,222	8,046	10,899	5,207	7,654	10,487	5,308	7,804	10,685	5,179	7,529	10,355	5,126	7,235	9,766
Renter families	5,222	7,230	10,023	5,207	7,244	10,232	5,308	7,305	10,223	5,179	7,130	9,835	5,126	6,886	9,173
Homeowner families	--	8,318	11,053	--	7,791	10,532	--	7,970	10,767	--	7,662	10,447	--	7,351	9,871
Other costs	276	438	776	275	425	756	278	430	766	274	420	750	273	410	721
Gifts and contributions	156	278	536	155	265	516	158	270	526	154	260	510	153	250	481
Life insurance	120	160	240	120	160	240	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95	57	90	95	57	90	95
Social security and disability payments	319	374	374	318	374	374	316	374	374	308	374	374	306	374	374
Personal taxes: Total 10/	766	1,791	3,288	765	1,648	3,007	623	1,321	2,394	600	1,254	2,312	604	1,220	2,170
Renter families	766	1,484	2,855	765	1,492	2,874	623	1,182	2,221	600	1,159	2,109	604	1,126	1,951
Homeowner families	--	1,893	3,364	--	1,700	3,031	--	1,368	2,425	--	1,285	2,348	--	1,251	2,210
Cost of budget: Total 10/	6,640	10,739	15,432	6,622	10,191	14,719	6,582	10,019	14,314	6,418	9,667	13,886	6,366	9,329	13,126
Renter families	6,640	9,616	14,123	6,622	9,625	14,331	6,582	9,361	13,679	6,418	9,173	13,163	6,366	8,886	12,314
Homeowner families	--	11,113	15,662	--	10,380	14,788	--	10,232	14,427	--	9,831	14,014	--	9,476	13,271

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 -- Continued

Item	South											
	Atlanta, Ga.			Austin, Tex.			Baltimore, Md.			Baton Rouge, La.		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,640	$ 2,141	$ 2,726	$ 1,652	$ 2,119	$ 2,719	$ 1,676	$ 2,218	$ 2,865	$ 1,679	$ 2,200	$ 2,802
Food at home	1,409	1,794	2,146	1,422	1,793	2,139	1,436	1,837	2,205	1,451	1,838	2,199
Food away from home	231	347	580	230	326	580	240	381	660	228	362	603
Housing: Total 4/	1,295	1,944	2,896	1,164	1,820	2,841	1,440	2,163	3,245	1,254	2,004	3,294
Renter families 4/	1,295	1,741	2,807	1,164	1,605	2,730	1,440	2,081	3,152	1,254	1,670	2,888
Homeowner families 4/	--	2,012	2,912	--	1,891	2,860	--	2,190	3,261	--	2,115	3,366
Shelter 5/	974	1,415	1,829	857	1,310	1,785	1,111	1,579	2,049	954	1,499	2,261
Renter costs 6/	974	1,212	1,740	857	1,095	1,674	1,111	1,497	1,956	954	1,165	1,855
Homeowner costs 7/	--	1,483	1,845	--	1,381	1,804	--	1,606	2,065	--	1,610	2,333
Housefurnishings	142	286	523	144	288	536	159	324	608	145	293	538
Household operations	179	243	419	163	222	395	170	260	463	155	212	370
Transportation: Total 8/	446	873	1,100	443	885	1,120	486	892	1,121	465	916	1,158
Automobile owners	606	873	1,100	609	885	1,120	658	926	1,121	646	916	1,158
Nonowners of automobiles	147	213	--	134	200	--	165	231	--	129	195	--
Clothing	562	814	1,210	554	800	1,186	578	843	1,264	555	804	1,196
Husband	142	195	283	140	193	280	147	203	297	139	192	281
Wife	132	213	343	127	202	320	127	210	343	130	205	322
Boy	131	189	268	131	190	268	143	201	282	129	187	263
Girl	106	152	224	102	146	216	109	160	239	101	146	217
Clothing materials and services	51	65	92	54	69	102	52	69	103	56	74	113
Personal care	187	245	344	171	219	305	182	244	352	183	240	335
Medical care: Total 9/	482	486	506	502	504	526	530	533	554	489	490	509
Insurance	174	174	213	201	201	243	315	315	356	206	206	246
Physician's visits	113	113	113	105	105	105	106	106	106	102	102	102
Other medical care	294	298	302	311	313	316	289	292	295	298	299	301
Other family consumption	350	627	1,006	317	594	999	335	622	1,034	332	608	1,013
Reading	63	83	113	53	73	104	60	80	111	56	77	107
Recreation	104	283	542	104	288	555	111	296	569	104	284	549
Education	55	70	78	55	70	78	55	70	78	55	70	78
Tobacco	13	13	18	15	14	19	15	16	23	17	14	18
Alcoholic beverages	80	93	101	57	67	90	58	71	89	66	77	99
Miscellaneous expenses	35	85	154	33	82	153	36	89	164	34	86	162
Cost of family consumption: Total 10/	4,962	7,130	9,788	4,803	6,941	9,696	5,227	7,515	10,435	4,957	7,262	10,307
Renter families	4,962	6,927	9,699	4,803	6,726	9,585	5,227	7,433	10,342	4,957	6,928	9,901
Homeowner families	--	7,198	9,804	--	7,012	9,715	--	7,542	10,451	--	7,373	10,379
Other costs	268	407	722	263	400	717	276	420	753	268	411	747
Gifts and contributions	148	247	482	143	240	477	156	260	513	148	251	507
Life insurance	120	160	240	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95	57	90	95
Social security and disability payments	292	374	374	281	374	374	314	374	374	290	374	374
Personal taxes: Total 10/	507	1,116	2,116	456	977	1,784	672	1,499	2,868	474	1,074	2,098
Renter families	507	1,069	2,092	456	922	1,744	672	1,480	2,842	474	1,000	1,949
Homeowner families	--	1,132	2,121	--	995	1,791	--	1,504	2,873	--	1,099	2,124
Cost of budget: Total 10/	6,086	9,117	13,095	5,860	8,782	12,666	6,546	9,898	14,525	6,046	9,211	13,621
Renter families	6,086	8,867	12,982	5,860	8,512	12,515	6,546	9,797	14,406	6,046	8,803	13,066
Homeowner families	--	9,201	13,116	--	8,871	12,692	--	9,930	14,546	--	9,347	13,719

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 -- Continued

Item	South											
	Dallas, Tex.			Durham, N.C.			Houston, Tex.			Nashville, Tenn.		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,646	$ 2,123	$ 2,714	$ 1,607	$ 2,089	$ 2,640	$ 1,672	$ 2,162	$ 2,754	$ 1,610	$ 2,071	$ 2,579
Food at home	1,382	1,744	2,084	1,398	1,782	2,139	1,429	1,805	2,160	1,395	1,761	2,094
Food away from home	264	379	630	209	307	501	243	357	594	215	310	485
Housing: Total 4/	1,303	2,076	3,309	1,446	2,247	3,238	1,246	1,980	3,042	1,297	2,157	3,313
Renter families 4/	1,303	1,860	3,728	1,446	2,025	2,891	1,246	1,696	2,788	1,297	1,754	2,955
Homeowner families 4/	--	2,148	3,235	--	2,321	3,299	--	2,074	3,087	--	2,291	3,376
Shelter 5/	989	1,556	2,223	1,130	1,722	2,166	931	1,459	1,975	977	1,625	2,230
Renter costs 6/	989	1,340	2,642	1,130	1,500	1,819	931	1,175	1,721	977	1,222	1,872
Homeowner costs 7/	--	1,628	2,149	--	1,796	2,227	--	1,553	2,020	--	1,759	2,293
Housefurnishings	138	281	519	142	286	527	144	288	530	147	296	542
Household operations	176	239	442	174	239	420	171	233	412	173	236	416
Transportation: Total 8/	442	878	1,114	427	855	1,085	476	928	1,175	455	899	1,153
Automobile owners	605	878	1,114	602	855	1,085	642	928	1,175	626	899	1,153
Nonowners of automobiles	138	198	--	102	168	--	169	235	--	137	203	--
Clothing	569	827	1,235	562	815	1,216	545	790	1,176	592	863	1,285
Husband	141	198	294	140	192	280	137	189	274	146	201	293
Wife	129	210	337	128	207	333	123	198	317	136	222	351
Boy	136	194	274	129	187	264	130	189	267	139	201	284
Girl	106	151	220	107	154	227	104	148	219	114	164	242
Clothing materials and services	57	74	110	58	75	112	51	66	99	57	75	115
Personal care	180	236	334	179	232	324	179	235	330	168	220	312
Medical care: Total 9/	625	628	652	546	549	566	557	560	584	471	473	492
Insurance	321	321	368	278	278	310	265	265	314	173	173	210
Physician's visits	120	120	120	105	105	105	112	112	112	100	100	100
Other medical care	367	370	374	321	324	328	331	334	337	296	298	301
Other family consumption	337	620	1,030	324	599	983	325	600	1,001	334	618	1,012
Reading	53	73	103	57	77	107	57	77	108	61	81	112
Recreation	113	298	568	101	278	542	102	285	554	102	280	536
Education	55	70	78	55	70	78	55	70	78	55	70	78
Tobacco	17	16	21	14	14	20	18	15	19	14	15	17
Alcoholic beverages	64	75	96	62	72	78	58	67	84	68	85	109
Miscellaneous expenses	35	88	164	35	88	158	35	86	158	34	87	160
Cost of family consumption: Total 10/	5,102	7,388	10,388	5,091	7,386	10,052	5,000	7,255	10,062	4,927	7,301	10,146
Renter families	5,102	7,172	10,807	5,091	7,164	9,705	5,000	6,971	9,808	4,927	6,898	9,788
Homeowner families	--	7,460	10,314	--	7,460	10,113	--	7,349	10,107	--	7,435	10,209
Other costs	272	415	751	272	415	735	269	411	735	267	412	739
Gifts and contributions	152	255	511	152	255	495	149	251	495	147	252	499
Life insurance	120	160	240	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95	57	90	95
Social security and disability payments	300	374	374	304	374	374	293	374	374	289	374	374
Personal taxes: Total 10/	527	1,073	2,005	611	1,359	2,515	491	1,046	1,895	474	1,055	1,936
Renter families	527	1,032	2,146	611	1,289	2,389	491	977	1,815	474	959	1,815
Homeowner families	--	1,087	1,980	--	1,382	2,538	--	1,069	1,909	--	1,087	1,957
Cost of budget: Total 10/	6,258	9,340	13,613	6,335	9,624	13,771	6,110	9,176	13,161	6,014	9,232	13,290
Renter families	6,258	9,083	14,173	6,335	9,332	13,298	6,110	8,823	12,827	6,014	8,733	12,811
Homeowner families	--	9,426	13,514	--	9,721	13,855	--	9,293	13,220	--	9,398	13,374

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 --continued

Item	South								
	Orlando, Fla.			Washington, D.C.-Md.-Va.			Nonmetropolitan areas		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,600	$ 2,065	$ 2,581	$ 1,780	$ 2,340	$ 2,951	$ 1,576	$ 2,051	$ 2,503
Food at home	1,371	1,732	2,067	1,530	1,974	2,373	1,382	1,783	2,137
Food away from home	229	333	514	250	366	578	194	268	366
Housing: Total 4/	1,484	2,122	3,327	1,540	2,463	3,615	1,193	1,853	2,703
Renter families 4/	1,484	1,945	2,689	1,540	2,021	3,259	1,193	1,607	2,405
Homeowner families 4/	--	2,181	3,439	--	2,610	3,678	--	1,935	2,755
Shelter 5/	1,170	1,604	2,256	1,229	1,912	2,479	886	1,335	1,743
Renter costs 6/	1,170	1,427	1,618	1,229	1,470	2,123	886	1,089	1,445
Homeowner costs 7/	--	1,663	2,368	--	2,059	2,542	--	1,417	1,795
Housefurnishings	144	288	529	151	298	546	131	261	484
Household operations	170	230	417	160	253	465	176	257	431
Transportation: Total 8/	434	843	1,076	477	898	1,178	581	862	1,064
Automobile owners	593	843	1,076	651	934	1,178	581	862	1,064
Nonowners of automobiles	138	204	--	156	222	--	--	--	--
Clothing	544	790	1,170	572	829	1,232	534	768	1,128
Husband	138	191	278	144	196	279	149	197	273
Wife	130	206	326	132	212	341	126	193	306
Boy	126	184	260	128	188	266	115	179	254
Girl	97	141	209	108	156	233	87	135	205
Clothing materials and services	53	68	97	60	77	113	57	64	90
Personal care	164	215	306	176	247	365	149	209	302
Medical care: Total 9/	528	531	551	530	533	554	449	452	473
Insurance	265	265	303	204	204	243	224	224	263
Physician's visits	116	116	116	109	109	109	75	75	75
Other medical care	298	301	305	333	336	341	278	281	285
Other family consumption	342	623	1,023	348	639	1,043	268	511	828
Reading	59	79	110	64	84	114	36	47	69
Recreation	116	300	572	119	307	571	81	255	447
Education	55	70	78	55	70	78	36	41	58
Tobacco	13	11	15	12	14	16	16	15	18
Alcoholic beverages	64	78	90	60	70	92	66	73	94
Miscellaneous expenses	35	85	158	38	94	172	33	80	142
Cost of family consumption: Total 10/	5,096	7,189	10,034	5,423	7,949	10,938	4,750	6,706	9,001
Renter families	5,096	7,012	9,396	5,423	7,507	10,582	4,750	6,460	8,703
Homeowner families	--	7,248	10,146	--	8,096	11,001	--	6,787	9,053
Other costs	272	409	734	282	435	778	262	392	683
Gifts and contributions	152	249	494	162	275	538	142	232	443
Life insurance	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95
Social security and disability payments	299	374	374	326	374	374	280	375	375
Personal taxes: Total 10/	510	1,036	1,897	696	1,542	2,872	458	1,004	1,780
Renter families	510	995	1,696	696	1,390	2,720	458	938	1,666
Homeowner families	--	1,050	1,933	--	1,593	2,899	--	1,026	1,800
Cost of budget: Total 10/	6,234	9,098	13,134	6,784	10,390	15,057	5,807	8,567	11,934
Renter families	6,234	8,880	12,295	6,784	9,796	14,549	5,807	8,255	11,522
Homeowner families	--	9,171	13,282	--	10,588	15,147	--	8,670	12,006

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 -- Continued

Item	West								
	Bakersfield, Calif.			Denver, Colo.			Honolulu, Hawaii		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,775	$ 2,203	$ 2,750	$ 1,691	$ 2,118	$ 2,743	$ 2,156	$ 2,698	$ 3,467
Food at home	1,534	1,868	2,250	1,464	1,788	2,162	1,922	2,321	2,800
Food away from home	241	335	500	227	330	581	234	377	667
Housing: Total 4/	1,293	2,113	3,156	1,317	2,310	3,433	1,905	2,995	4,664
Renter families 4/	1,293	1,794	2,652	1,317	1,836	3,473	1,905	2,545	4,055
Homeowner families 4/	--	2,219	3,245	--	2,468	3,426	--	3,145	4,771
Shelter 5/	983	1,591	2,045	999	1,751	2,307	1,523	2,367	3,414
Rental costs 6/	983	1,272	1,541	999	1,277	2,347	1,523	1,917	2,805
Homeowner costs 7/	--	1,697	2,134	--	1,909	2,300	--	2,517	3,521
Housefurnishings	151	303	565	160	321	568	169	337	604
Household operations	159	219	421	158	238	433	213	291	521
Transportation: Total 8/	484	912	1,137	466	872	1,069	535	1,012	1,347
Automobile owners	674	912	1,137	628	872	1,069	764	1,012	1,347
Nonowners of automobiles	133	199	--	166	232	--	110	176	--
Clothing	636	876	1,243	676	933	1,314	631	872	1,235
Husband	163	206	278	174	220	293	155	199	262
Wife	133	211	339	139	227	364	131	211	347
Boy	156	201	270	171	218	294	162	208	275
Girl	122	176	232	134	193	252	121	173	229
Clothing materials and services	62	82	124	58	75	111	62	81	122
Personal care	191	252	357	168	226	324	189	249	353
Medical care: Total 9/	607	609	633	514	518	539	566	570	593
Insurance	352	352	402	265	265	306	317	317	359
Physician's visits	106	106	106	103	103	103	119	119	119
Other medical care	350	352	354	297	301	305	311	315	320
Other family consumption	317	596	995	323	603	1,017	357	653	1,100
Reading	52	73	103	55	76	106	57	77	108
Recreation	101	275	538	104	285	558	111	294	566
Education	55	70	78	55	70	78	55	70	78
Tobacco	12	13	20	14	13	19	21	20	28
Alcoholic beverages	60	75	94	59	69	92	69	85	119
Miscellaneous expenses	37	90	162	36	90	164	44	107	201
Cost of family consumption: Total 10/	5,303	7,561	10,271	5,155	7,580	10,439	6,339	9,049	12,759
Renter families	5,303	7,242	9,767	5,155	7,106	10,479	6,339	8,599	12,150
Homeowner families	--	7,667	10,360	--	7,738	10,432	--	9,199	12,866
Other costs	278	421	745	274	422	754	309	473	868
Gifts and contributions	158	261	505	154	262	514	189	313	628
Life insurance	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95
Social security and disability payments	383	448	448	306	374	374	374	374	374
Personal taxes: Total 10/	580	1,192	2,242	579	1,271	2,433	1,056	2,132	4,219
Renter families	580	1,112	2,054	579	1,141	2,433	1,056	1,945	3,887
Homeowner families	--	1,219	2,275	--	1,314	2,433	--	2,194	4,277
Cost of budget: Total 10/	6,601	9,712	13,801	6,371	9,737	14,095	8,135	12,118	18,315
Renter families	6,601	9,313	13,109	6,371	9,133	14,135	8,135	11,481	17,374
Homeowner families	--	9,845	13,923	--	9,938	14,088	--	12,330	18,480

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1969 -- Continued

Item	West								
	Los Angeles-Long Beach, Calif.			San Diego, Calif.			San Francisco-Oakland, Calif.		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,790	$ 2,247	$ 2,944	$ 1,742	$ 2,170	$ 2,773	$ 1,848	$ 2,334	$ 3,018
Food at home	1,521	1,841	2,230	1,480	1,785	2,151	1,587	1,926	2,323
Food away from home	269	406	714	262	385	622	261	408	695
Housing: Total 4/	1,532	2,419	3,788	1,415	2,334	3,714	1,631	2,696	3,952
Renter families 4/	1,532	2,009	3,668	1,415	1,826	3,439	1,631	2,475	3,834
Homeowner families 4/	--	2,555	3,809	--	2,503	3,763	--	2,769	3,973
Shelter 5/	1,223	1,893	2,678	1,115	1,830	2,650	1,316	2,143	2,764
Rental costs 6/	1,223	1,483	2,558	1,115	1,322	2,375	1,316	1,922	2,646
Homeowner costs 7/	--	2,029	2,699	--	1,999	2,699	--	2,216	2,785
Housefurnishings	158	318	569	152	302	541	165	332	627
Household operations	151	208	416	148	202	398	150	221	436
Transportation: Total 8/	502	884	1,161	486	893	1,076	498	925	1,190
Automobile owners	679	918	1,161	657	893	1,076	718	965	1,190
Nonowners of automobiles	174	240	--	168	234	--	89	155	--
Clothing	647	891	1,269	641	884	1,251	669	925	1,313
Husband	159	202	274	164	208	282	166	209	281
Wife	137	219	351	135	217	347	139	226	364
Boy	160	204	278	163	210	282	161	210	284
Girl	124	179	236	119	172	227	128	184	241
Clothing materials and services	67	87	130	60	77	113	75	96	143
Personal care	183	243	344	175	230	318	200	271	389
Medical care: Total 9/	652	654	633	624	629	659	602	606	635
Insurance	352	352	412	352	352	408	247	247	302
Physician's visits	142	142	142	114	114	114	123	123	123
Other medical care	359	361	364	359	364	369	373	377	382
Other family consumption	339	620	1,040	328	614	1,028	351	643	1,073
Reading	61	81	111	61	82	112	68	88	118
Recreation	110	286	556	104	284	557	112	296	573
Education	55	70	78	55	70	78	55	70	78
Tobacco	14	15	18	12	13	22	15	14	19
Alcoholic beverages	60	74	100	58	73	89	61	75	103
Miscellaneous expenses	39	94	177	38	92	170	40	100	182
Cost of family consumption: Total 10/	5,645	7,958	11,229	5,411	7,754	10,819	5,799	8,400	11,570
Renter families	5,645	7,548	11,109	5,411	7,246	10,544	5,799	8,179	11,452
Homeowner families	--	8,094	11,250	--	7,923	10,868	--	8,473	11,591
Other costs	288	435	793	281	428	772	293	450	809
Gifts and contributions	168	275	553	161	268	532	173	290	569
Life insurance	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95
Social security and disability payments	408	448	448	390	448	448	420	448	448
Personal taxes: Total 10/	648	1,316	2,628	597	1,259	2,452	683	1,449	2,780
Renter families	648	1,197	2,579	597	1,112	2,358	683	1,379	2,725
Homeowner families	--	1,355	2,636	--	1,308	2,468	--	1,472	2,789
Cost of budget: Total 10/	7,046	10,247	15,193	6,736	9,979	14,586	7,252	10,837	15,702
Renter families	7,046	9,718	15,024	6,736	9,324	14,217	7,252	10,546	15,529
Homeowner families	--	10,422	15,222	--	10,197	14,651	--	10,933	15,732

See footnotes at end of table.

Table 1. Annual costs of budgets at 3 levels of living for a 4-person family, 1/ urban United States, 39 metropolitan areas, 4 nonmetropolitan regions, and Anchorage, Alaska, spring 1966

Item	West								
	Seattle-Everett, Wash.			Nonmetropolitan areas			Anchorage, Alaska		
	Lower	Intermediate	Higher	Lower	Intermediate	Higher	Lower	Intermediate	Higher
Food	$ 1,936	$ 2,434	$ 3,083	$ 1,713	$ 2,103	$ 2,552	$ 2,260	$ 2,766	$ 3,410
Food at home	1,673	2,018	2,438	1,523	1,846	2,243	2,023	2,425	2,942
Food away from home	263	416	645	190	257	309	237	341	468
Housing: Total 4/	1,644	2,544	3,784	1,389	2,186	3,218	2,815	3,956	5,525
Renter families 4/	1,644	2,216	3,531	1,389	1,743	2,636	2,815	3,613	5,008
Homeowner families 4/	--	2,653	3,829	--	2,334	3,321	--	4,070	5,616
Shelter 5/	1,306	1,983	2,627	1,058	1,617	2,058	2,420	3,282	4,222
Rental costs 6/	1,306	1,655	2,374	1,058	1,174	1,476	2,420	2,939	3,705
Homeowner costs 7/	--	2,092	2,672	--	1,765	2,161	--	3,396	4,313
Housefurnishings	158	316	566	157	316	633	159	329	611
Household operations	180	245	466	174	253	482	236	345	647
Transportation: Total 8/	496	917	1,109	613	855	1,024	839	1,124	1,328
Automobile owners	685	917	1,109	613	855	1,024	839	1,124	1,328
Nonowners of automobiles	145	211	--	--	--	--	--	--	--
Clothing	678	932	1,314	640	887	1,228	720	993	1,360
Husband	169	213	286	161	228	308	188	261	347
Wife	139	225	360	136	203	343	147	226	376
Boy	169	216	291	155	216	246	169	232	262
Girl	132	190	249	119	162	222	130	177	240
Clothing materials and services	69	88	128	69	78	109	86	97	135
Personal care	197	262	366	163	236	352	201	301	461
Medical care: Total 9/	600	603	626	486	489	509	808	809	837
Insurance	340	340	386	257	257	296	340	340	398
Physician's visits	119	119	119	90	90	90	147	147	147
Other medical care	335	338	341	285	288	292	515	516	519
Other family consumption	347	639	1,042	272	519	887	324	599	1,006
Reading	61	81	111	41	53	76	48	61	86
Recreation	112	292	562	88	261	482	99	278	506
Education	55	70	58	36	41	58	36	41	58
Tobacco	20	19	23	14	13	17	14	14	19
Alcoholic beverages	58	78	110	56	65	100	72	80	118
Miscellaneous expenses	41	99	178	37	86	154	55	125	219
Cost of family consumption: Total 10/	5,898	8,331	11,324	5,276	7,275	9,770	7,967	10,548	13,927
Renter families	5,898	8,003	11,071	5,276	6,832	9,188	7,967	10,205	13,410
Homeowner families	--	8,440	11,369	--	7,423	9,873	--	10,662	14,018
Other costs	296	448	797	277	412	721	357	525	925
Gifts and contributions	176	288	557	157	252	481	237	365	685
Life insurance	120	160	240	120	160	240	120	160	240
Occupational expenses	57	90	95	57	90	95	57	90	95
Social security and disability payments	351	374	374	318	374	374	417	417	417
Personal taxes: Total 10/	701	1,310	2,317	693	1,342	2,386	1,509	2,510	4,214
Renter families	701	1,218	2,217	693	1,211	2,160	1,509	2,384	3,961
Homeowner families	--	1,341	2,335	--	1,386	2,426	--	2,551	4,259
Cost of budget: Total 10/	7,303	10,553	14,907	6,621	9,493	13,346	10,307	14,090	19,578
Renter families	7,303	10,133	14,554	6,621	8,919	12,538	10,307	13,621	18,808
Homeowner families	--	10,693	14,970	--	9,685	13,489	--	14,245	19,714

1/ The family consists of an employed husband, aged 38, a wife not employed outside the home, an 8-year-old girl, and a 13-year-old boy.

2/ As defined in 1960-61. For a detailed description of current and previous geographical boundaries, see the 1967 edition of Standard Metropolitan Statistical Areas, prepared by the Bureau of the Budget.

3/ Places with population of 2,500 to 50,000.

4/ The higher budget cost includes $125 for lodging away from home city in metropolitan areas, and $45 in nonmetropolitan areas. These costs are not shown separately or included in any of the housing subgroups.

5/ The average costs of shelter were weighted by the following proportions: Lower budget, 100 percent for families living in rented dwellings; intermediate budget, 25 percent for renters, 75 percent for homeowners; higher budget, 15 percent for renters, 85 percent for homeowners.

6/ Average contract rent plus the cost of required amounts of heating fuel, gas, electricity, water, specified equipment, and insurance on household contents.

7/ Interest and principal payments plus taxes; insurance on house and contents; water, refuse disposal, heating fuel, gas, electricity, and specified equipment; and home repair and maintenance costs.

8/ The average costs of automobile owners and nonowners in the lower budget are weighted by the following proportions of families: Boston, Chicago, New York and Philadelphia, 50 percent for both automobile owners and nonowners; all other metropolitan areas, 65 percent for automobile owners, 35 percent for nonowners; nonmetropolitan areas, 100 percent for automobile owners. The intermediate budget proportions are: Boston, Chicago, New York and Philadelphia, 80 percent for owners, 20 percent for nonowners; Baltimore, Cleveland, Detroit, Los Angeles, Pittsburgh, San Francisco, St. Louis, and Washington, D.C., with 1.4 million of population or more in 1960, 95 percent for automobile owners and 5 percent for nonowners; all other areas, 100 percent for automobile owners. The higher budget weight is 100 percent for automobile owners in all areas.

9/ In total medical care, the average costs of medical insurance were weighted by the following proportions: 30 percent for families paying full cost of insurance; 26 percent for families paying half cost; 44 percent for families covered by noncontributory insurance plans (paid by employer).

10/ The total represents the weighted average costs of renter and homeowner families. See the weights cited in footnote 5.

NOTE: Items and quantities included in each component and population weights for each city are listed in BLS Bulletin 1570-5, appendices A and B respectively.

Table 2. Indexes of comparative costs based on a lower level budget for a 4-person family 1/, spring 1969

(U.S. urban averages costs = 100)

Area	Total budget	Cost of Family Consumption: Total	Food	Total housing 2/	Shelter 3/ (renter costs)	Transportation 4/	Clothing and personal care	Medical care 5/	Other family consumption
Urban United States	100	100	100	100	100	100	100	100	100
Metropolitan areas 6/	101	101	102	102	102	95	102	103	104
Nonmetropolitan areas 7/	94	94	93	93	91	122	93	87	81
Northeast:									
Boston, Mass	106	105	105	112	114	102	99	99	107
Buffalo, N.Y	101	100	103	95	93	104	102	91	106
Hartford, Conn	108	109	108	121	127	102	103	98	105
Lancaster, Pa	97	97	103	94	92	91	96	91	94
New York-Northeastern N.J	102	101	109	96	94	81	101	106	109
Philadelphia, Pa.-N.J	99	98	107	88	86	92	99	95	103
Pittsburgh, Pa	97	97	101	91	89	97	99	89	100
Portland, Maine	101	102	102	102	100	95	104	104	112
Nonmetropolitan areas 7/	96	96	100	89	87	128	93	89	80
North Central:									
Cedar Rapids, Iowa	100	99	95	107	110	89	105	94	102
Champaign-Urbana, Ill	104	105	98	122	129	92	100	102	101
Chicago, Ill.-Northwestern Ind	104	105	104	108	111	102	103	105	107
Cincinnati, Ohio-Ky.-Ind	95	96	99	92	90	96	99	86	105
Cleveland, Ohio	101	101	101	99	99	100	104	100	104
Dayton, Ohio	98	98	98	100	101	91	101	87	105
Detroit, Mich	99	99	102	91	91	99	104	97	103
Green Bay, Wis	95	94	95	93	91	87	100	87	96
Indianapolis, Ind	103	103	100	107	109	97	100	103	111
Kansas City, Mo-Kans	100	100	101	98	97	103	102	98	103
Milwaukee, Wis	101	99	97	104	106	92	101	97	102
Minneapolis-St. Paul, Minn	101	99	97	101	102	97	103	96	102
St. Louis, Mo.-Ill	101	101	103	99	100	103	100	94	102
Wichita, Kans	98	98	98	102	103	90	99	96	98
Nonmetropolitan areas 7/	97	97	94	103	103	120	95	84	80
South:									
Atlanta, Ga	93	94	92	94	92	92	97	91	107
Austin, Tex	90	91	93	85	81	91	94	95	97
Baltimore, Md	100	99	94	105	104	100	98	100	102
Baton Rouge, La	92	94	95	91	90	96	95	93	101
Dallas, Tex	96	97	93	95	93	91	97	118	103
Durham, N.C	97	97	90	105	106	88	96	103	99
Houston, Tex	93	95	94	91	87	98	93	105	99
Nashville, Tenn	92	94	91	94	92	94	98	89	102
Orlando, Fla	95	97	90	108	110	89	91	100	104
Washington, D.C.-Md.-Va	104	103	100	112	116	98	97	100	106
Nonmetropolitan areas 7/	89	90	89	87	83	120	88	85	82
West:									
Bakersfield, Calif	101	101	100	94	92	100	107	115	106
Denver, Colo	97	98	95	96	94	96	109	97	98
Honolulu, Hawaii	124	120	121	138	147	110	106	107	109
Los Angeles-Long Beach, Calif	108	107	101	114	115	103	107	123	103
San Diego, Calif	103	103	98	103	105	100	105	118	100
San Francisco-Oakland, Calif	111	110	104	119	124	102	112	114	107
Seattle-Everett, Wash	112	112	109	119	123	102	113	114	106
Nonmetropolitan areas 7/	101	100	96	101	99	126	104	92	83
Anchorage, Alaska	158	151	127	205	227	173	119	153	99

1/ The family consists of an employed husband, aged 38, a wife not employed outside the home, an 8-year-old girl, and a 13-year-old boy.

2/ Total housing includes shelter, household operations and housefurnishings. All families with the lower budget are assumed to be renters.

3/ Average contract rent plus the cost of required amounts of heating fuel, gas, electricity, water, specified equipment and insurance on household contents.

4/ The average costs of automobile owners and nonowners in the lower budget are weighted by the following proportions of families: Boston, Chicago, New York, and Philadelphia, 50 percent for both automobile owners and nonowners; all other metropolitan areas, 65 percent for automobile owners, 35 percent for nonowners; nonmetropolitan areas, 100 percent for automobile owners.

5/ In total medical care, the average costs of medical insurance were weighted by the following proportions: 30 percent for families paying full cost of insurance, 26 percent for families paying half cost, 44 percent for families covered by noncontributory insurance plans (paid by employer).

6/ As defined in 1960-61. For a detailed description of current and past boundaries, see the 1967 edition of the Standard Metropolitan Statistical Areas, prepared by the Bureau of the Budget.

7/ Places with population of 2,500 to 50,000.

NOTE: Items and quantities included in each component and population weights for each city are listed in BLS Bulletin 1570-5, Appendices A and B respectively.

Table 3. Indexes of comparative costs based on an intermediate level budget for a 4-person family 1/, spring 1969

(U.S. urban average cost = 100)

Area	Budget costs			Cost of family consumption									
	Total budget 2/	Renter families	Homeowner families	Total 2/	Food	Housing (shelter, housefurnishings, household operations)				Transportation 7/	Clothing and personal care	Medical care 8/	Other family consumption
						Total 3/	Shelter						
							Renter and owner combined 4/	Renter costs 5/	Homeowner costs 6/				
Urban United States	100	100	100	100	100	100	100	100	100	100	100	100	100
Metropolitan areas 9/	102	102	102	102	102	103	104	103	104	100	102	103	103
Nonmetropolitan areas 10/	90	91	90	91	93	87	83	86	83	99	93	87	84
Northeast:													
Boston, Mass	112	107	113	111	108	123	129	109	134	105	99	99	107
Buffalo, N.Y	107	105	107	105	105	107	109	103	110	110	103	92	106
Hartford, Conn	109	107	109	110	111	115	120	117	121	109	104	98	105
Lancaster, Pa	97	98	97	98	105	93	92	94	91	99	97	90	98
New York-Northeastern N.J	112	106	113	110	112	120	125	104	130	92	102	106	109
Philadelphia, Pa.-N.J	102	100	102	101	109	97	97	84	100	95	99	95	104
Pittsburgh, Pa	96	97	96	97	103	89	85	84	86	98	100	89	102
Portland, Maine	101	101	102	103	106	99	96	91	98	105	104	104	109
Nonmetropolitan areas 10/	97	94	99	98	101	100	100	84	104	102	92	89	86
North Central:													
Cedar Rapids, Iowa	101	101	101	100	93	104	106	112	105	106	104	94	101
Champaign-Urbana, Ill	102	105	101	104	97	112	116	138	111	103	101	102	100
Chicago, Ill-Northwestern Ind	104	103	104	105	101	111	114	114	114	105	104	105	104
Cincinnati, Ohio-Ky-Ind	97	95	97	97	97	96	96	87	98	103	99	86	101
Cleveland, Ohio	104	99	106	105	99	114	117	94	122	100	105	101	104
Dayton, Ohio	95	97	94	95	96	91	89	100	86	98	101	87	103
Detroit, Mich	99	100	98	99	101	94	92	94	92	101	104	97	102
Green Bay, Wis	97	97	98	95	93	95	94	89	95	98	99	86	96
Indianapolis, Ind	103	103	103	103	99	106	109	110	109	108	101	102	110
Kansas City, Mo.-Kans	100	101	99	100	99	96	95	100	94	108	103	98	102
Milwaukee, Wis	107	102	109	103	96	114	119	103	122	100	100	97	102
Minneapolis-St.Paul, Minn	101	102	101	98	95	96	96	101	95	103	103	96	102
St. Louis, Mo.-Ill	100	100	100	100	102	97	96	95	96	105	100	94	100
Wichita, Kans	96	97	96	96	95	95	95	100	93	100	99	96	100
Nonmetropolitan areas 10/	93	94	82	93	92	94	92	100	90	99	95	85	83
South:													
Atlanta, Ga	91	94	89	91	94	81	75	88	72	99	97	92	103
Austin, Tex	87	90	86	89	93	75	70	80	67	101	93	95	97
Baltimore, Md	98	104	97	96	97	90	84	109	78	101	100	100	102
Baton Rouge, La	92	94	91	93	96	83	80	85	79	104	96	92	100
Dallas, Tex	93	96	92	95	93	86	83	98	79	100	97	118	102
Durham, N.C	96	99	95	95	91	93	92	109	88	97	96	103	98
Houston, Tex	91	94	90	93	95	82	78	85	76	106	94	105	98
Nashville, Tenn	92	93	91	93	91	89	86	89	86	102	99	89	101
Orlando, Fla	90	94	89	92	90	88	85	104	81	96	92	100	102
Washington, D.C.-Md.-Va	103	104	103	102	102	102	102	107	100	102	99	100	105
Nonmetropolitan areas 10/	85	88	84	86	90	77	71	79	69	98	90	85	84
West:													
Bakersfield, Calif	96	99	96	97	96	88	85	92	83	104	103	115	98
Denver, Colo	97	97	97	97	93	96	93	93	93	99	106	98	99
Honolulu, Hawaii	120	122	120	116	118	124	126	139	123	115	103	107	107
Los Angeles-Long Beach, Calif	102	103	101	102	98	100	101	108	99	101	104	123	102
San Diego, Calif	99	99	99	99	95	97	97	96	98	102	102	118	101
San Francisco-Oakland, Calif	108	112	106	108	102	112	114	140	108	105	110	114	105
Seattle-Everett, Wash	105	108	104	107	107	105	105	120	102	104	109	114	105
Nonmetropolitan areas 10/	94	95	94	93	92	91	86	85	86	97	103	92	85
Anchorage, Alaska	140	145	139	135	121	164	174	214	166	128	119	152	98

See footnotes at end of table 4.

Table 4. Indexes of comparative costs based on a higher level budget for a 4-person family 1/, spring 1969

(U.S. urban average costs = 100)

Area	BUDGET COSTS: Total budget 2/	BUDGET COSTS: Renter families	BUDGET COSTS: Homeowner families	Cost of family consumption: Total 2/	Food	Housing (shelter, housefurnishings, household operations): Total 3/	Shelter: Renter and owner combined 4/	Shelter: Renter costs 5/	Shelter: Homeowner costs 6/	Transportation 7/	Clothing and personal care	Medical care 8/	Other family consumption
Urban United States	100	100	100	100	100	100	100	100	100	100	100	100	100
Metropolitan areas 9/	103	103	103	103	102	104	104	107	104	102	102	103	104
Nonmetropolitan areas 10/	87	85	87	88	90	84	80	69	82	93	93	87	83
Northeast:													
Boston, Mass	114	108	115	112	107	125	133	108	136	113	100	99	106
Buffalo, N.Y	105	102	106	103	103	103	103	90	105	101	104	92	106
Hartford, Conn	105	102	105	107	107	112	115	103	116	103	105	98	104
Lancaster, Pa	95	95	96	97	103	92	88	82	89	92	98	90	102
New York-Northeastern N.J	117	116	117	114	113	123	130	138	129	107	104	106	109
Philadelphia, Pa.-N.J	102	107	101	102	107	99	96	118	93	104	100	95	105
Pittsburgh, Pa	96	94	97	98	102	92	87	72	89	96	101	89	106
Portland, Maine	97	95	98	100	104	93	88	73	90	98	104	103	105
Nonmetropolitan areas 10/	93	87	94	94	97	93	95	65	99	97	93	89	84
North Central:													
Cedar Rapids, Iowa	101	102	100	100	93	104	106	114	105	99	103	94	102
Champaign-Urbana, Ill	102	102	101	104	98	113	118	123	118	98	101	102	101
Chicago, Ill-Northwestern Ind	103	103	102	105	102	107	108	113	108	112	103	105	103
Cincinnati, Ohio-Ky.-Ind	94	90	94	95	97	92	89	71	92	95	98	86	100
Cleveland, Ohio	102	96	103	103	100	109	112	84	116	95	104	101	103
Dayton, Ohio	95	98	94	97	97	95	94	109	92	94	100	87	103
Detroit, Mich	100	102	99	100	102	97	93	102	92	97	103	97	103
Green Bay, Wis	98	95	99	94	93	95	93	81	95	92	98	86	97
Indianapolis, Ind	102	98	102	103	100	106	108	88	111	99	101	102	107
Kansas City, Mo.-Kan	101	100	101	101	102	98	97	92	97	104	102	98	102
Milwaukee, Wis	106	100	107	101	97	108	111	88	114	93	100	96	100
Minneapolis-St. Paul, Minn	101	102	101	97	97	95	91	95	91	96	102	96	101
St. Louis, Mo.-Ill	98	97	98	99	104	93	89	82	90	104	100	94	100
Wichita, Kans	95	94	96	96	95	95	92	83	94	97	99	95	99
Nonmetropolitan areas 10/	90	87	91	90	90	91	90	77	92	91	97	85	81
South:													
Atlanta, Ga	90	92	89	91	95	80	73	81	72	96	98	91	100
Austin, Tex	87	89	87	90	94	78	71	78	70	98	94	95	99
Baltimore, Md	100	102	99	97	99	90	82	91	80	98	102	100	103
Baton Rouge, La	93	93	94	95	97	91	90	86	91	101	97	92	101
Dallas, Tex	93	101	92	96	94	91	89	123	84	98	99	118	102
Durham, N.C	94	94	95	93	92	89	86	84	87	95	97	102	98
Houston, Tex	90	91	90	93	96	84	79	80	79	103	95	105	99
Nashville, Tenn	91	91	91	94	90	91	89	87	89	101	101	89	101
Orlando, Fla	90	87	91	93	90	92	90	75	92	94	93	99	102
Washington, D.C.-Md.-Va	103	103	103	101	102	100	99	99	99	103	101	100	104
Nonmetropolitan areas 10/	82	82	82	83	87	75	69	67	70	93	90	85	82
West:													
Bakersfield, Calif	95	93	95	95	96	87	82	72	83	100	101	114	99
Denver, Colo	97	100	96	97	95	95	92	109	89	96	103	97	101
Honolulu, Hawaii	126	123	126	118	120	129	136	130	137	118	100	107	109
Los Angeles -Long Beach, Calif	104	107	104	104	102	106	107	119	105	102	107	123	103
San Diego, Calif	100	101	100	100	96	102	106	110	105	94	99	119	102
San Francisco-Oakland, Calif	108	110	107	107	105	109	110	123	108	104	107	115	107
Seattle-Everett, Wash	102	103	102	105	107	104	105	110	104	97	106	113	104
Nonmetropolitan areas 10/	92	89	92	90	89	89	82	69	86	90	100	92	88
Anchorage, Alaska	134	134	134	129	118	152	168	172	168	116	115	151	100

1/ The family consists of an employed husband, aged 38, a wife not employed outside the home, an 8-year-old girl, and a 13-year-old boy.

2/ The total represents the weighted average costs of renter and homeowner families. See the weights used in footnote 4.

3/ The intermediate budget does not include an allowance for lodging away from home city, but the higher budget includes $125 for metropolitan areas and $45 in nonmetropolitan areas. These costs are not shown separately or included in any of the housing subgroups.

4/ The average costs of shelter were weighted by the following proportions: Intermediate budget, 25 percent for families living in rental dwellings, 75 percent for homeowners; higher budget, 15 percent for renters, 85 percent for homeowners.

5/ Average contract rent plus the cost of required amounts of heating fuel, gas, electricity, water, specified equipment, and insurance on household contents.

6/ Interest and principal payments plus taxes; insurance on house and contents, water, refuse disposal, heating fuel, gas, electricity, specified equipment; and home repair and maintenance costs.

7/ The average costs of automobile owners and nonowners in the intermediate budget are weighted by the following proportions of families: Boston, Chicago, New York, and Philadelphia, 80 percent for owners, 20 percent for nonowners; Baltimore, Cleveland, Detroit, Los Angeles, Pittsburgh, San Francisco, St. Louis, and Washington, D.C., with 1.4 millions of population or more in 1960, 95 percent for automobile owners and 5 percent for nonowners; all others areas, 100 percent automobile owners. The higher budget weight is 100 percent for automobile owners in all areas.

8/ In total medical care, the average costs of medical insurance were weighted by the following proportions: 30 percent for families paying full cost of insurance, 26 percent for families paying half cost, 44 percent for families covered by noncontributory insurance plans (paid by employer).

9/ As defined in 1960-61. For a detailed description of current and past boundaries, see the 1967 edition of Standard Metropolitan Statistical Areas, prepared by the Bureau of the Budget.

10/ Places with population of 2,500 to 50,000.

NOTE: Items and quantities included in each component and population weights for each city are listed in BLS Bulletin 1570-5, Appendices A and B respectively.

Senator NELSON. I have just received notice that the finance committee is waiting for me to get there for a quorum. I think I will talk to the staff and if it is better to schedule time to complete your testimony or submit written answers to be included in the printed record, we can work that out with the staff.

They have been trying to get a quorum since 11 o'clock. I have just been sent notice that they need one more for a quorum.

We better recess now and work out with the staff the better method for obtaining the balance of the material.

Thank you very much.

(Whereupon, at 12:30 p.m. the subcommittee recessed, to reconvene at 10 a.m., Wednesday, March 24, 1971.)

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

WEDNESDAY, MARCH 24, 1971

SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY,
OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room G308, New Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee), presiding.

Present: Senators Nelson, Cranston, Javits, and Schweiker.

Committee staff member present: William R. Bechtel, professional staff member; and John K. Scales, minority counsel.

Senator NELSON. The committee will resume hearings on the legislation to extend the Office of Economic Opportunity for 2 years.

At the last meeting of the Senate Labor and Public Welfare Committee, it was agreed that the appointment of Frank Carlucci to be director of the Office of Economic Opportunity should be expedited.

It was expected that today's hearing would be devoted in part to the confirmation. However, because of the desire to expedite the nomination, and to separate it from the hearings on pending legislation, the request for a hearing was withdrawn. The members of the committee have been polled and have approved the nomination. It has been sent to the Senate floor and is expected to be approved there very shortly.

The matter of the nomination of Mr. Sanchez will be rescheduled at the earliest possible date.

We will now have a statement from Senator Javits, who introduced the administration bill to extend the Office of Economic Opportunity for 2 years.

STATEMENT OF HON. JACOB K. JAVITS, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator JAVITS. Mr. Chairman, as ranking minority member of the Committee on Labor and Public Welfare and the principal sponsor of S. 1290, the administration's bill for a 2 -year extension of the Economic Opportunity Act, I thank the chairman of the subcommittee, Senator Nelson, and the chairman of the full committee, Senator Williams, both for convening these hearings and for joining with me and others in sponsoring this legislation.

I wish also to welcome the Director of OEO Frank Carlucci who I think has already demonstrated a greeat capacity to act effectively as advocate for the poor not only in respect to matters under his immediate jurisdiction, but within the administration as a whole. I also welcome Malcolm Lovell, Assistant Secretary of Labor and Dr. Ed-

ward Zigeler, Director, Office of Child Development, who have made such significant contributions to manpower training and child development programs.

This request for a 2-year extension is a desirable initiative on the part of the administration and one which Senators Case, Schweiker, Boggs and Mathias, and I urged when we introduced S. 397, our own 2-year extension early this year.

We believe that such an extension will give stability to the Office of Economic Opportunity, to community action agencies, and to programs as they are now conducted while affording an opportunity for a clear and objective consideration of the administration's and other proposals for change.

Mr. Chairman, in connection with the extension I wish to state:

First, where the administration proposes changes, I trust it will carry the responsibility to show that both the benefits to the poor and the essential involvement of the poor themselves will be preserved—and increased—in the new framework.

Whether administration proceeds by legislative proposals in this Committtee, or in the Government Operations Committee, of which I am also a member. I shall urge that a full opportuntity be afforded for the poor to be heard and to make their concerns known.

Second, a 2-year extension of the OEO authorization will not be of full value without a companion commitment to full funding for the programs. The Office of Econimic Opportunity request for fiscal year 1972—exclusive of funding for manpower and Headstart and other programs conducted by the Department of Labor and the Department of Health, Education and Welfare, respectively—is some $76,400,000 below the amount actually appropriated. No doub OEO fought very hard to obtain these amounts, but the total represents an amount below that appropriated to the office for this fiscal year. We will have to move to increase these amounts, as we did as to this year's funding.

Third, while I think that there is much to be said for securing an early extension, I hope that the administration will keep an open mind on the question of substantive amendments in connection with the extension of OEO.

There are now before this committee a number of matters that relate to existing authorizations under the Economic Opportunity Act—for example child care, manpower, legal services and community development—which it may be advisable to deal with in connection with the extension.

I hope that the administration will join with us in balancing the objective of reform in many of these areas—with the desired to extend the war on poverty at the earliest opportunity.

With these considerations in mind, I trust that these hearings will mark the beginning of an objective review of the poverty program, and also a reinstatement of our anti-poverty efforts to a high level of priority.

Senator NELSON. Our first witnesses for this morning are Mr. Frank Carlucci, Director of the Office of Economic Opportunity, with his associates.

STATEMENT OF FRANK C. CARLUCCI III, DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY; ACCOMPANIED BY DR. JOHN WILSON, ASSISTANT DIRECTOR OF OEO, PLANNING, RESEARCH AND EVALUATION; DR. THOMAS BRYANT, DIRECTOR, OFFICE OF HEALTH AFFAIRS; DR. EDWARD ZIEGLER, DIRECTOR, OFFICE OF CHILD DEVELOPMENT; WILLIAM PLISSNER, DIRECTOR, PROGRAM ANALYSIS DIVISION; DONALD LOWITZ, GENERAL COUNSEL, OFFICE OF ECONOMIC OPPORTUNITY; AND PAUL FASSER, MANPOWER ADMINISTRATOR, AND ROBERT BROWN, ASSOCIATE MANPOWER ADMINISTRATOR, DEPARTMENT OF LABOR

Senator NELSON. The first speaker will be Mr. Carlucci.

You may proceed as you desire, Mr. Carlucci.

Mr. CARLUCCI. Thank you, Mr. Chairman.

I would like to make a few brief remarks in connection with my statement. It is a pleasure to appear before you and this distinguished committee today to seek a 2-year extension of the Economic Opportunity Act of 1964, as amended.

My appearance today comes at a time when the Congress is being asked to consider proposals for major changes in the ways in which the Federal Government does business.

Obviously, congressional action on the Government reorganization and revenue-sharing proposals will have a significant bearing on the future direction of the Office of Economic Opportunity.

These proposals, I believe, deserve and will receive a full public airing and intensive congressional debate.

I have attached a letter I sent to CAA board chairmen on February 13, explaining how the President's proposal would affect OEO programs.

In the meantime, extension of the Economic Opportunity Act is needed to assure that the OEO, and other departments that operate programs authorized under this legislation, may continue bringing needed services and support to the poor.

Extension of the legislation also will assure that during the next 2 years there will remain within the Federal Government an agency serving as an active advocate of the poor, so that the thrust of the effort to eradicate poverty maintains its momentum.

Failure to extend the legislation would, I am very much afraid, undo much of the progress made to date. It also would imply to the Nation, the nonpoor as well as the poor, that the Federal Government was turning its back on the people who most need its assistance.

The OEO record during the past 2 years is, I believe, convincing evidence of this administration's dedication to helping lift poor Americans out of poverty.

It is a record of higher funding levels, increased maturity, strengthened management, and administration and—perhaps most important of all—of greater accountability.

In this period, the agency's leadership has worked assiduously to streamline and make more effective OEO's management.

Institution of tough new regulations and processes has given the agency greater control over contracts and grants, has weeded out

conflicts of interest, and has generated more competitive bidding while eliminating indefensible cost overruns.

The strengthening of OEO into a more productive arm of Government is perhaps nowhere better illustrated than in the new attitude and achievements of the agency's 930 community action agencies.

I can report to you today that, in my opinion, never before have the community action agencies as a whole been in a better position to fulfill their mission, both in terms of operating programs efficiently and successfully, and in widening the base of community support.

In the last 2 years, this agency's leadership has repeatedly stressed the need for CAA's to serve not simply as a conduit for Federal funds, but in the far larger role of a catalyst for stimulating the broader community to actions aimed at eliminating poverty.

OEO's insistence that the CAA's concentrate on mobilizing all available resources to aid the poor reflects a hard won understanding of a basic reality; and that is that all Americans must be enlisted in the struggle against the poverty that afflicts only some Americans. For the most part, the CAA's have responded vigorously and effectively to this expanded role.

While directing the CAA's into the most productive channels OEO headquarters instituted new evaluation techniques and stepped up inspection operations to assure that the CAA's lived up to the letter of their mission.

When careful evaluation proved conclusively that specific CAA's were not adequately meeting the stiffened standards, and were therefore not serving the intersts of the poor, they have been defunded. Many more were given the training and technical assistance they needed to function effectively.

I want to stress that the defunding of a CAA is a management tool, not a budget exercise. There has been a considerable amount of publicity on this point. When this takes place, we make every effort to continue the good programs and to look out for the interest of the employees. We also work very closely with the community if it wishes to form a new CAA to replace the ineffective one.

A CAA is more than just an OEO program. It acts as an administrator for a great variety of other programs.

For instance, in fiscal year 1969, the network of CAA's, at total overhead cost of $60 million to $70 million, dispensed some $1.375 billion worth of such programs, only $620 million of which—or 47 percent—went for OEO or Economic Opportunity Act programs.

Through some 2,700 neighborhood service centers and other CAA subagencies, community action agencies fund or operate manpower, Headstart, education, health, and even disaster relief programs, utilizing dollars from such Departments as Health, Education, and Welfare, Labor, Agriculture, Justice, and the Office of Emergency Preparedness.

But just as OEO's expenditures represent but a small fraction of the total Federal outlay of aid to the poor, the community action agencies are just part of OEO's overall activities.

Altogether, the agency's range of programs reach some 11 million of the 24 million Americans whose incomes place them below the poverty line.

They are reflected in the thousands of migrant workers and their families, the Americans most deeply entrenched in poverty, who have left the migrant stream after getting high school equivalency training, adult education and vocational training from OEO programs.

Other migrants now live in decent homes, receive dependable medical care and are assured of adequate diets because of OEO programs. Altogether, OEO programs serve some 400,000 migrants each year.

The OEO effort also is reflected in the thousands of American Indians, far too long neglected, who now have new hope for a better future because of the activities of OEO's 67 indian community action agencies. These agencies have helped to give the Indians the skills, resources and self-confidence that will enable them to move toward self-determination.

The President's Indian message also assigned OEO the lead responsibility for assisting urban Indians. This interagency effort has brought about the establishment of eight new urban Indian centers with substantial capability for mobilizing resources not previously available to urban Indians.

Additional thousands of poor Americans benefit from OEO community health centers, which have demonstrated new ways for delivering top-flight health care to the poor. And the agency has continued pioneering new methods for getting family planning assistance to those persons who desire such information.

The OEO effort further is reflected in new emphases on combating the growing drug addiction problem, including pilot projects aimed at combining rehabilitation with manpower training and job placement —a vital need if the exaddict is ever to escape the environment that helped produce his problem.

And the OEO effort embraces thousands of the aged poor, proportionately the fasted growing segment of our poverty population.

I know of the interest of this committee in the aged. More than 200 senior opportunities and services programs, operated through OEO community action agencies, offer services to the aged ranging from meals-on-wheels to job placement from transportation to the opportunity to socialize with friends and contemporaries.

OEO research and development projects that range from income maintenance experiments to testing the feasibility of performance contracting in education carry with them the hope of finding new answers to age-old questions.

Under President Nixon's proposals, OEO's capability to perform research in the social area, with emphasis on the poor, would be upgraded.

The President has said OEO is to be "the cutting edge by means of which government moves into unexplored area."

The special problems of the American poor with Spanish surnames, which often involve overcoming language as well as cultural barriers, are being addressed with specially designed OEO educational and retraining programs.

One example is OEO's service, employment, redevelopment (SER) program, which provides prevocational training to some 6,000 Mexican-Americans annually.

OEO is also designing new housing development programs for the Spanish speaking, is developing a program intended to increase college opportunities for persons of Spanish origin and—in conjunction with the Labor Department—is exploring ways to increase the effectiveness of manpower delivery systems for this special client group.

OEO's legal services program has been expanded and strengthened. This year, some 1,200,000 poor Americans will be represented by legal service lawyers—double the caseload of just 2 years ago.

The program has not been without its problems. But it remains, in my opinion, one of OEO's brightest achievements, and it retains my personal admiration and respect.

Considerable interest has been expressed in further strengthening the effectiveness, professional independence, and integrity of legal services. The administration is presently considering the possibility of an independent legal services corporation.

I know that some Members of the Congress are interested in this matter, and I want to assure this committee today that we will seriously consider all proposals for achieving an even stronger program for guaranteeing equal access to the judicial process to all Americans.

OEO's volunteers in service to american program has continued to pioneer national volunteer involvement in helping solve the problems of the poor at the grass roots level.

As you know, the President has announced his intention to integrate VISTA with the Peace Corps and several other volunteer programs in a new and more dynamic, volunteer agency.

It is my understanding that a message on reorganization on this subject will be coming to the Congress today.

(The information referred to follows:)

OFFICE OF ECONOMIC
OPPORTUNITY

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

FEB 13 1971

TO ALL CAA BOARD CHAIRMEN

As you know, President Nixon has proposed major changes in the way the Federal Government assists states and local communities to meet the needs of their citizens. The directions which were outlined in the President's State of the Union message, his Budget message and his recent speech at the University of Nebraska will, if approved by the Congress, have dramatic effects on the vitality and responsiveness of government at all levels. Through this letter, I want to provide you with information on the President's proposals, focusing particularly on how they would affect Community Action Agencies.

The President has proposed that a new program of general and special revenue-sharing be enacted. This would provide both increased funding and greater flexibility to states and localities in the use of federal funds to meet pressing needs.

The President proposes to initiate federal revenue-sharing on January 1, 1972. The first year's level would be $16 billion, including $5 billion in general revenue-sharing and $11 billion divided among six special revenue categories:

Urban Community Development
Rural Community Development
Elementary and Secondary Education
Manpower Training
Law Enforcement
Transportation

All of the $5 billion general revenue-sharing, and $1 billion of the special revenue-sharing would be new money. The rest of the special revenue-sharing funds would be drawn from the existing programs which are incorporated into the six categories. No community would receive less total assistance under revenue-sharing than under the existing combination of grants, and many would receive more.

The existing programs which will be incorporated into the broad new special revenue sharing categories, include several which are of interest to CAAs. These programs would not be refunded individually in the FY 1972 budget, but would compete locally for their share of the special revenue sharing or other resources available at the community level. Programs which will be affected by this change in FY 1972 include:

In Manpower Training
- EOA Work and Training
- MDTA

In Urban Community Development
- Urban Renewal
- Model Cities
- Grants for Basic Water and Sewer Facilities
- Rehabilitation Loans

In Rural Community Development
- Regional Development Programs
- Economic Development Assistance
- Appalachian Regional Commission
- Extension Service
- Rural Environmental Assistance
- Rural Water and Waste Disposal Facilities
- Great Plains Conservation Program
- Water Bank Programs
- Resource Conservation and Development Programs

In Elementary and Secondary Education
- ESEA - Titles I, II, and III
- Vocational Education
- School Lunch Program
- School Assistance to Federally Affected Areas
- Education for the Handicapped

These programs represent large amounts of money which will be subject to greater local control than ever before. This opens new opportunities for CAAs to influence the use of a broader range of resources, by participating in the expanded local decision-making and by serving as sponsors or operators of program activities.

While community action will continue as a separately funded program in FY 1972, the President's budget sets January 1, 1973 as a target date for local initiative assistance to CAAs to be incorporated into special revenue-sharing. At that time, community action would become a fully local institution, receiving federal resources for local initiative programs through the special revenue-sharing process. There are both short-term and long-term aspects of this shift to revenue-sharing which should be favorable for CAAs generally.

In the short-range, the delayed shift of community action to special revenue-sharing has several advantages. First, it gives us more time to think through and resolve problems which CAAs may encounter in the shift to special revenue-sharing. It will permit us to benefit from the early revenue-sharing experience in areas of interest to CAAs, such as community

development, manpower and education, and to judge the effectiveness of different allocation formulas which are intended to assure that the resources of current programs such as ESEA Title I will be directed more effectively toward meeting the needs of the poor than in the past. In the extra time available, we will also be able to observe the manner in which local governments assume their new responsibilities and the degree to which they include the needs of the poor in their priorities. The delayed incorporation of community action into special revenue-sharing will permit separate and more careful Congressional consideration of problems and solutions for CAAs during 1972, rather than during the more general consideration of the revenue-sharing proposals over the next few months. Finally, we will have two additional years to continue strengthening CAAs to compete for resources at the local level.

The long-range considerations are more fundamental and, I believe, more profoundly hopeful. What the President is proposing represents the fulfillment of the local initiative principle on which the Community Action Program was founded -- the notion that the problems are different in every community and that local institutions must be able to develop solutions which fit local needs and not a national mold. Beyond freeing states and localities from the confusion of countless federal programs and their rigidities and red tape which have so often frustrated local creativity, the President's proposals clearly call for innovation and change at the community level which corresponds very closely to the aims of community action.

The President's State of the Union address makes clear that the revenue-sharing proposals are a positive challenge to state and local governments to work more effectively and responsively for, and with, all their citizens. This positive emphasis runs throughout the message, as represented in these excerpts:

> "...a new American revolution -- a peaceful revolution in which power was turned back to the people -- in which government at all levels was refreshed and renewed, and made truly responsive."
>
> "For all Americans...we can open the door to full and effective participation in the decisions that affect their lives."
>
> "...a new partnership among governments at all levels, and between those governments and the people themselves."
>
> "If we put more power in more places, we can make government more creative in more places. For that way we multiply the number of people with the ability to make things happen -- and we can open the way to a new burst of energy throughout America."

The President has thus committed the Federal Government on a broad scale to the same kind of objectives which OEO and CAAs have been pursuing with respect to programs for the poor. He has also specified that revenue-sharing will carry the same safeguards against discrimination that apply to all other federal assistance, emphasizing that: "Neither the President nor the Congress nor the conscience of this nation can permit money which comes from all the people to be used in a way which discriminates against some of the people."

The strong convergence of interest between community action and the coming basic reforms in the federal system opens new horizons of opportunity for CAAs to play even more significant roles in helping their communities respond to the needs of the poor. I, for one, believe that CAAs will be ready for this challenge.

By January 1, 1973, the Community Action Program will represent eight years of federal investment in the formation and development of CAAs as local institutions providing a new combination of public, private, and low-income leadership to stimulate better community response to problems of poverty. With this major federal investment, plus the dedicated efforts of locally-established boards and staffs, hundreds of CAAs throughout the country have attained the maturity, effectiveness, and community support needed to make them successful competitors for a significant share of the resources to become available through revenue-sharing, so that they can continue and expand their vital service to the poor.

The ultimate strength of the CAA is precisely that it was originally conceived, and has continued to grow, not as an arm of a remote federal agency, but as a local institution which belongs to the community, has its roots deep in the community, and draws its strength from the community. This is a strength which must be reinforced during the next two years. Strengthening ties and working relationship with local government is only one part of the task. The CAA must be a vital force throughout the community, in the private sector and among the poor, and it must continue to draw these diverse elements of the community into closer cooperation in solving problems of poverty.

The beauty of the CAA's mission is that the harder you work at it, the stronger you get. Our task, yours and mine, is to keep working at it and building your strength over the next two years, so that you will be prepared to compete successfully for a substantially increased participation in the larger resources available. Recognizing the obstacles as well as the opportunities, and the different circumstances faced by CAAs in different parts of the country, OEO will do everything it can to assist you in making a successful transition to the new revenue-sharing system. The current joint efforts by OEO and Department of Labor to strengthen

state and local government leadership in planning and carrying out manpower programs with participation by CAAs, represents an important step in this direction.

The President has also proposed a major reorganization of the Executive Branch of the Federal Government. Of the existing twelve Cabinet Departments, only the Departments of State, Defense, Justice, and Treasury will continue in their present form. The other eight departments will be replaced by four new departments organized according to broad basic purposes: Community Development, Human Resources, Natural Resources, and Economic Development. Programs and functions which are now scattered throughout the Executive Branch but serving the same basic purpose will be consolidated in the appropriate new department. The target date for creation of the new departments is June 30, 1972. In the interim, the Administration will seek continued Congressional authorization for OEO.

While the details of the reorganization are not yet available, it now appears that OEO's responsibilities for community action would be transferred to the new Department of Community Development. The Department of Human Resources would have responsibility for some other OEO programs which have matured beyond the R&D stage. In his University of Nebraska speech, the President announced his intention to propose that VISTA be incorporated, along with the Peace Corps and other volunteer agencies, into a single new agency which will provide a sharper national focus and stronger federal effort to expand opportunities for voluntary service in meeting human needs. Active consideration is being given to an Independent Legal Services Corporation that would assume responsibility for OEO's Legal Services Program.

The President's proposals provide that, after reorganization of the Executive Branch, OEO would continue to be responsible for research and demonstration efforts to develop new approaches for meeting human needs. OEO would also conduct a strong evaluation program to help assure that federal assistance has the intended effects of increasing governmental responsiveness and providing more effective community services. The Administration is also strongly committed to continued advocacy of the interests of the poor at the federal, state, and local levels.

The President's revenue-sharing and reorganization proposals are being submitted to the Congress for legislative enactment. The President is encouraging and fully expects a national dialogue on these proposals.

In the months ahead, OEO and CAAs must work together closely to assure that the needs of low-income citizens are met with maximum effectiveness as we move to the new relationships. During this time, it is particularly vital that each CAA intensify its continuing efforts to strengthen its

community relationships and management capabilities, so that it can be in the best possible position to help local and state governments respond more effectively to the needs of low-income citizens.

I am instructing our Regional Directors and other staff to propose specific ways in which we can help CAAs prepare for the changes the President has proposed. We will keep you informed of the President's proposals and of the efforts we will be making to further strengthen CAAs to compete for the greater resources that will become available in local communities.

Frank Carlucci
FRANK CARLUCCI
Director

Copies to: CAA Directors
SEOO Directors

Mr. CARLUCCI. We at OEO are confident that the new agency will build upon the VISTA experience as it moves ahead to assist local communities in solving their problems through the use of volunteers.

In summary, Mr. Chairman and members of the committee, I believe that OEO is functioning with greater effectiveness—and with greater impact on the Nation's poor—than ever before.

I am confident that, should the Congress extend the Economic Opportunity Act for 2 more years, that the agency can make significant new inroads into the problem sof poverty.

I therefore ask your continued support so that OEO may maintain its efforts as mandated by Congress, to give our less fortunate citizens the help they require to share more fully in the abundance of opportunity this Nation offers.

That concludes my opening statement, Mr. Chairman. I welcome any questions the members of the committee may have.

Senator NELSON. Mr. Cranston.

Senator CRANSTON. I am sorry I was not here to hear all of your testimony, Mr. Carlucci. I welcome you to the committee.

I would like to ask a few questions regarding the California Rural Legal Assistance matter which we have been considering together for a considerable length of time,as you know.

You referred in the press release that you issued on January 30 in regard to that matter to your request for a Justice Department and Civil Service Commission review of possible violations of Federal law or prohibitions on political activities.

Have you received a report from either or both of those agencies?

Mr. CARLUCCI. No, sir; we have not. We sent the material over to the Justice Department and the Civil Service Commission, but we have not received a report back.

Senator CRANSTON. If you could advise us when you do, I would certainly appreciate it.

Mr. CARLUCCI. Certainly, Senator.

Senator CRANSTON. Could you explain your thinking that led to the appointment of the "high-level commission" to assist in discharging your responsibility to complete a full and impartial review of the CRLA refunding matter?

Did you send OEO investigators to California to investigate the most serious of the Governor's charges?

Mr. CARLUCCI. We sent investigators to California to investigate some of the Governor's charges. During a 30-day period of the extension that I issued, the new grant that I issued, we did not have sufficient time to examine all of the Governor's charges.

The Governor, as you know, submitted a very lengthy report with some 8,000 pages of backup material. The CRLA, on its part, submitted voluminous material rebutting the Governor's charges.

We did not have sufficient opportunity during the 30-day period to go into all of these charges. I felt that in this particular case, since the program was vetoed by the Governor of our most populous State, since it was a program that had been viewed by elements of the organized bar as a model legal services program, that it was important that a thorough investigation be conducted and that my decision in this matter not only be fair but be perceived to be fair.

I therefore elected to establish a commission which can perform a fact-finding function in the investigation of the charges and CRLA's rebuttal.

Senator CRANSTON. Have summaries of those field investigations by the investigators been made?

Mr. CARLUCCI. I believe they made some report, Senator. I have not personally read these reports.

Senator CRANSTON. Have they been made available to CRLA or to the Governor?

Mr. CARLUCCI. Let me ask my general counsel.

They have not been made available.

Let me say, Senator, since we are now establishing this commission, and I hope to be able to announce the commission within the next few days, it seems to me very important that they be able to start afresh and look into the charges so that any decision that might be made not be prejudged in one way or another.

Senator CRANSTON. If you feel it is appropriate, if you could make available to this committee summaries of those reports from those OEO investigators, I would appreciate it. I know you may not feel that you should.

Mr. CARLUCCI. We have some problem in making our inspection reports available. I would discuss the matter with my general counsel and see what can be done. We would certainly be glad to brief you on them.

Senator CRANSTON. Have you made available to CRLA all the documentation supplied to you by the Governor?

Mr. CARLUCCI. It is my understanding that there are some documents that have not been made available to CRLA. But once again, the commission will be empowered to start afresh and go into a complete investigation of the Governor's charges, and I anticipate that there will be a full opportunity for evidence to be presented in a public forum in the State of California.

Senator CRANTON. Has the time and place of hearings or whatever forums will be established by the commission been set yet?

Mr. CARLUCCI. I have a tentative schedule for the commission. As I said earlier, I would hope to announce the members this week. We have three very distinguished judges who have indicated an interest in participating.

If we can resolve some existing administrative problems, I would anticipate that the first meeting of the commission would take place on Saturday in Washington.

Senator CRANTON. This Saturday?

Mr. CARLUCCI. Yes, sir. Representatives of CRLA and the State will be invited to attend to discuss prelimiary matters. Soon after this initial meeting I would expect a first meeting would take place in California. This would be a prehearing conference aimed at identifying the issues, discovery of documents, preparation of proof, and other matters.

The commission will not sit regularly during this initial period, as most of the burden of preparation will fall on the parties.

But I do expect hearings to begin in California around the 1st of May and should occupy between 8 and 12 days as a rough estimate.

After completion of the hearings, the committee will consider the evidence in the record, prepare findings and submit its report to me, hopefully during the first week in June, but certainly no later than June 15, which is approximately 6 weeks before the CRLA existing grant expires.

Senator CRANSTON. What would be that end date?

Mr. CARLUCCI. June 15, sir.

Senator CRANSTON. Would you anticipate you would be able to make a decision before July 1 so that if there was again a veto there would be time to consider the matter?

Mr. CARLUCCI. The existing grant does not expire until July 31, sir.

Senator CRANSTON. But the Governor has 30 days to make a veto, if he chooses, does he not?

Mr. CARLUCCI. Yes, but the way our process works in that the new grant would be issued at the time of the expiration of the old grant, so he would have another 30 days in which to consider whether he wishes to veto again.

But I would anticipate that we would have plenty of time to make our decision; yes, sir.

Senator CRANSTON. How many commissioners are there going to be?

Mr. CARLUCCI. Three.

Senator CRANSTON. I understand you don't wish to name the people at this point but can you tell us what criteria you are following in seeking to set up the commission.

Mr. CARLUCCI. As I mentioned, we plan to have public hearings in the area served by CRLA, and we plan to have the introduction of evidence.

I don't think it would be appropriate for me to go further into the precepts of the commission at this time until we have discussed them more fully with the commissioners.

Senator CRANSTON. Are any elected officials likely to be included?

Mr. CARLUCCI. No, sir. The people we have in mind are—well, some judges are elected officials, and the people we have in mind are judges.

Senator CRANSTON. Have the adverse parties, CRLA and Governor Reagan been involved in any way in making recommendations or have any consideration in regard to specific names?

Mr. CARLUCCI. We have not received any recommendations as to names from either party.

Senator CRANSTON. And no comments from them as to people under consideration?

Mr. CARLUCCI. We have notified them, and we are awaiting comments. We did tell both parties that we would notify them in advance of the public announcement.

Senator CRANSTON. With whom, if anyone, do you have to actually clear the appointees?

Mr. CARLUCCI. I have not cleared the appointees with anyone.

Senator CRANSTON. You have the power of decision yourself?

Mr. CARLUCCI. Yes, sir.

Senato CRANSTON. Will the hearings be open to the public and the press?

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Mr. CARLUCCI. Yes, sir; they will be.

Senator CRANSTON. Will they be investigative or quasi-judicial or a combination, or have you determined those points?

Mr. CARLUCCI. This is one of the purposes of the meeting this Saturday, to discuss the exact format of the meetings, but I would anticipate that there will be full opportunity for both sides to present their case. There will be a full opportunity for questioning.

Senator CRANSTON. Will there be opportunities for cross-examination, confrontation, or whatever?

Mr. CARLUCCI. This is one of the issues that we want to leave up to the commission, itself. I think you will find that the commission we are naming consists of very distinguished judges, and we would like to discuss with the judges the exact format that they would prefer to use.

Senator CRANSTON (presiding pro tempore). In an addendum to your January 30 press release you stated, "If the commission finds that CRLA is conducting its activities in compliance with OEO statues and guidelines I will, of course, refund it in full."

Is that still your position; that is, that you will be bound by the commission's recommendation with respect to refunding CRLA in full?

Mr. CARLUCCI. Obviously, legally, I cannot be bound by the recommendations of the commission. The commission will be advisory to me. But also equally obviously I would lean very heavily on their recommendations, and if they find that CRLA is functioning effectively and within the guidelines, it is my intention to refund them.

Senator CRANSTON. I gather you have considered the possibility of another veto in refunding CRLA?

Mr. CARLUCCI. I suppose there is a possibility of another veto. I haven't really given it a lot of thought at this point.

Senator CRANSTON. If the commission gives the program the full blessing that you indicated would almost surely lead you to refund and then there is a veto, what then?

Mr. CARLUCCI. Well, Senator, that is basically a hypothetical question and fairly far down the road.

I prefer to get the commission in place and get our precepts established for the commission and move ahead, and worry about those problems at the time they come up.

Senator CRANSTON. I presume the objective of having the commission, as you indicated, is to get the matter resolved once and for all and decide what is appropriate and stick by what is appropriate.

Mr .CARLUCCI. That is correct, sir.

Senator CRANSTON. If you decide, based upon the recommendations of the commission and your own evaluation, to refund CRLA, will this new action be for at least 12 months past July 31, 1971?

Mr. CARLUCCI. Well, normally our grant would be for a year. It would probably be premature for me to comment on that because we await grant applications from our grantees. But it would be my anticipation that it would be a year's grant. There is a question of program cycle and fiscal years. Sometimes we fund grantees for 6 months; sometimes we fund them for 8 months; sometimes we fund them for 2 years.

I might note that a 6-month grant in OEO is not unusual. In the last fiscal year we funded all our grantees for a 6-month period.

Senator CRANSTON. I presume CRLA would be very happy to have another year's extension. That would place it on a more solid footing after these short extensions.

Mr. CARLUCCI. Obviously, if the commission finds that the program is functioning effectively, it would be very desirable to place them on as solid footing as we can.

Senator CRANSTON. At your December 30 confirmation hearing, you responded to several questions by Senator Javits with respect to your ability to decide the CRLA matter objectively without any expressed or implied commitment and fairly and in accordance with the law, and independently.

Senator Javits stressed that word "independently" in his questions to you. You answered you could indeed so decide that question.

Was your confidence in that regard vindicated by subsequent events with respect to your independence in reaching a decision on CRLA?

Mr. CARLUCCI. I feel that the decision reached on CRLA was a fair one, and I feel confident that I can make a fair and impartial decision at the expiration of the 6-month grant.

Senator CRANSTON. The question really goes to the word "independent." How independent did you wind up being in making that decision?

Mr. CARLUCCI. Obviously, Senator, in a matter like this, I consult with a number of people and get input from a number of people. The statutory responsibility for making the decision is mine and I exercised that responsibility.

Senator CRANSTON. There is an article by David Broder in the Washington Post. I don't have the date on it but I am sure you are familiar with it. He said:

> With the 30-day temporary extension running out, Mr. Carlucci made his recommendation. It was for OEO to override Reagan's veto and reinstate the original CRLA grant with two minor provisos. CRLA lawyers would not be allowed to accept criminal cases on their own free time as some had done previously, and all class action suits would need the personnel approval of CRLA's director.

That refers to recommendations submitted to the White House. Do you have any comment on that statement?

Mr. CARLUCCI. Senator, obviously, during the 30-day period there were a great number of options that were dicussed. I did, as I said earlier, consult with the White House.

I felt that the arrangement that was reached—the arrangement which provided for a 6-month grant while we investigate the charges—was a fair and equitable arrangement. That was the option we decided on.

Senator CRANSTON. Moving to some other matters, in your December 30 confirmation hearing you indicated in response to a question I asked at that time that you would begin a review of the California State Office of Economic Opportunity in February.

I would like to ask what the present status of that investigation is, and when you expect it to be completed, and the results submitted to this committee, as I asked at that time?

Mr. CARLUCCI. The review has been completed. The report is in the process of being drafted right now. I have not seen it. As is our normal procedure, we will allow the grantee to comment on it, and when that has happened we will, of course, be happy to make it available to this committee.

Senator CRANSTON. Are you satisfied—this is getting again beyond the CRLA matter—with the present organization of legal services within OEO as it relates to protecting the attorney's independence and the attorney-client relationship from unwarraned pressures, political and otherwise?

Mr. CARLUCCI. Yes, sir; I am. I might note that I have just named a new Director of Legal Services, Mr. Fred Speaker, former attorney general of Pennsylvania. He was one of the people recommended to me by the National Advisory Committee on Legal Services.

I feel he is a man of exceptional talent, background, and dedication. I feel that he will provide the leadership to this program that it both needs and deserves. I am confident that the program can function effectively and maintain the integrity and independence of the lawyers.

Senator CRANSTON. If that is your view, why were there so many upheavals and pretty sharp controversies over the past few years over the program—controversies which have been rising recently? Haven't these had a rather debilitating effect on the lawyers and their ability to pursue an independent course?

Mr. CARLUCCI. It is m yjudgment that the program is functioning very effectively. I think there are areas in which it could be strengthened. I think there are some policy issues that should be addressed.

I have discussed this with the National Advisory Committee on Legal Services. They have set up various subcommittees to look at these policy issues. But I find this program very much alive and very vigorous. I don't think the enthusiasm of the lawyers has been at all dampened. I don't know what incidents you are referring to, Senator, but I would be prepared to discuss any of those with which I have been associated.

Senator CRANSTON. Rather than getting to specific individual cases, I would like to approach it in a slightly more broad manner. Do you feel that Legal Services lawyers should be free to pursue for their clients any lawful objective through legally permissible means granted by our legal system?

Mr. CARLUCCI. Well, there are certain restrictions in the statute that, for example, they should not handle criminal cases, and that they are obliged to follow certain income guidelines.

I think we have to adhere to the provisions of the statute.

Senator CRANSTON. Yes, of course, you do. But beyond that do you feel they should operate within that frame of reference, except for restrictions in the statute?

Mr. CARLUCCI. I believe that Legal Services lawyers should enjoy the same kind of freedom in the lawyer-client relationship that any other lawyer enoys.

I might note in this connection that I feel it very important that the local bar associations take an interest in Legal Services grantees in their area, and that they provide the kind of senior guidance to

our Legal Services lawyers that, say, a senior partner would provide in a major law firm.

I think it is important that we give guidance to our lawyers, but I do not believe in restricting the types of cases, except those restrictions which are in the statute.

Senator CRANSTON. I presume any legislative recommendations that you submit hereafter would be based upon that approach to the problem.

Mr. CALUCCI. I think it is probably premature right now to comment on the legislation, but I might note that the administration is working on a proposal for an independent Legal Services corporation. There has been some comment and speculation in the press as to why this proposal has been delayed.

For the record, I would like to note that in my first meeting with the National Advisory Committee on Legal Services in January, they requested that they be allowed to have an input into the drafting of the legislation.

The drafting of this legislation, like the drafting of other legislation implementing the Ash Commission report, is basically the responsibility of the domestic council.

I did request the National Advisory Committee be allowed to make its input. The earliest date that the National Advisory Committee could meet to do this was the 18th of March. They met. It is my understanding that they will be submitting a written report today to the Domestic Council. So the administration has delayed the drafting of its legislation until it had this input from the organized bar.

We feel it is very important to have the input from the organized bar. We hope to proceed now very rapidly with the drafting of the legislation, but I think it would be premature for me to comment on the kinds of legislation that the administration will propose in Legal Services.

Senator CARNSTON. Since class actions and suing Government agencies are not prohibited by the present statute, does your view of permissible actions include those?

Mr. CARLUCCI. My personal view does.

Senator CRANSTON. Do you feel that Governors or other political officials should be allowed to exercise veto power over legal services' programs, either alone or as a whole?

Mr. CARLUCCI. I think it would be premature for me to comment on that at this point since it is an issue that will be dealt with in this legislation.

Senator CRANSTON. What is your view, then, on a matter related to that—the problems that develop in protecting the independence of the lawyers from political concerns and inherent conflicts of interest when the threat of a veto overhangs their action?

Mr. CARLUCCI. I guess I would answer that we have a pluralistic society, and that as the legislation now stands a Governor, who is an elected official, is given the right to veto a program.

I think this is, as I said, an issue that we have to examine in connection with the legislation. I am really not prepared to comment on it at this time.

Senator CRANSTON. On the business of class actions, you stated that

was your personal view. I hope that doesn't suggest that there is going to be an administration measure that would limit class actions. Is there?

Mr. CARLUCCI. I can't comment on the administration's measure, but I am sure that we will be producing a bill which will strengthen the effectiveness, independence, and integrity of the legal services program.

That is the intent behind the Ash Commission recommendation that has been adopted by the administration, and I am confident that our bill will be a very progressive bill.

Senator CRANSTON. Good. I look forward eagerly to that sort of a measure coming up.

Should local programs, in your opinion, be able to offer comprehensive legal services, that is, community education as to rights and responsibilities, representation in all available forums and new methods in delivering services and so forth?

Mr. CARLUCCI. As our legal services program does now?

Senator CRANSON. Yes.

Mr. CARLUCCI. Yes. I think that is a very important part. I am reflecting a personal view again. I think that is a very important part of the legal services program as it exists now.

Senator CRANSTON. Do you feel that we are presently through these programs or through the present program covering most of the legal problems of the poor in all areas of the country?

Mr. CARLUCCI, No. sir; we are not. We are falling far short. I don't know what the exact figures are on universe of need, but I would be glad to enter them for the record. I think an estimate has been made that there are some 4 million legal problems a year affecting the poor, and we handle only a small proportion of those needs.

(The information subsequently supplied follows:)

Universe of Need

"The universe of need is based on the number of cases which would be presented to Legal Services programs if the poor were fully informed of their legal rights and remedies and if sufficient legal services were available. The American Bar Foundation estimated in 1966 that the poor in America have an annual minimum of 5 million legal problems requiring the assistance of an attorney. A study two years later conducted in three large metropolitan areas, indicated that two-thirds of the heads of households had one or more problems in the previous year which should have received legal advice. This indicates that the 5 million figure is conservative. Others estimated the potential number of cases at a range from 10 to 15 million."

How Much of Universe of Need Do We Meet

Based on the conservative universe of need of 5 million legal problems from the American Bar Foundation study in 1966, this is the percentage being met:

	1967	1968	1969	1970	1971(est.)
Caseload	300,000	475,000	610,000	900,000	1 million
% Universe	6	9.5	12.2	18.0	20.0

Senator CRANSTON. What do you feel should be done about that in terms of assisting more of the people that obviously need assistance?

Mr. CARLUCCI. Well, I think we need to continue to strengthen our legal services programs, to try and make them reach more people, as I indicated in my opening statement.

The caseload of our existing legal services program has doubled in the past 2 years, and I think we are progressing toward that goal. Obviously, there are a lot of needs, with 24.6 million poor people in this country, that exist, and legal services is one of them.

I am anxious to see that all these needs are met as rapidly as possible. There are obviously funding restraints, there are constraints on the things that we can do due to our staffing limitations.

But I think we are moving in the right direction. No program in OEO has expanded at more rapid rate than our legal services program. If my memory serves me correctly, funding for the legal services program 2 years ago was some $42 million and it is now $61 million.

As I say, the caseload has doubled. The cost per case has gone down. The cost per case is now $59, and I think we are making very good progress. I hope to not only continue but to accelerate that progress.

Senator CRANSTON. Could you accompany the material you will submit in regard to unmet needs with some indication of the sort of resources it would require to really do the job in a thorough fashion?

Mr. CARLUCCI. I would be glad to.

(The information subsequently submitted follows:)

COST TO MEET ENTIRE UNIVERSE

Average cost per case in FY 1970 was $59.00. At that rate, it would take $295 million to meet the conservative universe of need.

Senator CRANSTON. Do you feel that legal services' attorneys should be able to pursue cases for clients on the attorney's free time without any restriction based on his employment in the legal services program?

Mr. CARLUCCI. Senator, I think right now that is the $64 question. It is one of the questions, of course, that has been posed in the Uhler report. I have asked the National Advisory Committee on Legal Services to look into this issue with a certain degree of urgency. I have asked the Office of Legal Services to look into it. I thnk it raises a lot of very difficult problems, but I think it is an issue that needs to be addressed and aired fully.

I quite frankly at this point do not have an answer to it.

Senator CRANSTON. On a totally different subject, can you advise me of the intentions of the administration, if it is possible for you to do so, with respect to the proposed merger of the Peace Corps and VISTA?

I am particularly interested in knowing what sort of domestic volunteer programs are likely to be included within the new agency, and whether the purpose of VISTA to fight poverty would be the essential purpose of the new domestic program.

Mr. CARLUCCI. I would be glad to, Senator. The programs which will be incorporated in the new agency are the VISTA program, the

auxiliary and special volunteer program in OEO, which is a national student volunteer program; foster grandparents, which is run in HEW; retired senior volunteer program, whic is run by HEW; the Service Corps of Retired Executives, an active corps of executives in SBA; and, through administrative action—these programs that I just mentioned would be incorporated through an executive reorganization proposal—through administrative action the Peace Corps and the Office of Volunteer Action would be incorporated and, finally, the administration would submit legislation to transfer the Teachers Corps from the Department of Health, Education, and Welfare to the new volunteer agency, which, when I left the White House this morning was going to be named Action.

Senator CRANSTON. Will it be submitted in the form of a reorganization plan alone, or will there be recommended legislation as well?

Mr. CARLUCCI. It will be submitted in two steps: executive reorganization proposal, which will come up today, assuming there is not a last minute delay, and legislation which would follow within a few weeks.

Senator CRANSTON. Will the legsilation deal with the action that the domestic activities would cover beyond the Teacher Corps? Would it spell out to some degree what programs would be undertaken by the domestic program?

Mr. CARLUCCI. Do you mean the types of activities that would be run?

Senator CRANSTON. Yes.

Mr. CARLUCCI. Yes, the legislation would cover that. We would also propose to have a work plan which would accompany it.

Let me say with regard to the domestic activities, I would anticipate that the kinds of activities being carried on by VISTA volunteers would continue, and while the agency may, under legislative proposals, have a wider mission than just dealing with the poor, I would not anticipate any slackening in volunteer efforts as they affect the poor.

Senator CRANSTON. As they affect the poor.

Would that mean that roughly or at least the same number of volunteers would continue to be involved in poverty-type programs?

Mr. CARLUCCI. Well, I think it would be premature to comment on the number of volunteers in the poverty program versus other programs.

We do anticipate that the new agency would have some additional funding, approximately $20 million over the funding presently being granted to the existing agencies; that it would have grant-making authority, and that it would have full-time volunteers. Volunteers fluctuate according to a number of variables, and I don't think it would be appropriate for me at this time to predict the number of volunteers.

At present we have some 4,200 VISTA volunteers. As I say, I would anticipate that efforts in the poverty area would continue.

Senator CRANSTON. If there is any significant drop in the number of volunteers, rather plainly there wouldn't be the same intensive effort in dealing with poverty programs.

Mr. CARLUCCI. There are other ways in which you can look at the volunteer function, Senator. Once again, no firm decisions have been

made on this because it will come up by legislation. But one of the things that we are very interested in is stimulating local volunteers through a grant-making function.

We think that there are a lot of untapped local volunteer resources that could be stimulated through a grant process, and we would anticipate that the new agency would have more grant-making authority than VISTA presently has.

What we would prefer to do is to look at the volunteer situation from the bottom up rather than from the top down. We are not looking at numbers of volunteers; we are looking at local problems and how we go about solving local problems, and how we unleash local initiative in solving these problems through a mixture of both grants and volunteers,full- and part-time.

Senator CRANSTON. Will the legislation include any amendments to title 8 of the Economic Opportunity Act? That is the VISTA section.

Mr. CARLUCCI. The executive reorganization will incorporate title 8 of the Economic Opportunity Act.

Under executive reorganization we cannot amend.

Senator CRANSTON. I asked about the legislation?

Mr. CARLUCCI. Those are questions we haven't addressed yet.

Seantor CRANSTON. On another subject, I believe the delegation agreement between OEO and the Labor Department with respect to Economic Opportunity Act Title 1 programs, requires that Community Action Agencies be presumed as the appropriate sponsors for these manpower programs in areas under the Community Action Agency's responsibility.

Are there any plans to change this delegation provision?

Mr. CALUCCI. We have been discussing that possibility with the Department of Labor, and I have a brief statement on that that I would like to read.

As you know, many of our manpower training programs under title 1 are operating in our cities and rural areas without real involvement of general local governments. Too often in the past local manpower sponsors have been selected at the Federal level. Both this Administration and the Congress supported a much greater role for State and local governments in this program.

Under the Manpower Revenue Sharing Act the President proposes to distribute manpower funds directly to units of local government with populations of 100,000 or more.

Similarly, the Congress last year passed manpower legislation which would have designated units of local government as prime sponsors of title 1 funds of the Economic Opportunity Act and MDTA funds. With this in mind, OEO and the Department of Labor are exploring ways to change the existing delegation of authority, reflecting the intent of the President and the Congress. We intend to designate units of local government as the prime sponsors of title 1–B and 1–E activities. In making this change under the existing EOA legislation, we also intend to insure a role for Community Action Agencies in manpower. The delegation in the memorandum of agreement will encourage local governments to use the existing institutions now operating manpower programs.

More importantly, the regional directors of OEO will have a con-

currence on the manpower plan submitted by local governments. Funds under MDTA will also be affected. The Department of Labor intends to turn over to mayors and governors as much manpower responsibility as possible under existing MDTA legislation.

Of course, MDTA legislation is not as flexible as the EOA. Nevertheless, I think it is desirable to change sponsorship under both programs as concurrently as possible so that the entire community makes these adjustments together.

Let me assure the committee that this change in the delegation of authority in no way signals a diminution of my support for CAA's and maypower. I believe CAA's have played a very constructive role in thees programs and should continue to do so.

I further believe that most mayors and other local officials recognize the contributions of CAA's, and given a free choice will continue to support them.

Finally, I intend to assist the CAA's in making this adjustment and will encourage a partnership between local government and the Communication Action Agency.

One of the things we have in mind this year, Senator, is to utilize some of our R. & D. money, approximately $3.0 million, in an effort to work with some 60 Community Action Agencies, to get them working with the mayors and with the CAMPs process and to work in the planning area for manpower programs.

We believe it is important that our Community Action Agencies develop a closer working relationship with mayors in manpower, and I am confident that with these decisions made at the local level our Community Action Agencies will not only continue to play the role thay are playing in manpower, but I think we will play an increased role in manpower.

Senator CRANSTON. Thank you.

Mr. BROWN, have you any further comments on this?

Mr.BROWN. The Labor Department will concur in that statement.

Senator CRANSTON. Do you foresee a continued important role for the local CAP agencies?

Mr. FASSER. Senator, there is no question that we see an important role for the CAA's.

Senator CRANSTON. Do you have any comment on that rather complicated situation in Los Angeles, where there are several governmental entities involved?

Mr. FASSER. I have no comment at this time on that situation.

Senator CRANSTON. I would like to ask one question of Mr. Wilson.

Could you explain the proposed experimental program of educational vouchers, especially as it is going to be undertaken in California? Could you express the Administration's view on this?

Mr. WILSON. I can express what OEO contemplates in the preplanning grant on vouchers. Vouchers is a concept that has been discussed at various levels. It has both its advocates and those who feel it has distinct disadvantages.

OEO is proposing a controlled or regulated voucher demonstration. OEO does not support an uncontrolled voucher demonstration with no regulations on the use of funds for purposes of integration and religious instruction.

We have made preplanning grants to three communities so far, Alum Rock outside San Jose, Calif.; Seattle, Wash., and Gary, Ind.

The purpose of these preplanning grants, which amount to about $20,000 per area, is to examine the feasibility of a voucher demonstration and to look at the basic design or potential design of such a demonstration.

We anticipate that if the communities want to go ahead we will go into a second stage planning or full planning scale. We would make a grant of maybe $200,000 to each of the communities which would investigate and design a voucher demonstration over a period of several months. That would take 3, 4, or up to 6 months for the planning phase.

If the results of that planning phase, the second planning phase, meet our broad guidelines under which we want to run a regulated voucher demonstration, we would then contemplate funding a demonstration for about a 5-year period. Right now we are in the preplanning phase. Discussion is going on in the field. We anticipate in a month we will have results back from that preplanning phase so we can make a decision on whether we want to go ahead or not into a larger scale planning operation.

Senator CRANSTON. Thank you.

There are some very serious aspects of this program as it is contemplated in California. I would like to arrange a briefing for myself and/or may staff with you as soon as possible on that.

Mr. WILSON. Yes, sir.

Senator CRANSTON. Getting back to that delegation agreement, Mr. Carlucci, I wasn't clear whether it is in effect or not.

Mr. CARLUCCI. The old delegation agreement is still in effect. We have not modified it.

Senator CRANSTON. Back to L.A. for a second, Mr. Brown.

On that problem there, would you advise us as soon as there is a decision, the moment there is one, as to what it is?

Mr. FASSER. We would be glad to advise, Senator.

Senator CRANSTON. Thank you.

Before I ask Senator Schweiker if he has any questions, I would like to say that several other Senators wanted to be here but they had conflicts. Senator Mondale and Senator Javits both have questions, but they are in a markup on an education bill. Senator Kennedy is conducting his own hearings on health. There were other problems for the other Senators.

I would like to congratulate you, Mr. Carlucci, on your recommendation to extend the OEO for 2 years. I think that is a very wise and sound decision. I have joined in cosponsoring the measure introduced by Senator Javits, although I do support, as you know, substantial change in the legal services program as proposed in that National Legal Services Corporation Act.

I will also support substantial expansion of Headstart, which I think has been administered very, very well, and is a very effective program.

I congratulate you, Dr. Zigler, on the way you have handled that I hope we can be of help in expanding that problem.

I do look forward to working with you, Mr. Carlucci, on the whole

OEO matter. Again, congratulations on seeking that 2-year extension.

Mr. CARLUCCI. Thank you, Senator.

Senator CRANSTON. Senator Schweiker, have you any questions?

Senator SCHWEIKER. Yes, Mr. Chairman.

If you will, excuse my voice. I have a bit of a cold.

First of all, I want to congratulate you on your confirmation. I am happy to have you with us as a confirmed member of the group now.

Mr. CARLUCCI. Thank you, Senator.

Senator SCHWEIKER. What has OEO done to increase the employment of minorities in its programs and offices? I know this is one of its goals, but in terms of its accomplishments, how do you see achieving that goal in terms of the minority situation?

Mr. CARLUCCI. Senator, I think we have made considerable progress over the past 2 years. As of November 30, 1968, 34 percent of our employees were minority employees.

As of November 30, 1970, this figure had risen to 38 percent. But more importantly, at the executive level we have substantially increased the number of minority employees. On November 30, 1968, 17 percent of those in the GS–13 and above level were minority employees. As of November 30, 1970, that figure had risen to 24 percent. I believe that these figures have gone up since November 30.

This is an area in which I am keenly interested. I think it is very important that a program like OEO have the kind of input that minorities can bring to it. We have two minority associate and assistant directors of the agency. We have four of our regional directors who are minorities, which I think is a record in OEO.

I think we have made progress in this area, but I am not yet satisfied with what we have done and I intend to continue to push.

We have issued an equal employment opportunity plan about 2 weeks ago, which is designed to assist us not only in insuring that the civil rights of all employees are protected, but that we continue to employ minorities in policymaking positions.

Senator SCHWEIKER. I know you spent a lot of time, before heading up the agency as director, as assistant director for operations. In regard to the community action programs, I just wondered what general reaction you have gotten from the local officials through your former positions about the communication action program.

What is the general attitude you have run up against in terms of your work?

Mr. CARLUCCI. I think we have made a great deal of progress in increasing understanding on both sides, increasing the understanding of our Community Action Agencies.

Senator SCHWEIKER. Is there still a polarization here, if I may interrupt a minute?

Mr. CARLUCCI. I don't feel there is. I feel that there is an emerging partnership now.

Obviously, with some 930 community action agencies around the country there are bound to be exceptions. But I have been very heartened by my experience. I conducted with the conference of mayors of 11 cities a series of seminars between mayors and other local officials and community action agency directors last year to get the problems out on the table.

I was, frankly, very encouraged by the commonality of interest, and the realization on the part of local officials that a community action agency can help them; their realization that an outside advocate is important; their realization that a community action agency can serve as a training ground for employees, particularly minority employees, who can move into city government.

I feel we have made a good deal of progress in this area. I told local officials—in fact, I told the national meeting of the League of Cities about a year ago—that this is a two-way street; that local officials have to get in and participate in the activities of our community action agencies. One-third of the board structure, as you know, is reserved for local officials. All too often we find that local officials do not send people of quality. I have encouraged local officials to nominate well qualified men to thse board positions.

I think if we can move further in that direction, we are going to emerge with a real partnership at the local level. I am very encouraged by what I have seen take place.

Senator SCHWEIKER. You have closed down some community action programs. What criteria do you use in making decisions like that? What do you feel you are accomplishing by closing down some of these community action programs?

Mr. CARLUCCI. First of all, let me emphasize that I look upon this as a management exercise and not a budget exercise. I think it is very important, both to the poor, to the Congress and to the taxpayers, that our funds are spent effectively.

We attempt to evaluate each community action agency in what we call the prereview process before we give it a new grant. We send out a team to evaluate it. We have just this year developed a national evaluation on community action agencies which we are preparing to field test with some 60 community action agencies so that they understand the criteria against which they are being evaluated.

We have also issued a new mission statement.

So far this year we have refused to refund or terminated some 18 community action agencies compared with 16 during fiscal year 1970 and 23 during fiscal year 1969. I would like to point out, however, that this year we are closing CAA's in some major cities. Traditionally, OEO has closed down some of the smaller rural community action agencies for ineffective programs, but I believe the same criteria have to be applied to the big cities, even though the flak, so to speak, is considerably greater when you close down a large city.

In closing down a community action agency there are a number of reasons. It can run from ineffective programs, to inadequate accounting system, poor management, lack of board leadership. The reasons vary quite a bit. We always try to continue to fund good programs where we can, or to encourage the local community to form a new community action agency which we think will be more effective.

Senator SCHWEIKER. You have noted in your letter to CAA board chairmen that the administration has set a target date of January 1, 1973, after which community action agencies would no longer get Federal assistance for local initiative but would look to the State and local governments for funding through special revenue sharing.

With that preface, you do concur, I guess, with turning all of this

over to local initiative, losing some Federal impetus or Federal guidelines in this program.

Mr. CARLUCCI. Well, I feel, and I have felt very strongly since I have been in OEO, and I have said this on a number of occasions, that our community action agencies draw their strength not from the OEO grant but from the fact that they are a local institution.

It was always intended that they be a local institution. I don't look upon it as making them dependent upon the mayor or the county official. I look upon it as making them dependent on the local community.

It is my judgment that our community action agencies have progressed a great deal in sinking their roots in the local community. We have an additional 2 years in which to help them. I know of any number of community action agencies, which are private community action agencies, that, in my judgment, would fare better if the resources were to come from the local community on the assumption, of course, that the resources are made available through revenue sharing to the local community.

But let me point out that none of the legislation which is coming up this year on special revenue sharing will affect any of the OEO programs.

The question of community action agencies and revenue sharing is one that will arise next year.

Senator SCHWEIKER. Suppose worse came to worse and Congress didn't act on the special revenue-sharing programs. Would you still be geared up to continuing your program on the contingency that we might not pass a special revenue sharing for this area?

What difficulty would you be in if we did this? Would we be hurting our agency's efforts? Could you have some contingency plan ready to face that eventuality?

Mr. CARLUCCI. I think the same contingency plan, if you will, would apply. We are presently working very hard with our community action agencies to help them broaden their base in the local community.

I mentioned earlier that we are putting some R. & D. money into helping them in the manpower field. We are also putting some R. & D. money into helping them in the area of resource mobilization. I think this would be very valuable even if revenue sharing passes. If revenue sharing does not pass, I would anticipate that this will be similarly valuable to our community action agencies because I believe very firmly that they ought to play a significant role in manpower services and resource mobilization.

Section 201 of our act clearly spells out resource mobilization as one of the primary missions of our community action agencies. So I think what we are trying to do is strengthen them as local institutions, and the more we can do that the more we have institutionalized community action in this country.

Senator SCHWEIKER. On page 6 of your statement, you mentioned the OEO effort in the field of drug addiction. A number of us on this committee are also on the Alcoholism and Narcotics Subcommittee.

I wonder if you can expand a little bit on the pilot programs that you mentioned and what you see as your objectives or goals, concerns, as far as the drug addiction problem is concerned.

Mr. CARLUCCI. We have asked for increased funding in the field of narcotics rehabilitation between 1971 and 1972. We attempt to provide a comprehensive range of services running from outreach to job rehabilitation through our local community action agencies and our health centers.

Let me ask Dr. Bryant if he would care to add to that.

Dr. BRYANT. I can add briefly, Senator. I think we have basically two approaches in drug abuse that we support now. One is what I refer to as the community-based model, which we fund around the country in a number of communities.

We began supporting these projects in 1967 and funded seven or eight projects that year and have continued to support them. We have during the past 2 years transferred the responsibility for ongoing support for a number of those projects to other sources of funds and in 1972 we will be transferring 3 projects to HEW for continued support.

We did have a major expansion in the program in 1971, and we look for an additional expansion in 1972. The basic community model is comprehensive. It is community-based. We have heavy emphasis on ambulatory and outpatient approaches in providing care to people who come to seek the services from our projects. We emphasize outreach and the use of exaddict counselors.

We have emphasized a great deal over a period of years related social services, primarily job placement and job training services, believing that the addict, particularly the heroin addict, that can be placed in a job situation showed a great deal more promise that he would be rehabilitated as a contributing member of society, free of his addiction.

In addition, we have, over the past couple of years, been supporting some projects that are utilizing methadone maintenance and the use of methadone to kick the heroin habit.

We have not devoted a lot of dollars to that yet, except in our support of the narcotics treatment agency here in the District where we have provided substantial funds for some of that agency's activities.

For 1972, as I said, we expect a major expansion of, once again, the community-based model that offers a comprehensive range of services. We will be devoting dollars to funding additional local methadone maintenance projects, trying, as is everyone else in the country, to learn as we go with the methadone maintenance approach.

I think our efforts are growing and are very good efforts in approaching drug abuse.

Senator SCHWEIKER. The agency has not requested any new funds for the emergency food and medical services program for fiscal 1972. I gather from this it is your intention to use some leftover funds to maintain a program level of about $23.5 million for fiscal 1972, and then to phase out the program completely.

I just wonder if this is your intention, and on what basis you want to do this.

Mr. CARLUCCI. Senator, let me point out first, that we will retain some emergency food and medical funds for the emergency food and

medical program for our migrant and Indian programs, approximately $3.5 million.

Second, as you indicate, the phasedown will be gradual. Our grants will go through 1972. We have long funded a number of our grants, and some of them will go into 1973.

Third, we have discussed this with the Department of Agriculture, and there will be a major outreach effort under the new food stamp amendments.

I would like to point out that our food stamp program has increased from some $251 million in 1969 to a budgeted $2 billion in 1972. I think the figure for 1971 is approximately $1.5 billion. This is a very considerable expansion.

The number of participants in food stamps has tripled, from about 3 million people to 9 million people. I think the number of people reached by all our food programs, through programs run by the Department of Agriculture now, is over 13 million.

The new food stamp amendments to provide for the outreach function; the supplementary kinds of activities which have been carried out by OEO under the emergency food and medical program.

My discussions with the Secretary of Agriculture and the Assistant Secretary of Agriculture indicate that a substantial portion of this can be picked up as the program phases down.

In addition, our CAP's will continue to perform outreach.

On the R. & D. side, we have discussed the possibility of the Department of Agriculture picking up some of the R. & D. projects conducted under the emergency food and medical program. I believe they can pick up a sizable proportion of these projects.

In addition, they will take over the local costs of commodity distribution which have presently been borne by our community action agencies under the emergency food and medical program.

So this is a coordinated effort between OEO and the Department of Agriculture which reflects the vast increase in our food stamp programs and our child nutrition programs over the past 2 years.

Senator SCHWEIKER. Thank you very much, Mr. Chairman. That is all of the questions I have.

Senator CRANSTON. If I may make one statement, I would like to say one thing to Dr. Bryant.

We are sorry to hear that you are leaving. We hope you will remain in the public health segment. You have been a tremendous force in the work you have been doing.

Dr. BRYANT. Thank you, Senator.

Mr. SCALES. Mr. Carlucci, Senator Javits was very interested in the funding for special impact programs, and his understanding is that the fiscal 1972 request is below the fiscal 1971 appropriation for special impact.

How do you explain that reduction in light of your purpose of having the poverty community mobilize resources in the community at large on the local level?

Mr. CARLUCCI. As you know, we presently have some 36 CDC's funded throughout the United States, most of which were funded during the course of the past year or 2.

About 75 percent of the expenditures of our CDC's goes for ven-

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ture capital. Most CDC's are funded over a 2-year time frame. We have found that the rate of expenditure of our CDC's in the venture area is somewhat less than anticipated, and that there will be substantial carryover balances between 1971 and 1972.

We are confident that the $25 million figure requested for the special impact program will allow us to maintain the present program level of the existing 36 CDC's. I feel that given out limited staff capacity in the 1–D area, that 36 CDC's are about as many as we could handle, and that additional money would put us in a position of not being able to guarantee that the money could be spent wisely.

We are reviewing very carefully the various ventures proposed by the CDC's because we think it is very important that the investments be wise and sound in order for the program to continue to be effective.

Mr. SCALES. Would you provide for the record at some later date information of the total number of applications that you have, so that the members of the committee can assess whether or not OEO can continue to meet the need, as it were, in this area, or whether some other method of funding community-based economic development should be planned?

Mr. CARLUCCI. It will be glad to.

Mr. SCALES. Thank you, Mr. Chairman.

(The information subsequently supplied follows:)

BASIC GRANTS FOR COMMUNITY DEVELOPMENT CORPORATIONS

To date we have made 36 basic grants to establish and support community development corporations. Of this number, (including Hough which was originally funded in fiscal year 1968) 15 were selected out of 62 applications received in fiscal year 1969. In 1970, we had approximately 150 applications and 21 were selected. Of the 90 applications received in fiscal year 1971 which requested funding for economic development purposes, approximately 50 requested funds under Tital I–D. None of these are expected to be funded this year.

(The prepared statement of Mr. Carlucci follows:)

OFFICE OF ECONOMIC
OPPORTUNITY

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

STATEMENT BY FRANK CARLUCCI

DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, MANPOWER AND POVERTY

SENATE LABOR AND PUBLIC WELFARE COMMITTEE

MARCH 24, 1971

Mr. Chairman and members of this distinguished committee, I am pleased to appear before you today to seek a two-year extension of the Economic Opportunity Act of 1964, as amended.

My appearance today comes at a time when the Congress is being asked to consider proposals for major changes in the ways which the Federal government does business -- in how it relates to all other levels of government and to the American people.

Obviously, Congressional action on the government reorganization and revenue sharing proposals will have a significant bearing on the future direction of the Office of Economic Opportunity. These proposals, I believe, deserve and will receive a full public airing and intensive Congressional debate. I have attached a letter I sent to CAA board chairmen on February 13, explaining how the President's proposal would affect OEO programs. In the meantime, extension of the Economic Opportunity Act is needed to assure that the OEO, and other departments that operate programs authorized under this legislation, may continue bringing needed services and support to the poor. Extension of the legislation, also will assure that during the next two years, there will remain within the Federal government an agency serving as an active advocate of the poor, so that the thrust of the effort to eradicate poverty maintains its momentum.

Failure to extend the legislation would, I am very much afraid, undo much of the progress made to date. It also would imply to the nation, the non-poor as well as the poor, that the Federal government was turning its back on the people who most need its assistance.

The OEO record during the past two years is, I believe convincing evidence of this Administration's dedication to helping lift poor Americans out of poverty. It is a record of higher funding levels, increased maturity, strengthened management and administration, and -- perhaps most important of all -- of greater accountability.

In this period, the agency's leadership has worked assiduously to streamline and make more effective OEO's management. Institution of tough new regulations and processes has given the agency greater control over contracts and grants, has weeded out conflicts of interest, and has generated more competitive bidding while eliminating indefensible cost overruns.

The strengthening of OEO into a more productive arm of government is perhaps nowhere better illustrated than in the new attitude and achievements of the agency's 930 Community Action Agencies.

I can report to you today that, in my opinion, never before have the Community Action Agencies as a whole been in a better position to fulfill their mission, both in terms

of operating programs efficiently and successfully, and in widening the base of community support. In the last two years, this agency's leadership has repeatedly stressed the need for CAAs to serve not simply as a conduit for Federal funds, but in the far larger role of a catalyst for stimulating the broader community to actions aimed at eliminating poverty.

OEO's insistence that the CAAs concentrate on mobilizing all available resources to aid the poor reflects a hard-won understanding of a basic reality: and that is that all Americans must be enlisted in the struggle against the poverty that afflicts only some Americans. For the most part, the CAAs have responded vigorously and effectively to this expanded role.

While directing the CAAs into the most productive channels, OEO Headquarters instituted new evaluation techniques and stepped up inspection operations to assure that the CAAs lived up to the letter of their mission. When careful evaluation proved conclusively that specific CAAs were not adequately meeting the stiffened standards, and were therefore not serving the interests of the poor, they have been defunded. Many more were given the training and technical assistance they needed to function effectively.

I want to stress that the defunding of a CAA is a management tool, not a budget exercise. We only defund as a

last resort after all else has failed, and when we do so we make every effort to continue good programs and protect the interest of the employees. We also work closely with the community if it wishes to form a new CAA to replace the ineffective one. In all defunding actions we adhere strictly to the due process required under our legislation.

A sound Community Action Agency not only fulfills the vital role of mobilizing a community-wide effort against the ills of poverty, but also functions as a low-overhead manager for other Federal, state and local program dollars. For instance, in Fiscal Year 1969, the network of CAAs, at a total overhead cost of $60 million to $70 million, dispensed some $1.375 billion worth of such programs, only $620,000 of which -- or 47 percent -- went for OEO or Economic Opportunity Act programs.

Through some 2,700 Neighborhood Service Centers and other CAA sub-agencies, Community Action Agencies fund or operate manpower, Head Start, education, health and even disaster relief programs, utilizing dollars from such departments as Health, Education and Welfare, Labor, Agriculture, Justice, and the Office of Emergency Preparedness.

But just as OEO's expenditures represent but a small fraction of the total Federal outlay of aid to the poor, the Community Action Agencies are just part of OEO's overall

activities. Altogether, the agency's range of programs reach some 11 million of the 24 million Americans whose incomes place them below the poverty line.

They are reflected in the thousands of migrant workers and their families, the Americans most deeply entrenched in poverty, who have left the migrant stream after getting high school equivalency training, adult education and vocational training from OEO programs. Other migrants now live in decent homes, receive dependable medical care and are assured of adequate diets because of OEO programs. Altogether, OEO programs serve some 400,000 migrants each year.

The OEO effort also is reflected in the thousands of American Indians, far too long neglected, who now have new hope for a better future because of the activities of OEO's 67 Indian Community Action Agencies. These agencies have helped to give the Indians the skills, resources and self-confidence that will enable them to move toward self-determination. The President's Indian message also assigned OEO the lead responsibility for assisting urban Indians. This interagency effort has brought about the establishment of eight new urban Indian centers with substantial capability for mobilizing resources not previously available to urban Indians.

Additional thousands of poor Americans benefit from OEO Community Health Centers, which have demonstrated new ways for delivering top-flight health care to the poor. And the agency has continued pioneering new methods for getting family planning assistance to those women who desire such information.

The OEO effort further is reflected in new emphases on combatting the growing drug addiction problem, including pilot projects aimed at combining rehabilitation with manpower training and job placement -- a vital need if the ex-addict is ever to escape the environment that helped produce his problem.

And the OEO effort embraces thousands of the aged poor, proportionately the fastest-growing segment of our poverty population. More than 200 Senior Opportunities and Services programs, operated through OEO Community Action Agencies, offer services to the aged ranging from meals-on-wheels to job placement, from transportation to the opportunity to socialize with friends and contemporaries.

OEO research and development projects that range from income maintenance experiments to testing the feasibility of performance contracting in education carry with them the hope of finding new answers to ages-old questions. Under President Nixon's proposals, OEO's capability to perform

research in the social area, with emphasis on the poor, would be upgraded. The President has said OEO is to be "the cutting edge by means of which government moves into unexplored area."

The special problems of the American poor with Spanish surnames, which often involve overcoming language as well as cultural barriers, are being addressed with specially designed OEO educational and retraining programs. One example is OEO's Service, Employment, Redevelopment (SER) program, which provides pre-vocational training to some 6,000 Mexican-Americans annually. OEO is also designing new housing development programs for the Spanish speaking, is developing a program intended to increase college opportunities for persons of Spanish origin, and -- in conjunction with the Labor Department -- is exploring ways to increase the effectiveness of manpower delivery systems for this special client group.

OEO's Legal Services program has been expanded and strengthened. This year, some one million two-hundred thousand poor Americans will be represented by Legal Service Lawyers -- double the caseload of just two years ago. The program has not been without its problems. But it remains, in my opinion, one of OEO's brightest achievements, and it retains my personal admiration and respect.

Considerable interest has been expressed in further strengthening the effectiveness, professional independence and integrity of Legal Services. The Administration is presently considering the possibility of an independent Legal Services Corporation. I know that some members of the Congress are interested in this matter, and I want to assure this committee today that we will seriously consider all proposals for achieving an even stronger program for guaranteeing equal access to the judicial process to all Americans.

OEO's Volunteers in Service to America program has continued to pioneer national volunteer involvement in helping solve the problems of the poor at the grass roots level. As you know, the President has announced his intention to integrate VISTA with the Peace Corps and several other volunteer programs in a new and more dynamic, volunteer agency. We at OEO are confident that the new agency will build upon the VISTA experience as it moves ahead to assist local communities in solving their problems through the use of volunteers.

In summary, Mr. Chairman and members of the committee, I believe that OEO is functioning with greater effectiveness -- and with greater impact on the nation's poor -- than ever before. I am confident that, should the Congress extend the

Economic Opportunity Act for two more years, that the agency can make significant new inroads into the problems of poverty.

I therefore ask your continued support so that OEO may maintain its efforts as mandated by Congress, to give our less fortunate citizens the help they require to share more fully in the abundance of opportunity this nation offers.

That concludes my opening statement, Mr. Chairman. I welcome any questions the members of the committee may have.

# # # # #

Study by OEO on Extent of Poverty in America

Editor's Note: In preparation for the March 24 hearing Senator Nelson wrote to the Office of Economic Opportunity and asked for an updated study showing "the latest facts and figures available from your research staff as to the nature and dimensions of poverty in the United States in the year 1970."

Senator Nelson's letter asked particularly for information "as to how the nation's poverty problem has been affected by the recent economic slowdown and the rapid increase in unemployment since the fall of 1969."

At the time he testified on March 24, OEO Director Carlucci submitted a study which showed that poverty had continued to decrease in 1969 but had increased in 1970, the first time in a decade. This increase was confirmed later by a study by the U. S. Bureau of the Census.

Senator Nelson's letter, the two-part OEO study on poverty in 1969 and ~~poverty~~ in 1970, and the census report follow.

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United States Senate
COMMITTEE ON
LABOR AND PUBLIC WELFARE
WASHINGTON, D.C. 20510

OEO Hearings - Mar. 24, 1971

March 10, 1971

Mr. Frank Carlucci
Director
Office of Economic Opportunity
Washington, D. C.

Dear Mr. Carlucci:

This is to confirm arrangements made with your Office of Congressional Relations for you to testify before the Subcommittee on Employment, Manpower and Poverty at 10:00 a.m. on Wednesday, March 24. The hearing will be on legislation to extend the Economic Opportunity Act for two years beyond the present expiration date of June 30, 1971. As you know, Senator Javits has already introduced a bill, S. 397, to extend OEO for two more years, and we understand that a similar Administration bill is to be introduced shortly.

In addition to your testimony on the need for extending this agency for two more years, we would appreciate it if you would present the latest facts and figures available from your research staff as to the nature and dimensions of poverty in the United States in the year 1970.

As you know, it has been customary for OEO, in connection with its annual "Justification of Appropriation Estimates," to present data on the poverty problem. The subcommittee would like to update this information to have the latest and most meaningful figuresson the poverty problem. We particularly seek information as to how the nation's poverty problem has been affected by the recent economic slowdown and the rapid increase in unemployment since the fall of 1969.

As indicated in conversations with your staff we would like the March 24 testimony to cover, insofar as is possible, the broad range of programs contained in the Economic Opportunity Act including those administered by other agencies.

Sincerely yours,

GAYLORD NELSON, Chairman
Senate Subcommittee on Employment,
Manpower and Poverty

GN:bbc

OFFICE OF ECONOMIC OPPORTUNITY

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

March 18, 1971

OFFICE OF PLANNING, RESEARCH AND EVALUATION

THE NATURE AND DIMENSIONS OF THE POVERTY POPULATION IN THE UNITED STATES--1969

The poverty population in the Nation has declined dramatically during the past decade, but poverty has not been eradicated. Millions of Americans continue to be poor, lacking the necessary income for adequate nutrition and, oftentimes, decent shelter.

This paper summarizes the most recent information on the poor--who they are, where they live, their educational background and labor force attachment--as well as discusses the changing nature of the poverty population over the past decade. In addition, information will be presented on the "near-poor:" persons whose incomes at the most are only 50 percent above the poverty thresholds and a group whose tenuous economic status is of particular interest today. And lastly, a brief discussion will be presented on some new insights into the dynamics of poverty.

At the outset it should be mentioned that the most recent information on the poverty population, about to be presented, is for the year 1969. Poverty statistics for the year 1970 have just been collected this month by the Bureau of the Census and will not be available until later this year.

Who They Are And Where They Live

In 1969 the poor totaled 24.7 million persons, or 12.3 percent of the Nation's population. As will be seen, the poverty population is composed of many diverse groups of individuals, and some of these groups account for larger proportions of the poor than others. Furthermore, some of these groups in our Nation's population have a greater chance of being poor than others. The following represents a brief sketch of the poverty profile in this country as it existed in 1969:

1. Most of the poor in 1969 were children, the elderly, and women. Of the 24.7 million poor persons, nearly 40 percent were children under 16 and 20 percent were elderly persons, 65 years of age and over (see Table 1). Not only did these two groups make up a sizable proportion of the poor, but their incidence of poverty was greater than the National average. In 1969, 15 percent of all the children in this country were poor and a shocking 25 percent of all the elderly. Females, aged 16 to 64, many of whom were mothers and family heads, accounted for another 25 percent of the total poor. These three groups, then, made up 83 percent (or 19.9 million persons) of the total poverty population in 1969.

2. One-half of the poor population live in families headed by a female or live by themselves with no relatives. Poor persons in female-headed families accounted for 28 percent of the poor in 1969 and unrelated individuals, 21 percent (see Table 2). But in addition, the incidence of poverty for these two groups is extremely high--38 percent

for persons in female-headed families and 35 percent for unrelated individuals. The high incidence of poverty for these persons, together with the fact that they have come up to make up a larger proportion of the total poor in recent years (as will be discussed later), represents one of the more distressing elements in the poverty profile of 1969.

3. Most of the poor in 1969 were white. Although the popular impression in this country might have been that poverty is primarily a Negro problem, the undeniable fact is that about 69 percent of the poverty population is white (see Table 3). Negroes accounted for only 30 percent of the total poor in 1969. What is true, however, is that poverty strikes Negroes and other nonwhite minorities much harder than whites. About 32 percent of all Negroes in the Nation and 18 percent of all other nonwhite minorities were poor in 1969.

4. The vast majority of the poor live in the central cities of our metropolitan areas and in nonmetropolitan areas. In 1969, about 32 percent of the poor lived in the Nation's central cities and 49 percent in nonmetropolitan areas (see Table 4). The incidence of poverty is slightly higher in nonmetropolitan areas (17 percent) than in central cities (14 percent). Furthermore, although the poor can be found throughout the United States, the largest concentration is found in the south. One-fourth of all the poor live in the southern states of North and South Carolina, Georgia, Alabama, Florida, Mississippi, Tennessee, and Kentucky (see Table 5). The incidence of poverty is also the greatest in this region--20 percent.

- 4 -

Now that a brief outline of who the poor are and there they live has been presented, let us turn to two key elements in the pathology of poverty: the poor's educational background and their attachment to the work force. As is commonly known the poor are undereducated. In 1969, 50 percent of the poor (14 years of age and over) had completed 8 or fewer years of school. Among the nonpoor this proportion was only 22 percent (see Table 6). Obviously, the poor are at a distinct disadvantage in competing for jobs in today's highly skilled job market.

Nevertheless, despite this disadvantage, nearly all of the poor who could be working in 1969, were working. It is apparent from Table 7 that a smaller proportion of the poor compared to the nonpoor work (24 percent compared to 49 percent). However, it is also apparent that the poor population is composed of a greater proportion of children, the elderly, the ill and disabled and those in school--persons who could not work (64 percent compared to 41 percent). Consequently when we compare both the remaining poor and nonpoor segments (age 14 to 64) of the respective populations who do not work, do not go to school, or are not ill or disabled, we find a remarkable similarity--12 percent for the poor and 11 percent for the nonpoor.

For the poor, this group numbered 2.9 million, of whom roughly 250,000 were males and 2.6 million were females. While all of the men in this group could be working, this is not true for the females. Some have responsibilities for small children or for disabled relatives.

The Changing Composition of the Poor

As was mentioned at the outset, the poverty population in our country has been reduced sharply over the past decade. However, the decline in the poverty population was very uneven among the various groups of the poor. As a result, the composition of the poverty population today is markedly different from what it was a decade ago.

Between 1959 and 1969, the total poor in the Nation fell from 39.5 to 24.3 million persons--a decline of 15.2 million.* Nearly the entire decline (99.4 percent) occurred among persons who lived in male-headed families (see Table 8). The poor who lived in female-headed families and the unrelated individuals showed little change in their number over the 10 year period, and, as was mentioned earlier, now constitute nearly half of the entire poverty population.

The domestic policies of the past, as well as the rapid economic expansion of the sixties, then, have clearly been most effective in reducing poverty among persons with a close attachment to the labor force--male heads of families. For female-headed families and unrelated individuals, on the other hand, there has been little progress, primarily because of their loose attachment to the labor force, the presence of small children in female-headed families and the large proportion of the elderly among unrelated individuals. Obviously, the policies to fight poverty in the sixties must be restructured to fight poverty in the seventies.

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*Unlike the poverty statistics used above the statistics in this section do not include poor persons who were unrelated individuals, under 14 years of age.

Another change which is of significance is the slight shift which has taken place, between 1959 and 1969, in where the poor live. In 1969 the poor residing in the central cities of our metropolitan areas accounted for 32 percent of all the poor--somewhat more than ten years earlier (see Table 9). This has occurred, of course, because of the greater reduction in poverty in nonmetropolitan areas than in the central cities. Between 1959 and 1969, about 68 percent of the decline in poverty took place in the former areas and only 18 percent in the latter.

The "Near-Poor"

The "near-poor" are of considerable interest, since many of them are the prime candidates for the poverty rolls if their economic situation is threathened to any extent. With incomes anywhere from 1 percent to 50 percent above the poverty thresholds, it is clear that their grasp on economic security is not a firm one.

In 1969 the "near-poor" numbered nearly 22 million--almost the size of the poverty population. The "near-poor" have the same proportion of children (39.1 percent) as do the poor, but smaller proportions of the elderly (15.6 percent), female-headed families (13.8 percent), and unrelated individuals (9.4 percent). Therefore, the proportion of persons capable of working is somewhat larger than for the poor.

Like the poor, the "near-poor" are also undereducated relative to the total population, but not quite to the same extent. About

43 percent of the "near-poor" 14 years of age and over had completed less than 8 years of school in 1969.

With respect to the work experience of the "near-poor" we find perhaps the most illuminating information regarding their susceptibility to poverty. Although a larger proportion of the "near-poor" population (age 14 to 64) was working in 1969 compared to the poor, there were many among the "near-poor" for whom an extended spell of unemployment might be sufficient to drop their incomes below the poverty level (see Table 10). For example in 1969, there were 730,000 "near-poor" male family heads, 230,000 female family heads, and 525,000 unrelated individuals who worked full-time, but less than 40 weeks a year or worked part-time. Undoubtedly, many of these unrelated individuals and family heads, as well as their families, are already on the threshold of poverty, and would be in poverty if their jobs were threatened. It is clear then, that there is a substantial population hovering just above the poverty level.

The Dynamics of Poverty

The statistics discussed above, describe the poverty population at one period of time, as have all the poverty statistics developed by the Federal Government in recent years. While these statistics permit us to measure the net change in the poverty population, they do not reveal which families move into, or out of poverty over time. In an attempt to understand the changes in the economic status of a family over time, the Office of Economic Opportunity established a

longitudinal study conducted by the Survey Research Center of the University of Michigan. Preliminary data from the first three years of the five year study are now available, and these statistics provide some interesting insights into the dynamics of poverty.

The preliminary data suggest that the poverty population is not composed of a large group of families who are poor year after year. In fact, of all the household heads in the survey who had some association with poverty between 1967 and 1969, only 39 percent were poor for the three year period. It should be pointed out that the elderly accounted for about 44 percent of these hardcore poor household heads.

The data also show that about 32 percent of the total associated with poverty in this period had escaped poverty by 1969, and about 13 percent had entered. For the former group, a strengthening in labor force attachment appeared to be the key element in their escape, while for the latter a weakening in work activity appeared to be the cause for their entrance.

Lastly, the data also suggest that there existed a group of household heads, who in the three year period appeared to vacillate between poverty and nonpoverty. This group comprised about 16 percent of the total.

Obviously, these are new data which will have to be analyzed and examined more rigorously. However, they do add another dimension to our knowledge of the poor. It is for this reason that we look forward to the findings and insights of this new data base.

Table 1.

The Poor by Age and Sex--1969

	Number (000)	Percent Distribution	Percent in Poverty
Total	24,656	100.0	12.3
Children, less than 16	9,429	38.2	15.0
Males, 16 to 64	4,051	16.4	7.1
Females, 16 to 64	4,389	25.9	10.4
Elderly, 65 and over	4,787	19.4	25.3

Table 2.

The Poor by Family Status--1969

	Number (000)	Percent Distribution	Percent in Poverty
Total	24,656	100.0	12.3
Unrelated Individuals	5,226	21.1	35.2
Persons In Male Headed Family	12,437	50.4	7.4
Female Headed Family	6,992	28.4	38.1

Table 3.

The Poor by Race--1969

	Number (000)	Percent Distribution	Percent in Poverty
Total	24,656	100.0	12.3
White	16,942	68.7	9.7
Negro	7,298	29.6	32.5
Other Nonwhite Minorities	416	1.7	18.3

Table 4

The Poor by Place of Residence--1969

	Number (000)	Percent Distribution	Percent in Poverty
Total	24,656	100.0	12.3
Metropolitan Areas	12,561	50.9	9.6
Central Cities	7,858	31.9	13.6
Suburbs	4,703	19.1	6.5
Nonmetropolitan Areas	12,095	49.1	17.3

Table 5

Geographic Location of the Poor--1969

	Number (000)	Percent Distribution	Percent in Poverty
Total	24,656	100.0	12.3
Boston OEO Region	923	3.7	7.8
New York "	2,143	8.7	9.0
Philadelphia "	2,772	11.2	11.8
Atlanta "	6,433	26.1	20.0
Chicago "	4,162	16.9	9.2
Dallas-Fort Worth "	3,465	14.1	9.4
Kansas City "	1,181	4.8	11.5
Denver "	743	3.0	14.3
San Francisco "	2,272	9.2	9.7
Seattle "	560	2.3	9.2

Table 6.

Years of School Completed for Poor and Nonpoor Persons, 14 Years of Age and Over--1969

	Poor		Nonpoor	
	Number (000)	Percent Distribution	Number (000)	Percent Distributic
Total	16,288	100.0	129,016	100.0
No School	621	3.8	844	0.7
1 to 8 years	7,673	47.1	27,772	21.5
9 to 11 years	3,648	22.4	27,930	21.6
12 years	2,806	17.2	44,126	34.2
College, 1 year or more	1,540	9.5	28,346	22.0

Table 7.

The poor and nonpoor: their attachment to the work force--1969

	Poor		Nonpoor	
	Number (000)	Percent	Number (000)	Percent
Total	24,656	100.0	175,551	100.0
Children, under 14	8,368	33.9	46,551	26.5
Elderly, 65 and over	4,787	19.4	14,112	8.0
Ill and disabled, 14 to 64	1,108	4.5	1,741	1.0
In school, 14 to 64	1,595	6.5	8,883	5.1
Those age 14 to 64, not working, not in school, not ill or disabled	2,864	11.6	18,936	10.8
Males	231	0.9	871	0.5
Females	2,633	10.7	18,065	10.3
Worked, age 14 to 64	5,934	24.1	85,350	48.6

Table 8. The poverty population by family status--1959 and 1969*

	1969		1959	
	Number (000)	Percent	Number (000)	Percent
Total poor	24,289	100.0	39,490	100.0
Persons in male headed families	12,440	51.2	27,548	69.8
Persons in female headed families	6,998	28.8	7,014	17.8
Unrelated individuals, 14 and over	4,851	20.0	4,928	12.5

* This data excludes unrelated individuals, under 14 years of age.

Table 9. The poor by place of residence--1959 and 1969

	1969		1959*	
	Number (000)	Percent	Number (000)	Percent
Total	24,289	100.0	38,766	100.0
Metropolitan areas	12,320	50.7	17,019	43.9
Central cities	7,760	31.9	10,437	26.9
Suburbs	4,560	18.8	6,582	17.0
Nonmetropolitan areas	11,969	49.3	21,747	56.1

* The 1959 data is from the 1-in-1000 sample of the 1960 Census.

Table 10.

Selected Characteristics of the
"Near-Poor" Population--1969

	1969 Number (000)
Total	21,931
Persons in male headed families	16,847
Persons in female headed families	3,033
Unrelated individuals	2,053
Children, under 16	8,570
Elderly, 65 and over	3,417
Persons (14 and over) with 8 or less years of schooling	5,972
Persons (14 and over) who worked in 1969	7,227
Male family heads	2,925
Full-time, year round	1,884
Full-time, 40 to 49 wks.	308
Full-time, less than 40 wks. and part-time	732
Female family heads	487
Full-time, year round	203
Full-time, 40 to 49 wks.	54
Full-time, less than 40 wks. and part-time	230
Unrelated individuals	879
Full-time, year round	286
Full-time, 40 to 49 wks.	68
Full-time, less than 40 wks. and part-time	526
All others	2,935

OFFICE OF ECONOMIC OPPORTUNITY

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

March 18, 1971

OFFICE OF PLANNING, RESEARCH AND EVALUATION

POVERTY AND THE BUSINESS CYCLE

We now know that even in a year of stable economic growth, there is tremendous mobility within the poverty population. Every year large numbers of poor people escape poverty, but their ranks among the poor are replenished by large numbers of persons who previously had not been classified as poor. As long as the economy is growing, with increasing employment demands and rising real wages, the number of escapees from poverty will exceed the number of new entrants and the overall size of the poverty population will decline. But if the process of economic growth should cease for a short time, as was true in 1970, the mounting unemployment and slackened growth in real wages will change the balance between the outflow from and the inflow into the ranks of the poor. In such circumstances the normal secular decline in the poverty population is likely to be temporarily halted.

There are several reasons why a temporary decline in the growth of employment demand, when viewed in this perspective, would increase the size of the poverty population:

a. the number of working poor who otherwise would have escaped from poverty through secular wage increases will be reduced by the diminished supply of full time jobs;

b. the number of near-poor workers falling back into poverty will be increased, also because of the loss of full time jobs;

c. the number of near-poor families held above poverty by the earnings of secondary workers or by overtime earnings will be reduced because of the decline in secondary employment opportunities.

Although we know that these forces exists, we have great difficulty in estimating their quantitative magnitude. The Michigan longitudinal survey data, even when the final data for the years 1967-69 become available, will only be helpful in understanding inflows and outflows in years of stable economic growth. We will have to wait until the data for 1970 are compiled before we can determine how inflows and outflows change as the growth process ceases. At this point we do not even know the size of the overall poverty population for 1970: the Census counts will not be available until June. As a temporary stopgap, the best that can be done is to use common statistical techniques to make inferences on the basis of past Census information.

One way of estimating the effect of rising unemployment on the size of the poverty population is through a simulation exercise. This exercise begins with a sample of the overall population (in this case for 1966) and uses other information to determine how this sample would have looked under various unemployment rates. The sample is then "aged" according to realistic growth rates of wage income for different groups over the relevant time period. The Office of Economic Opportunity has sponsored this type of analysis

and we find that if the unemployment rate in 1970 had remained at 3.5 percent, the size of the poverty population would have fallen to 24 million, whereas in actuality it appears to have risen to 25 million. The numbers are given in Table 1, Column 3.

A second method is through regression analysis. In these regressions the important causal variables are forces such as median family income, which reflects the secular forces tending to reduce the size of the poverty population, and the unemployment rate, which reflects the cyclical forces tending to increase poverty. The relationships are fit to historical data and then extrapolated to predict the size of the poverty population for 1970. In general, they indicate that secular growth would have lowered the number of poor people to 23.8 million had the unemployment rate not risen, but that this decline was more than offset by cyclical forces which seem likely to have increased poverty to about 25.7 million. These numbers are in Table 1, Column 4.

Table 1.
The Poverty Population in 1969 and 1970

	(1) Actual Unemployment Rate (%)	(2) Actual Poverty Pop. (Mill.)	(3) Simulation Estimate (Mill.)	(4) Regression Estimate (Mill.)	(5) Judgmental Estimate (Mill.)
1969	3.5	24.6	24.6	24.6	24.6
1970	4.9	N.A.	25.0	25.7	25.7
1970 hypothetical*	3.5	N.A.	24.0	23.8	23.9

* That is, assuming that the unemployment rate had remained at 3.5 percent and that the normal growth process had continued.

A final method is to try to piece together an estimate on various bits and pieces of information. For example, we know how many full year jobs were lost as a result of rising unemployment, and we can make a guess as to the occupational composition of these jobs. We know roughly how many of the jobs were lost by primary and secondary earners, and the average family size for the affected families. Putting all of this information together with a liberal sprinkling of assumptions leads to the guess that the 1970 poverty population was in the neighborhood of 25.7 million, of which 1.8 million could be accounted for by the rising unemployment rate. These numbers are in Table 1, Column 5.

Despite the fact that in some cases these methods were quite detailed and technical and gave roughly similar answers, we stress that they are not final figures and that they may not even be very good guesses. Every business cycle is somewhat different--this one for example has seen job losses unusually concentrated in skilled occupational groups, much larger than normal increases in welfare expenditures, and unusually high rates of inflation. Thus there is always a problem in making statistical inferences on the basis of past data generated by somewhat different conditions. Yet for what it is worth, our best estimate is that the poverty population will have increased on the order of a million people in 1970, and that it would have decreased by somewhat less than that without the rise in unemployment.

A UNITED STATES DEPARTMENT OF COMMERCE PUBLICATION

CURRENT POPULATION REPORTS

Consumer Income

U.S. DEPARTMENT OF COMMERCE / Bureau of the Census

Series P-60, No. 77
May 7, 1971

POVERTY INCREASES BY 1.2 MILLION IN 1970

(Advance data from March 1971 Current Population Survey)

The decade of the sixties has witnessed a sizable reduction in the number of persons living in poverty. Since 1959, the first year for which data on poverty are available, there has been an average annual decline of 4.9 percent in the number of poor persons. However, between 1969 and 1970, the number of poor persons increased by about 1.2 million, or 5.1 percent. This is the first time that there has been a significant increase in the poverty population. In 1970, about 25.5 million persons, or 13 percent of the population, were below the poverty level, according to the results of the Current Population Survey conducted in March 1971 by the Bureau of the Census. The rates of increase for both whites and Negroes below the poverty level were roughly the same. In 1970, however, the poverty rate for Negroes was more than three times that for whites.

The sex of the family head continues to be an important factor in the poverty status of families. The number of poor persons who were either members of families with a male head or male unrelated individuals increased between 1969 and 1970, as did the number of poor persons in families with a female head and female unrelated individuals. However, during the preceding decade, there was no measureable change in the number of poor persons in households with a female head whereas poor persons in households with a male head declined by about 53 percent between 1959 and 1969. In 1970, persons in households headed by a woman constituted only 14 percent of all persons but about 44 percent of poor persons.

There are significant differences in the age composition of the white and Negro poor. In 1970, children under 18 years accounted for about 36 percent of all white persons below the poverty level as compared to 54 percent of all Negroes who were poor. In contrast, aged family heads and unrelated individuals comprised about 19 percent of all poor white persons but only 7 percent of the Negro poor.

Although about 64 percent of the Nation's families resided in metropolitan areas in 1970, poor families were about equally distributed between metropolitan and nonmetropolitan areas. About 50 percent of poor white families living in metropolitan areas were central city residents as compared to 80 percent of poor Negro families.

In 1970, it would have taken approximately 11.4 billion dollars to raise the income of all poor families and unrelated individuals above the poverty line. In terms of 1970 dollars, this figure represents about a 7 percent rise in the income deficit since 1969. In both 1969 and 1970, whites accounted for about 72 percent of the total deficit.

The median income deficit for poor families was about $1,100 in 1970. For white families the deficit was about $1,000 as compared to $1,300 for Negro families. The difference in the median deficit between white and Negro families is accounted for in part by the smaller size of the average poor white family. The average deficit per family member was about the same for families of both racial groupings.

On the average, incomes of poor families headed by men were closer to the poverty level than those of families headed by women. About 29 percent of the poor families headed by men had incomes within $500 of their respective poverty lines as compared to only 19 percent for those headed by women. The deficit per family member for families with a male head was about $330 as compared to $410 for families with a female head.

This report excludes inmates of institutions and unrelated individuals under 14 years. It includes only those members of the Armed Forces living off post or with their families on post. The poverty threshold for a nonfarm family of four was $3,968 in 1970 and $2,973 in 1959. For more detailed definitions of the terms and concepts used in this report, see Current Population Reports, Series P-60, No. 76. More detailed poverty data for families and persons will appear in a report in this series to be issued later this year.

Since the estimates in this report are based on a sample, they are subject to sampling variability. Moreover, as in all field surveys of income, the figures are subject to errors of response and nonreporting. All statements of comparison made in the text of this report, however, are statistically significant. This means that the chances are at least 19 in 20 that a difference identified in the text indicates a true difference in the population rather than the change variations arising from the use of samples.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, 10 cents. Current Population Reports issued in Series P-20, P-23, P-25, P-26, P-27, P-28 (summaries only), P-60, and P-65 are sold as a single consolidated subscription at $14.00 per year, $3.50 additional for foreign mailing.

Table 1. Persons Below the Poverty Level by Family Status and Sex and Race of Head: 1959 to 1970

(Numbers in thousands. Persons as of March of the following year)

Family status	1970[r]	1969[r]	1968[r]	1967[r 1]	1966[r]	1966	1965	1964	1963	1962	1961	1960	1959
All Persons in Families and Unrelated Individuals													
Total	25,522	24,289	25,389	27,769	28,510	30,424	33,185	36,055	36,436	38,625	39,628	39,851	39,490
In families	20,499	19,438	20,695	22,771	23,809	25,614	28,358	30,912	31,498	33,623	34,509	34,925	34,562
Head	5,214	4,950	5,047	5,667	5,784	6,200	6,721	7,160	7,554	8,077	8,391	8,243	8,320
Related children under 18 years	10,493	9,821	10,739	11,427	12,146	12,876	14,388	15,736	15,691	16,630	16,577	17,288	17,208
Other family members	4,792	4,667	4,909	5,677	5,879	6,538	7,249	8,016	8,253	8,916	9,541	9,394	9,034
Unrelated individuals 14 years and over	5,023	4,851	4,694	4,998	4,701	4,810	4,827	5,143	4,938	5,002	5,119	4,926	4,928
White	17,480	16,671	17,395	18,983	19,290	20,751	22,496	24,957	25,238	26,672	27,890	28,309	28,484
In families	13,359	12,709	13,546	14,851	15,430	16,731	18,508	20,716	21,149	22,613	23,747	24,262	24,443
Head	3,701	3,555	3,616	4,056	4,106	4,481	4,824	5,258	5,466	5,887	6,205	6,115	6,185
Related children under 18 years	6,208	5,777	6,373	6,729	7,204	7,649	8,595	9,573	9,749	10,382	10,614	11,229	11,386
Other family members	3,450	3,377	3,557	4,066	4,120	4,601	5,089	5,885	5,934	6,344	6,928	6,918	6,872
Unrelated individuals 14 years and over	4,121	3,962	3,849	4,132	3,860	4,019	3,988	4,241	4,089	4,059	4,143	4,047	4,041
Negro and other races	8,042	7,618	7,994	8,786	9,220	9,673	10,689	11,098	11,198	11,953	11,738	11,542	11,006
In families	7,140	6,729	7,149	7,920	8,379	8,882	9,850	10,196	10,349	11,010	10,762	10,663	10,119
Head	1,514	1,395	1,431	1,611	1,678	1,719	1,897	1,902	2,088	2,190	2,186	2,128	2,135
Related children under 18 years	4,284	4,044	4,366	4,698	4,942	5,227	5,793	6,163	5,942	6,248	5,963	6,059	5,822
Other family members	1,342	1,290	1,352	1,611	1,759	1,936	2,160	2,131	2,319	2,572	2,613	2,476	2,162
Unrelated individuals 14 years and over	902	889	845	866	841	791	839	902	849	943	976	879	887
Persons in Families With Male Head and Male Unrelated Individuals													
Total	14,310	13,819	15,025	17,178	18,260	19,579	22,127	25,084	25,339	27,394	28,830	29,188	29,100
In families	12,879	12,440	13,705	15,873	16,948	18,314	20,834	23,615	23,852	25,842	27,257	27,678	27,548
Head	3,280	3,146	3,292	3,893	4,063	4,384	4,805	5,338	5,582	6,043	6,437	6,288	6,404
Related children under 18 years	5,665	5,444	6,330	7,181	7,884	8,374	9,826	11,314	11,137	12,124	12,533	13,193	13,063
Other family members	3,934	3,850	4,083	4,799	5,001	5,556	6,203	6,963	7,133	7,675	8,287	8,197	8,081
Unrelated individuals 14 years and over	1,431	1,379	1,320	1,305	1,312	1,265	1,293	1,469	1,487	1,552	1,573	1,510	1,552
Persons in Families With Female Head and Female Unrelated Individuals													
Total	11,212	10,470	10,364	10,591	10,250	10,845	11,058	10,971	11,097	11,231	10,798	10,663	10,390
In families	7,620	6,998	6,990	6,898	6,861	7,300	7,524	7,297	7,646	7,781	7,252	7,247	7,014
Head	1,934	1,804	1,755	1,774	1,721	1,816	1,916	1,822	1,972	2,034	1,954	1,955	1,916
Related children under 18 years	4,828	4,377	4,409	4,246	4,262	4,502	4,562	4,422	4,554	4,506	4,044	4,095	4,145
Other family members	858	817	826	878	878	982	1,046	1,053	1,120	1,241	1,254	1,197	953
Unrelated individuals 14 years and over	3,592	3,472	3,374	3,693	3,389	3,545	3,534	3,674	3,451	3,450	3,546	3,416	3,376

See footnotes at end of table.

Table 1. Persons Below the Poverty Level by Family Status and Sex and Race of Head: 1959 to 1970--Continued

(Number in thousands. Persons as of March of the following year)

Family status	1970[r]	1969[r]	1968[r]	1967[r 1]	1966[r]	1966	1965	1964	1963	1962	1961	1960	1959
PERCENT BELOW POVERTY LEVEL													
All Persons in Families and Unrelated Individuals													
Total	12.6	12.2	12.8	14.2	14.7	15.7	17.3	19.0	19.5	21.0	21.9	22.2	22.4
In families	11.0	10.5	11.3	12.5	13.1	14.2	15.8	17.4	17.9	19.4	20.3	20.7	20.8
Head	10.0	9.7	10.0	11.4	11.8	12.7	13.9	15.0	15.9	17.2	18.1	18.1	18.5
Related children under 18 years	15.0	14.1	15.3	16.3	17.4	18.4	20.7	22.7	22.8	24.7	25.2	26.5	26.9
Other family members	7.3	7.3	7.8	9.1	9.5	10.5	11.8	13.3	13.8	15.1	16.5	16.2	15.9
Unrelated individuals 14 years and over	32.7	33.6	34.0	38.1	38.3	38.9	39.8	42.7	44.2	45.4	45.9	45.2	46.1
White	9.9	9.5	10.0	11.0	11.3	12.2	13.3	14.9	15.3	16.4	17.4	17.8	18.1
In families	8.1	7.8	8.4	9.2	9.7	10.5	11.7	13.2	13.6	14.7	15.8	16.2	16.5
Head	8.0	7.7	8.0	9.0	9.3	10.2	11.1	12.2	12.8	13.9	14.8	14.9	15.2
Related children under 18 years	10.5	9.8	10.7	11.3	12.1	12.8	14.4	16.1	16.5	17.9	18.7	20.0	20.6
Other family members	5.9	5.8	6.3	7.2	7.4	8.2	9.2	10.8	11.0	12.0	13.3	13.3	13.3
Unrelated individuals 14 years and over	30.7	31.8	32.2	36.5	36.1	37.3	38.1	40.7	42.0	42.7	43.2	43.0	44.1
Negro and other races	32.1	31.1	33.5	37.2	39.8	41.7	47.1	49.6	51.0	55.8	56.1	55.9	56.2
In families	30.9	29.9	32.4	36.3	38.9	41.1	46.8	49.1	50.5	55.3	55.6	55.7	56.0
Head	28.0	26.7	28.2	32.1	33.9	35.0	39.7	40.0	43.7	48.0	49.0	49.0	50.4
Related children under 18 years	39.6	38.0	41.6	44.9	48.2	50.7	57.3	61.5	60.9	66.4	65.7	66.6	66.7
Other family members	19.5	19.4	20.9	25.3	27.7	30.2	35.3	35.7	38.9	43.2	44.8	43.3	42.5
Unrelated individuals 14 years and over	46.4	44.9	45.7	48.2	53.1	50.0	50.7	55.0	58.3	62.1	62.7	59.3	57.4
Persons in Families With Male Head and Male Unrelated Individuals													
Total	8.3	8.0	8.8	10.1	10.8	11.6	13.2	15.1	15.4	16.9	18.1	18.5	18.7
In families	7.7	7.4	8.3	9.6	10.3	11.2	12.8	14.6	14.9	16.4	17.6	18.0	18.2
Head	7.1	6.9	7.3	8.7	9.3	10.0	11.1	12.5	13.1	14.3	15.4	15.4	15.8
Related children under 18 years	9.3	8.8	10.2	11.5	12.6	13.4	15.7	18.2	18.0	19.9	21.0	22.3	22.4
Other family members	6.5	6.5	7.0	8.3	8.7	9.6	10.9	12.4	12.9	14.1	15.4	15.3	15.3
Unrelated individuals 14 years and over	24.0	25.3	25.4	26.9	29.3	27.7	28.9	32.0	34.8	36.5	36.0	36.1	36.8
Persons in Families With Female Head and Female Unrelated Individuals													
Total	38.4	38.3	38.9	40.6	41.0	43.8	46.0	45.9	48.4	50.5	49.5	49.5	50.2
In families	38.5	38.1	38.7	38.8	39.8	43.1	46.0	44.4	47.7	50.3	48.1	48.9	49.4
Head	32.5	32.3	32.3	33.3	33.1	35.1	38.4	36.4	40.4	42.9	42.1	42.4	42.6
Related children under 18 years	53.4	54.4	55.2	54.3	58.2	61.3	64.2	62.3	66.6	70.2	65.1	68.4	72.9
Other family members	17.9	17.3	17.8	18.9	18.6	22.2	24.5	24.3	26.0	28.8	29.8	28.3	24.0
Unrelated individuals 14 years and over	38.2	38.5	39.2	44.7	43.5	45.4	46.2	49.3	50.0	51.0	52.4	50.9	52.1

[r] Based on revised methodology for processing income data; see Series P-60, No. 76, for explanation.

[1] Due to coding errors, data for 1967 are not strictly comparable with those shown for 1966 and 1968 through 1970. It is estimated that this error may have overstated the number of poor families in 1967 by about 175,000 and the number of poor persons by approximately 450,000.

Table 2. Negro Persons Below the Poverty Level by Family Status: 1967 to 1970

(Numbers in thousands. Persons as of March of the following year)

Family status	Number below poverty level				Percent below poverty level			
	1970	1969	1968	1967[1]	1970	1969	1968	1967[1]
Total	7,650	7,215	7,616	8,476	33.6	32.3	34.7	39.3
In families	6,810	6,409	6,839	7,677	32.4	31.2	33.7	38.4
Head	1,445	1,326	1,366	1,555	29.3	27.8	29.4	33.9
Related children under 18 years	4,101	3,879	4,188	4,558	41.5	39.7	43.1	47.4
Other family members	1,264	1,204	1,285	1,564	20.4	20.0	21.7	27.1
Unrelated individuals 14 years and over	840	806	777	809	48.1	46.0	46.3	49.3

[1]Due to coding errors, data for 1967 are not strictly comparable with those shown for 1968 to 1970.

Table 3. Persons Below the Poverty Level in 1970, by Family Status and Sex and Race of Head

(Numbers in thousands. Persons as of March 1971)

Family status and sex of head	All races			White			Negro		
	Total	Below poverty level		Total	Below poverty level		Total	Below poverty level	
		Number	Percent		Number	Percent		Number	Percent
ALL PERSONS									
Total	202,489	25,522	12.6	177,434	17,480	9.9	22,742	7,650	33.6
In families	187,132	20,499	11.0	164,021	13,359	8.1	20,996	6,810	32.4
Head	51,948	5,214	10.0	46,535	3,701	8.0	4,928	1,445	29.3
65 years and over	7,175	1,166	16.3	6,554	921	14.1	560	229	40.8
Related children under 18 years	69,873	10,493	15.0	59,065	6,208	10.5	9,871	4,101	41.5
Other family members	65,311	4,792	7.3	58,421	3,450	5.9	6,197	1,264	20.4
Unrelated individuals 14 years and over	15,357	5,023	32.7	13,413	4,121	30.7	1,746	840	48.1
65 years and over	5,808	2,735	47.1	5,343	2,392	44.8	440	322	73.2
PERSONS IN FAMILIES WITH MALE HEAD AND MALE UNRELATED INDIVIDUALS									
Total	173,297	14,310	8.3	155,798	10,667	6.8	15,480	3,362	21.7
In families	167,334	12,879	7.7	150,798	9,579	6.4	14,646	3,061	20.9
Head	45,998	3,280	7.1	42,149	2,604	6.2	3,422	625	18.3
65 years and over	6,160	964	15.7	5,679	783	13.8	426	167	39.3
Related children under 18 years	60,824	5,665	9.3	53,800	3,934	7.3	6,201	1,612	26.0
Other family members	60,512	3,934	6.5	54,849	3,041	5.5	5,023	824	16.4
Unrelated individuals 14 years and over	5,963	1,431	24.0	5,000	1,088	21.8	834	301	36.1
65 years and over	1,411	549	38.9	1,265	456	36.1	134	80	59.8
PERSONS IN FAMILIES WITH FEMALE HEAD AND FEMALE UNRELATED INDIVIDUALS									
Total	29,192	11,212	38.4	21,637	6,813	31.5	7,262	4,288	59.0
In families	19,798	7,620	38.5	13,223	3,780	28.6	6,350	3,749	59.0
Head	5,950	1,934	32.5	4,386	1,097	25.0	1,506	820	54.5
65 years and over	1,015	202	19.9	875	138	15.8	134	61	45.6
Related children under 18 years	9,049	4,828	53.4	5,265	2,274	43.2	3,669	2,490	67.9
Other family members	4,799	858	17.9	3,572	409	11.5	1,175	439	37.4
Unrelated individuals 14 years and over	9,394	3,592	38.2	8,414	3,033	36.0	912	539	59.1
65 years and over	4,397	2,186	49.7	4,078	1,936	47.5	307	243	79.1

Table 4. Selected Characteristics of Families Below the Poverty Level in 1970

(Numbers in thousands. Families as of March 1971)

Selected characteristics	All races			White			Negro		
	Total	Below poverty level		Total	Below poverty level		Total	Below poverty level	
		Number	Percent		Number	Percent		Number	Percent
All families	51,948	5,214	10.0	46,535	3,701	8.0	4,928	1,445	29.3
AGE OF HEAD									
Under 25 years	3,745	581	15.5	3,327	435	13.1	402	146	36.1
25 to 44 years	21,489	2,042	9.5	19,008	1,368	7.2	2,262	641	28.3
45 to 64 years	19,538	1,426	7.3	17,647	977	5.5	1,702	430	25.3
65 years and over	7,175	1,166	16.3	6,554	921	14.1	560	229	40.8
SIZE OF FAMILY									
2 persons	18,282	1,951	10.7	16,703	1,581	9.5	1,470	359	24.4
3 persons	10,724	855	8.0	9,672	619	6.4	953	220	23.1
4 persons	9,899	731	7.4	8,992	496	5.5	797	220	27.6
5 persons	6,528	570	8.7	5,852	374	6.4	592	184	31.1
6 persons	3,381	394	11.7	2,908	231	7.9	433	157	36.3
7 or more persons	3,133	713	22.8	2,408	399	16.6	683	303	44.4
NUMBER OF RELATED CHILDREN UNDER 18 YEARS									
No children	21,946	1,752	8.0	20,300	1,487	7.3	1,500	254	16.9
1 and 2 children	19,273	1,644	8.5	17,205	1,130	6.6	1,849	482	26.1
3 and 4 children	8,364	1,114	13.3	7,270	706	9.7	998	392	39.3
5 children or more	2,364	704	29.8	1,761	379	21.5	580	317	54.7
EDUCATIONAL ATTAINMENT OF HEAD[1]									
Elementary school, total	12,624	2,422	19.2	10,602	1,662	15.7	1,892	733	38.7
Less than 8 years	6,484	1,638	25.3	4,977	1,043	21.0	1,431	576	40.3
8 years	6,139	787	12.8	5,626	620	11.0	460	157	34.1
High school, total	23,475	1,824	7.8	21,098	1,276	6.0	2,181	524	24.0
1 to 3 years	8,051	938	11.7	6,902	588	8.5	1,090	339	31.1
4 years	15,423	887	5.8	14,196	689	4.9	1,091	185	17.0
College, total	12,104	378	3.1	11,508	326	2.8	451	37	8.2
1 to 3 years	5,405	241	4.5	5,091	204	4.0	263	32	12.2
4 years or more	6,699	137	2.0	6,417	122	1.9	187	5	2.7
NUMBER OF EARNERS									
No earners	4,691	1,839	39.2	4,061	1,350	33.2	588	470	79.8
1 earner	19,252	2,275	11.8	17,426	1,634	9.4	1,653	614	37.2
2 earners	20,443	809	4.0	18,269	550	3.0	1,990	242	12.2
3 earners or more	7,562	290	3.8	6,778	167	2.5	697	119	17.0
EMPLOYMENT STATUS OF HEAD									
Employed	40,004	2,253	5.6	36,270	1,633	4.5	3,365	591	17.6
Unemployed	1,619	270	16.7	1,377	184	13.4	219	85	38.7
Not in labor force	9,322	2,635	28.3	7,980	1,840	23.1	1,260	763	60.6
In Armed Forces	1,003	56	5.6	907	44	4.9	84	6	7.1
WORK EXPERIENCE OF HEAD									
Worked in 1970	43,459	2,865	6.6	39,200	2,023	5.2	3,855	804	20.9
50 to 52 weeks	33,940	1,303	3.8	30,978	962	3.1	2,646	317	12.0
Full time	32,676	1,068	3.3	29,892	806	2.7	2,488	242	9.7
1 to 49 weeks	9,519	1,562	16.4	8,221	1,061	12.9	1,209	487	40.3
Main reason for working part-year:									
Unemployed	3,951	517	13.1	3,476	377	10.8	436	136	31.1
Other	5,568	1,045	18.8	4,745	684	14.4	774	352	45.5
Did not work in 1970	7,485	2,293	30.6	6,428	1,634	25.4	989	635	64.2
In Armed Forces	1,003	56	5.6	907	44	4.9	84	6	7.1
OCCUPATION OF LONGEST JOB OF HEAD									
Worked in 1970	43,459	2,865	6.6	39,200	2,023	5.2	3,855	804	20.9
Professional and managerial workers	12,775	364	2.8	12,278	320	2.6	348	36	10.3
Clerical and sales workers	5,909	243	4.1	5,426	196	3.6	435	45	10.4
Craftsmen and foremen	8,771	288	3.3	8,292	250	3.0	427	36	8.4
Operatives and kindred workers	7,789	508	6.5	6,686	334	5.0	1,061	170	16.0
Service wkrs., incl. private household	3,804	600	15.8	2,856	297	10.4	890	289	32.5
Nonfarm laborers	2,343	298	12.7	1,791	184	10.3	522	112	21.5
Farmers and farm laborers	2,070	565	27.3	1,870	442	23.6	173	116	67.1

[1] Head 25 years old and over.

Table 5. Families and Unrelated Individuals Below the Poverty Level in 1970, by Type of Residence, Region, and Race

(Numbers in thousands. Families and unrelated individuals as of March 1971)

Residence	All races			White			Negro		
	Total	Below poverty level		Total	Below poverty level		Total	Below poverty level	
		Number	Percent		Number	Percent		Number	Percent
FAMILIES									
United States	51,948	5,214	10.0	46,535	3,701	8.0	4,928	1,445	29.3
Nonfarm	49,600	4,778	9.6	44,328	3,345	7.5	4,804	1,373	28.6
Farm	2,347	436	18.6	2,207	357	16.2	124	72	58.1
Metropolitan areas	33,431	2,654	7.9	29,484	1,790	6.1	3,583	828	23.1
Inside central cities	14,531	1,583	10.9	11,538	896	7.8	2,807	662	23.6
Outside central cities	18,900	1,071	5.7	17,946	893	5.0	776	166	21.4
Nonmetropolitan areas	18,516	2,561	13.8	17,051	1,911	11.2	1,345	617	45.9
Northeast	12,381	864	7.0	11,382	691	6.1	938	163	17.4
North Central	14,563	1,170	8.0	13,485	910	6.7	1,040	253	24.3
South	16,003	2,376	14.8	13,391	1,405	10.5	2,538	953	37.5
West	9,001	804	8.9	8,277	694	8.4	412	76	18.4
UNRELATED INDIVIDUALS									
United States	15,357	5,023	32.7	13,413	4,121	30.7	1,746	840	48.1
Nonfarm	14,983	4,889	32.6	13,073	4,013	30.7	1,716	815	47.5
Farm	374	134	35.8	340	108	31.8	30	25	(B)
Metropolitan areas	11,047	3,203	29.0	9,525	2,589	27.2	1,350	559	41.4
Inside central cities	6,746	1,989	29.5	5,462	1,474	27.0	1,147	467	40.7
Outside central cities	4,300	1,215	28.3	4,063	1,115	27.4	202	92	45.5
Nonmetropolitan areas	4,310	1,820	42.2	3,888	1,532	39.4	396	280	70.7
Northeast	3,883	1,086	28.0	3,451	938	27.2	402	138	34.3
North Central	4,204	1,409	33.5	3,780	1,237	32.7	393	163	41.5
South	4,187	1,671	39.9	3,358	1,176	35.0	803	482	60.0
West	3,082	857	27.8	2,825	770	27.3	148	56	37.8

B Base less than 75,000.

Table 6. Weighted Average Thresholds at the Poverty Level in 1970 by Size of Family and Sex of Head, by Farm-Nonfarm Residence

Size of family	Total	Nonfarm			Farm		
		Total	Male head[1]	Female head[1]	Total	Male head[1]	Female head[1]
All unrelated individuals	$1,947	$1,954	$2,044	$1,898	$1,651	$1,697	$1,602
Under 65 years	2,005	2,010	2,092	1,935	1,727	1,778	1,644
65 years and over	1,852	1,861	1,879	1,855	1,586	1,597	1,576
All families	3,850	3,601	3,640	3,305	3,147	3,164	2,845
2 persons	2,507	2,525	2,534	2,471	2,131	2,138	2,036
Head under 65 years	2,589	2,604	2,619	2,522	2,218	2,225	2,104
Head 65 years and over	2,328	2,348	2,349	2,336	1,994	1,996	1,972
3 persons	3,080	3,099	3,113	3,003	2,628	2,635	2,511
4 persons	3,944	3,968	3,970	3,948	3,385	3,387	3,345
5 persons	4,654	4,680	4,684	4,639	4,000	4,002	3,963
6 persons	5,212	5,260	5,263	5,220	4,490	4,491	4,441
7 or more persons	6,407	6,468	6,486	6,317	5,518	5,521	5,472

[1]For unrelated individuals, sex of the individual.

Table 7. Size of Income Deficit for Families and Unrelated Individuals Below the Poverty Level in 1970, by Sex and Race of Head

(Families and unrelated individuals as of March 1971)

Size of income deficit	All races			White			Negro		
	Total	Male head[1]	Female head[1]	Total	Male head[1]	Female head[1]	Total	Male head[1]	Female head[1]
FAMILIES									
Number.....thousands..	5,214	3,280	1,934	3,701	2,604	1,097	1,445	625	820
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
$1 to $249.....	12.6	14.7	8.9	13.5	15.2	9.6	10.1	13.1	7.8
$250 to $499.....	12.3	13.8	9.7	13.2	13.9	11.2	9.9	12.8	7.7
$500 to $999.....	21.3	21.8	20.3	22.5	22.6	22.2	18.8	20.0	17.8
$1,000 to $1,499.....	16.7	17.2	15.8	16.4	17.0	14.9	17.4	17.9	17.0
$1,500 to $1,999.....	10.9	9.4	13.6	9.9	8.6	13.0	13.3	11.7	14.5
$2,000 to $2,999.....	15.2	13.2	18.6	15.0	13.6	18.5	15.5	11.8	18.4
$3,000 and over.....	11.1	9.8	13.2	9.5	9.1	10.5	15.1	12.8	16.8
Median income deficit.....	$1,110	$989	$1,350	$1,024	$955	$1,219	$1,316	$1,109	$1,492
Mean income deficit.....	1,419	1,309	1,604	1,337	1,279	1,475	1,621	1,427	1,769
Deficit per family member.....	361	333	407	370	348	428	344	291	387
UNRELATED INDIVIDUALS									
Number.....thousands..	5,023	1,431	3,592	4,121	1,088	3,033	840	301	539
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
$1 to $249.....	16.5	16.5	16.6	17.3	17.4	17.3	13.1	13.0	13.0
$250 to $499.....	20.4	16.5	22.0	21.5	16.9	23.1	16.1	15.7	16.2
$500 to $749.....	17.1	15.1	17.9	17.2	15.7	17.7	16.3	12.0	18.8
$750 to $999.....	14.6	13.0	15.3	14.0	13.3	14.3	18.0	13.7	20.4
$1,000 to $1,499.....	16.2	16.7	16.0	15.7	14.8	16.0	18.3	22.3	16.2
$1,500 and over.....	15.0	22.1	12.2	14.2	21.8	11.5	18.2	23.3	15.4
Median income deficit.....	$690	$787	$660	$663	$750	$635	$813	$916	$774
Mean income deficit.....	806	917	762	785	896	745	894	983	844

[1]For unrelated individuals, sex of the individual.

Table 8. Distribution of Poor Families and Unrelated Individuals and Aggregate Income Deficit: 1970, 1969, and 1959

(Families and unrelated individuals as of March of the following year. Deficit in 1970 dollars)

Presence of related children under 18 years and sex of head	All races			White			Negro and other races		
	1970	1969	1959	1970	1969	1959	1970	1969	1959
NUMBER BELOW POVERTY LEVEL (thousands)									
Total.....	10,237	9,801	13,248	7,822	7,517	10,226	2,416	2,284	3,022
All families.....	5,214	4,950	8,320	3,701	3,555	6,185	1,514	1,395	2,135
Male head.....	3,280	3,146	6,404	2,604	2,490	4,952	677	656	1,452
No children.....	1,484	1,438	2,486	1,278	1,236	2,088	206	202	398
With children.....	1,796	1,710	3,918	1,326	1,256	2,864	471	454	1,054
Female head.....	1,934	1,804	1,916	1,097	1,065	1,233	837	739	683
No children.....	268	307	391	209	226	285	59	81	106
With children.....	1,666	1,496	1,525	888	837	948	778	658	577
Unrelated individuals 14 years and over...	5,023	4,851	4,928	4,121	3,962	4,041	902	889	887
Male.....	1,431	1,379	1,552	1,088	1,048	1,158	343	332	394
Female.....	3,592	3,472	3,376	3,033	2,914	2,883	559	557	493
AGGREGATE INCOME DEFICIT (millions)									
Total.....	$11,447	$10,723	$18,220	$8,182	$7,706	$13,073	$3,265	$3,019	$5,141
All families.....	7,399	6,729	13,076	4,948	4,520	8,904	2,451	2,208	4,169
Male head.....	4,294	3,913	9,535	3,328	2,981	6,726	966	933	2,805
No children.....	1,333	1,236	2,505	1,155	1,054	2,085	178	183	422
With children.....	2,961	2,678	7,030	2,173	1,931	4,641	788	749	2,383
Female head.....	3,105	2,815	3,540	1,620	1,539	2,178	1,485	1,275	1,363
No children.....	248	253	405	191	175	292	(B)	78	(B)
With children.....	2,857	2,563	3,135	1,429	1,360	1,886	1,428	1,198	1,249
Unrelated individuals 14 years and over...	4,048	3,994	5,144	3,234	3,186	4,169	814	811	972
Male.....	1,312	1,232	1,593	976	903	1,176	336	330	416
Female.....	2,736	2,763	3,551	2,258	2,282	2,994	478	482	557

B 1970 base less than 75,000; 1959 base less than 200,000.

Table 9. Persons Below the Near-Poverty Level in 1970 by Family Status and Sex and Race of Head

(Numbers in thousands. Persons as of March 1971)

Family status	All races			White			Negro		
	Total	Male head[1]	Female head[1]	Total	Male head[1]	Female head[1]	Total	Male head[1]	Female head[1]
NUMBER BELOW NEAR-POVERTY LEVEL[2]									
All persons	35,752	21,985	13,767	25,374	16,673	8,701	9,789	4,845	4,943
In families	29,433	20,183	9,250	20,097	15,279	4,818	8,831	4,494	4,337
Head	7,455	5,075	2,380	5,496	4,084	1,412	1,859	908	951
65 years and over	1,763	1,482	281	1,446	1,244	202	300	222	77
Related children under 18 years	14,631	8,919	5,713	9,184	6,365	2,819	5,160	2,332	2,827
Other family members	7,347	6,189	1,157	5,417	4,830	587	1,812	1,254	559
Unrelated individuals 14 years and over	6,319	1,802	4,517	5,277	1,394	3,883	958	351	606
65 years and over	3,487	714	2,773	3,095	605	2,490	367	97	271
PERCENT BELOW NEAR-POVERTY LEVEL[2]									
All persons	17.7	12.7	47.2	14.3	10.7	40.2	43.0	31.3	68.1
In families	15.7	12.1	46.7	12.3	10.1	36.4	42.1	30.7	68.3
Head	14.4	11.0	40.0	11.8	9.7	32.2	37.7	26.5	63.1
65 years and over	24.6	24.1	27.7	22.1	21.9	23.1	53.5	52.2	57.6
Related children under 18 years	20.9	14.7	63.1	15.5	11.8	53.5	52.3	37.6	77.1
Other family members	11.2	10.2	24.1	9.3	8.8	16.4	29.2	25.0	47.6
Unrelated individuals 14 years and over	41.1	30.2	48.1	39.3	27.9	46.2	54.8	42.1	66.4
65 years and over	60.0	50.6	63.1	57.9	47.8	61.1	83.4	72.2	88.3

[1]For unrelated individuals, sex of individual.
[2]Below 125 percent of the poverty level.

Note.--The near-poverty level threshold for a nonfarm family of four was $4,960 in 1970. Other thresholds at the near-poverty level can be obtained directly by multiplying the poverty thresholds shown in table 6 by 1.25.

Senator NELSON. Are there any other questions? I don't know what you covered while I was gone.

Mr. Lovell, did you have a statement to make?

STATEMENT OF MALCOLM R. LOVELL, JR., ASSISTANT SECRETARY FOR MANPOWER, U.S. DEPARTMENT OF LABOR

Mr. LOVELL. Yes, Senator, I did.

Mr. Chairman and members of the subcommittee, I am pleased to support this morning S. 1290, the administration's request to extend the provisions of the Economic Opportunity Act for 2 more years.

Since I last appeared before this subcommittee, S. 1243, the administration's proposed Manpower Revenue Sharing Act of 1971, has been introduced by Senator Prouty.

Among its far-reaching effects, the Manpower Revenue Sharing Act would repeal the manpower provisions (title I, parts A, B and E) of the Economic Opportunity Act.

It would replace these provisions with broader and more flexible authority to meet the need for manpower programs of the Nation's poor and unemployed.

The Economic Opportunity Act will expire June 30th of this year. However, when enacted, the Manpower Revenue Sharing Act would not take effect until January 1, 1972.

Thus, we view this request for a 2-year extension of the Economic Opportunity Act's manpower provisions (among other effects) as a necessary but interim measure to assure that manpower activities it authorizes will continue without interruption until new manpower reform legislation can be enacted.

In support of our recommendation I would like to note the great importance which the Economic Opportunity Act plays in our manpower training efforts.

Combined with the Manpower Development and Training Act, the Economic Opportunity Act is the basic authority for most of the Labor Department's manpower program. Under their combined authority our request for "Manpower Training Services" in fiscal year 1972 is $1,565 billion. This will provide 934,300 training opportunities next year. Over half of this effort can be attributed to program activities which would not be possible without the Economic Opportunity Act.

These include:

The Job Corps.—Since July 1, 1969, the Labor Department has been responsible for administering the Job Corps. We have concentrated on, first, establishing new urban centers to serve enrollees in

their home communities and, second, improving the older centers' programs.

By the end of fiscal year 1972, we expect to have new urban centers in operation with a capacity to serve 5,000 new enrollees—more than was initially planned.

Overall, about 80 percent of all trainees available for placement are now successfully placed in jobs, return to school or enter the armed forces.

Operation Mainstream.—Primarily for chronically unemployed adults, mainly in rural areas, Operation Mainstream has provided temporary employment and work training in well-regarded community improvement programs.

Neighborhood Youth Corps.—The three components—Out-of-School, In-School and Summer—will provide 545,700 training opportunities next year to help disadvantaged school-age youth complete their high school education or acquire job skills needed for permanent, full-time employment.

Concentrated employment program.—CEPs provide a variety of services to disadvantaged persons in 82 urban poverty neighborhoods and depressed rural areas. This coming year we will emphasize improved CEP planning, better performance by the Employment Service as primary deliverer of CEP manpower services, and a new reporting system enabling CEP prime sponsors to evaluate better their delegate agencies' effectiveness.

Public service careers.—Through a variety of program approaches, including the familiar New Careers Program, this program is seeking to open up new job opportunities for disadvantaged persons in Federal, State and local Government.

Over the years, these programs have sought to help hundreds of thousands of persons. However, the shortcomings of this categorical and inflexible approach have been amply documented in the hearings which were held by this subcommittee last year.

We are deeply committed to the need to reform manpower programs as provided by the Manpower Revenue Sharing Act. We believe that this approach is the most plausible and effective reform measure which can be enacted. In the interest of serving better the Nation's workers, it should be enacted at the earliest possible date.

The central purpose of the Manpower Revenue Sharing Act is to provide State and local governments with flexible authority to shape manpower funds to meet their communities' needs. Such decentralization of authority was endorsed by both Houses of Congress last session.

There is encouragement for such decentralization under the EOA and MDTA, although there are significant limitations on how much can be achieved. To improve our programs' performance we are undertaking a two-stage effort to decentralize manpower program responsibility under existing authority and enlarge the role of State and local Governments under our current program structure.

This will involve—

Strengthening CAMPS (cooperative area manpower planning system) by encouraging Governors and mayors to reshape membership of advisory committees to make them more representative

of community and State interests and inviting these committees to review and recommend, under the Governors' and mayors' leadership, what changes they think should be made in all Labor Department-funded programs; and

Designating units of Government as prime sponsors for State and local areas to operate community work and training programs under contracts with the Labor Department. The initial scope of local program responsibility would include JOBS, CEP and programs carried out under EOA I–B and I–E.

As new arrangements between Labor, HEW and OEO permit, we shall seek to extend this responsibility to other manpower and manpower-related programs, such as the MDTA institutional and OJT programs.

Efforts are well underway to build up staff capability at the State and local levels for planning and administration of manpower programs.

Since May, 1969, the Labor Department has made planning grants to 50 Governors to support 440 positions, and to 112 mayors for 183 positions. These positions have been used primarily through CAMPS to lay the groundwork for assumption of increased responsibility at the State and local levels.

The Department of Labor urges that this committee act promptly on the EOA extension so that the continuity of manpower program authority can be assured and so that the committee can turn its attention to the proposed Manpower Revenue Sharing Act.

I appreciate this opportunity for meeting with you again today.

Senator NELSON. Thank you, Mr. Lovell.

Senator Cranston.

Senator CRANSTON. I would like to ask Mr. Ziegler one question.

In the President's message for 1969, he called for a commitment to the first 5 years of the life of American children, to really commit ourselves to doing all we can, to get them off to a good start.

Could you describe briefly how the Administration has gone about doing that, or what plans it has to do more than has been done?

Certainly, there has been no dramatic increase in Headstart funding since that time, although you, I think, have done a magnificent job with the tools at your disposal in heading Headstart

Mr. ZIEGLER. Thank you, Senator.

I think the commitment of the Administration in this area does have some tangible accomplishments, one being the budget the President requested for Headstart for the 1972 year.

It should be noted that the Headstart budget actually peaked in 1967. The President has asked for $376.5 million for the coming year, which will be the largest sum of money ever requested for the Headstart program.

It does indicate the President's concern with the first 5 years of life. Beyond that, I think that the President has spoken on a very good plan for day care effort within the family assistance plan. The budget figures there that are being proposed are in the neighborhood of $400 million.

When we look at the first five years of life, we come to realize that such a high percentage of our mothers are now working, and it

strikes me that day care is probably the Nation's most pressing problem for young children. So there is that aspect of the program.

There will be some initiatives. Some were proposed last year and simply did not get a hearing on the amendments to the Social Security Act, to increase the money for the foster care of children.

In addition to that, there will be efforts made in the Office of Child Development that do not cost hundreds of millions of dollars but I think would have great impact on the first 5 years of life, namely, programs to strengthen family life.

I think we have to do very much more in the area not of forming programs outside of the home to which children go, but also making sure that the family environment of children is improved.

OCD will be sponsoring efforts, a great number of efforts, in parent training.

In addition to this, we are starting a health start program this summer because certain health needs of especially young children are of great concern to the President, as well as the Office of Child Development.

The Administration has flushed out the President's commitment in these particular ways that I have stated. In addition, I think the planning now in the Office of Child Development for early child and family life will see some new initiatives in the fairly new future.

Senator CRANSTON. The modest increases in funds that has occurred, as I gathered, would just be an offset of the inflation that has been hitting every program.

Do you have any thoughts on any particular things to do in the very earliest years, the first, second and third?

Mr. ZIEGLER. Yes, I do. I think we are witnessing two developments in the child development area. There has been a great deal of talk about supplementing family life in the very early years, years one and two, and there is certainly some theoretical evidence of the importance of these 2 years for the social development of children.

However, I am a little bit concerned that all of this supplementation of family life, if we proceed on that path alone, will eventuate in supplanting family life.

There is also some evidence of the vulnerability of the very young child to the kinds of group care that have become so popular.

I think it is important that we therefore develop social institutions of two types. The first type, of course, would be the kind of group and extra family care that many children simply because there is no one to care for them, but, in addition to that, I think it is absolutely imperative that we undertake a variety of efforts that will indeed strengthen family life.

Some particular ones that we have in mind are development of parent courses, courses of parents of adolescents in high school. We are developing some courses now. Some are available but they tend to be of uneven quality.

I would like to see every adolescent boy and girl take courses in parenting so that when they become parents they will know a little bit more about it than most of them do now.

In addition, I think we ought to begin in this country something little home start as well as Headstart, where the bulk of our effort will be not in just taking children to a center where an expert can

take care of them for three or four hours a day, but actually move into the home with a variety of experimental programs that have now been demonstrated to be effective to simply help the parents in caring for their own children. Parents react to this very favorably.

If we think in terms of the hours of a child's day, of course, there are so many more hours spent at home and it will still be the family that will be the most important socializing influence on the child in this country.

We should really try to strengthen family life. OCD is committed to this kind of thrust and, as I say, we have three or four very specific programs that we are just getting off the ground.

Senator CRANSTON. Is there any money in the 1972 budget for any of the very fine programs you are suggesting?

Mr. ZIEGLER. We have limited moneys. We have, certainly, the type of money to do the kinds of demonstrations work that I think should precede any large social action programs. I think it is very tempting for all of us concerned with children to go forward with very large programs.

It should be noted that most of the programs that we now have are themselves experimental.

My own preference would be to lay down some fairly sizeable demonstrations around the Nation, evaluate them very carefully, utilize our knowledge, and go forward in a very careful way. People don't seem to realize in respect to programs for children is yes, they can be terribly beneficial, but children are vulnerable.

I would be concerned that in our haste and our concern for children that we don't embark upon certain social action programs that are not based upon the knowledge base I would like utilized before I go forward with very large social action programs.

I think we do have the money to do the kind of experimental evaluation of work that has to be done prior to national efforts.

Senator CRANSTON. Can you supply me with some material spelling out in more detail what you are talking about, such as the home start concept and what it would take to really get going in terms of money?

Mr. ZIEGLER. Yes, sir.

(The information subsequently supplied follows:)

Homestart

Homestart is a proposed variation on the Project Headstart approach to enhancing the lives of children. Homestart involves two major ideas:

1) Educating parents to become better "educators" of their children.

2) Providing the educational experience for parents and children in the home, through the use of trained child-development home-visitors.

These ideas are based on research findings and experience in several areas:

1) The role of parental behavior in shaping the course of a child's social, emotional, and intellectual development.

2) The effectiveness of early intervention programs and the important role that families play in sustaining developmental benefits.

3) Home-based, home-visitor programs with children from infancy to age 3.

There are two major innovations in the proposed Homestart program:

1) The use of the home-based, mother-involved educational program with children above age three.

2) The relation of this home-based program to the comprehensive child-development programs embodied in Headstart, including center-based, group programs for children.

The research of Levenstein, Schaefer, Weikart, Gray, Gordon, and others has clearly demonstrated three important principles:

1) The parenting behavior of mothers of preschoolers can be systematically altered by appropriately trained, indigenous persons who visit in the home on a regular basis.

2) The development of the mother's preschool children is enhanced by her increasing responsiveness; her attention to the children's developmental needs; and her increasing understanding of the children's behavior as being related to her own activities; and her own, improved sense of being worthwhile, as parenthood becomes more desirable for her.

3) The benefits of the home-based, parent-involvement model of childhood intervention do not dissipate with termination of the program. When there are significant changes in the mother's parenting, these continue to facilitate the child's development.

There are two major limitations to the research with home-visitors to date:

1) The primary emphasis has been on children below age 3, and particular attention has been given to infants and children below age 2.

2) The research has generally been limited to relatively small programs under the direction of enthusiastic, highly trained professionals.

Homestart is conceived as an experimental variation on Headstart aimed at exploring several hypotheses:

1) What is the effectiveness and value of the home-based, mother-involved, family-visitor approach to enhancing in the lives of children in facilitating the cognitive, emotional, and social development of older, as well as younger, preschoolers?

2) Is this home-based program worthwhile as one part of a more general program, in which the child attends a conventional, center-based program for some days and is visited at home at other times?

3) Can the limited experiences with the research programs to date be extended to much larger programs where the involvement of enthusiastic professional researchers will be more distant from the program?

Homestart is thus a new type of planned variation on the Headstart program. A child involved in Homestart will continue to receive, of course, the comprehensive care (medical, nutritional, social) associated with Headstart.

Homestart is also a method of introducing child development and education concepts into the traditional family day care homes. There are more than 200,000 children who are currently in day care homes which provide custodial care and through Homestart will be able to markedly upgrade the quality of their services.

To undertake the Homestart experimental program, the following resources will be necessary:

1) Appropriately trained child-development workers. An experimental approach to this issue might be of interest, e.g., the use of neighborhood and non-neighborhood workers, the use of teams consisting of a man and woman for larger families, the use of youth, of older people, etc. These workers will need technical consultation following their training.

2) Well designed programs for intervention. As the major work with home-visitors to date has been with young preschoolers, new curricular material must be developed for the older children. In large part, these new materials can be developed on the basis of current Headstart materials.

3) Sensitive monitoring of quality. Because Homestart involves direct involvement with the child's family and home, there will have to be a new approach to program evaluation sensitive to the family's privileges and confidentiality and yet responsive to the need for informational feedback about the impact of the program.

4) Parent participation. Homestart represents a logical extension of full parent participation as the parent is recognized as the primary force in the child's development. Parents must be involved in planning for the Homestart program appropriate to their needs and ideas, and must constantly be involved in reviewing their relationship with the home-visitors.

5) Research design. Because of the variety of innovations in Homestart, it must be undertaken in carefully selected areas, representative of regional and cultural variations within the nation, with a clearly organized research strategy related to areas such as the following: training of home-visitors; curricula for the children; strategies for visiting (frequency, time); evaluation of impact; relation of Homestart to other Headstart components (medical, nutritional, etc.); relation of Homestart to center-based, group Headstart programs; and long-term family and child development impact.

We hope to initiate a number of these experimental projects during fiscal year 1972.

Office of Child Development
April 9, 1971

Senator CRANSTON. On the foster family program, I would like to ask this: Isn't there considerable evidence that there are some severe deficiencies in the program that will not be overcome without supportive services, such as counseling and so forth?

Mr. ZIEGLER. Yes. The care of foster children is a difficult one, and OCD will play a role in trying to bring what I hope is some expertise to bear upon policies of the social and rehabilitation services in this area.

I do not think that the Nation's track record in respect of foster children around the country is very good, and it is a very complex problem that requires the training of foster parents.

In addition to that, there are a good number of legal problems in this matter because we have certain policies in this country in which children who should really be placed into adoptive homes are actually shunted from one foster home to another.

I do think that we now know enough about what a good continuum of developmental care is and we should have policies that move every child up that continuum. So I think we should develop policy not only to improve the foster care of children but also to develop a philosophy and legal means whereby many foster children can be placed into permanent, adoptive homes.

Senator CRANSTON. Thank you very much.

Mr. Chairman, that is all I have.

Senator NELSON. Has everybody presented his testimony now?

If so, thank you very much, gentlemen. We appreciate your taking the time to come before us this morning.

Our next witness is Mr. Clarence Mitchell, director, Washington Bureau of the National Association for the Advancement of Colored People, and legislative chairman of the Leadership Conference on Civil Rights.

STATEMENT OF CLARENCE MITCHELL, DIRECTOR, WASHINGTON BUREAU, NAACP, AND LEGISLATIVE CHAIRMAN, LEADERSHIP CONFERENCE ON CIVIL RIGHTS

Senator NELSON. The committee is very pleased to have you with us this morning. We are sorry you had to wait so long to appear.

We have your statement and it will be printed in full in the record. You may present it however you desire.

Mr. MITCHELL. Mr. Chairman, I would like to read it, I suppose, because I am testifying for other organizations and I want to be sure I say the things that they believe to be important.

Also, I enjoyed listening to Mr. Carlucci's testimony. I have had an opportunity to talk with him before this appearance here, and I feel that he brings to the agency a sincerity of purpose which is commendable.

If there is anything I say in my statement which is critical of a program, it is not aimed at him as a person, but many of us who have been interested in this program have grave fears about the future, as I guess my statement will make clear.

As I said, I am here representing the NAACP and the organizations in the Leadership Conference on Civil Rights. The Leadership

Conference is made up of 125 organizations of civic religious, labor and fraternal operations. We support S. 397 which will extend for two additional years the authorization of appropriations contained in the Economic Opportunity Act of 1964.

We wish to commend Senators Javits, Case, Mathias and Schweiker for their introduction of this bill. We also commend all others who are joining in support for the extension.

I thought it very important to mention these sponsors because they took the initiative even before the Administration made its policy clear.

I think, Mr. Chairman, just as you and Senator Cranston have pioneered in doing things even when the executive branch of Government wasn't in motion, it is important for the public to know that the Senate of the United States has in it members who feel so deeply about these matters that they will act even though the leadership may not come from the other end of Pennsylvania Avenue, no matter what Administration may be in power.

The programs that function under the Economic Opportunity Act have had a tremendous and constructive impact on American life. Figures recently compiled by the Office of Economic Opportunity show that approximately 48 percent of the total program funds are spent for what is described as "Programing for Black Americans."

Assuming that thesee figures are accurate, it is fair to say that any unfriendly or disruptive action against OEO programs, either by the Administration or the Congress, inevitably will be characterized as action against minority groups.

I think we have to face the fact in this country, Mr. Chairman, that we are either going to pay for advancing the lot and bettering the lot of people, especially some of these minorities, through orderly, governmentally-administered programs, or we are going to continue to have big bills for replacing windows that are broken out of stores. We are going to continue to have to give firemen protection when they go in to put out fires that have been started by arsonists and looters, because it has been my observation that if people who are the victims of extreme frustration and deprivation can see a way out, I think they tend to observe the law and try to do things in an orderly way.

But if there is no way out, or if the way out is fraduluent, then I think the irresponsible and destructive elements take over and do a lot of things which are against the interests of everybody.

Just to illustrate, a few years ago—and I won't mention the name of the city, though I could easily do it—I was approached by a very fine gentleman who was white. He had an idea that we ought to try to get surplus navy beds for the people on welfare. These beds are just lying around in various warehouses, apparently. Some of them were sold to private people who would, in turn, sell them to others. It would have required only a simple action in Congress to achieve that, but the action wasn't taken.

However, when some people who were on welfare rolls went down to a nice building with beautiful glass doors and a lot of fine woodwork and that kind of thing, they got angry and kicked out those glass doors, and broke up some of the fine woodwork.

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Then we found ways to give them the beds. I just wish we wouldn't wait until somebody strikes a match before we act, or somebody throws a brick before we act. I think we ought to realize that we are dealing with humans and if we are going to give help we have to do it in a timely way and we have to do it in an abundant way to meet the problem.

Some of the constituent organizations of the Leadership Conference have made a continuing study of OEO operations and future plans. The following are suggestions that were given to me by them for inclusion in this testimony:

The 1972 budget for OEO reflects the Administration's intent to limit OEO activity to poverty research. The agency will administer a research, development, and evaluation program, of between $70 million and $80 million, and even this amount is $40.4 million less than Congress appropriated last year.

OEO will continue to manage the Community Action Program (CAP) in FY 1972 but at about $44.4 million less than last year's operating level. Funds for local initiative, which are in this category, show a corresponding decrease from $312.9 million in FY '71 to $296.4 million in FY '72.

The reason for this cut is OEO's decision to raise the local share from 20 percent to 25 percent, avowedly to increase local responsibility for CAP (OEO has not decided whether the five percent increase will be in cash or in kind.)

By January 1, 1973, CAP will be spun into the Urban Community Development component of special revenue sharing.

Plans are being made to spin off other programs, Several health projects are being transferred to HEW. These projects, Head Start and Follow Through, now appear in HEW's budget.

The Administration plans to ask Congress to combine VISTA and the Peace Corps into a National Service Corps. OEO plans to ask Congress to make Legal Services an independent corporation tied to the American Bar Association.

Other programs are to be phased out. Although it will continue operating at approximately the same level until 1973, the Emergency Food and Medical Program will then be phased out.

No new funds are being requested for the program in FY '72 because the new Food Stamp and Family Commodities programs will render the "emergency" program unnecessary.

The Alcoholism Program will also be phased out because a National Institute of Alcoholism and Alcohol Abuse has been established in HEW.

No new funds are being requested, although OEO will sustain activities already begun. The Rural Loan Program is being phased out in FY '72.

Reductions in research and CAP and the elimination and spinning off of some programs are only partially offset by increases in comprehensive health, family planning, drug rehabilitation, and the Indian and migrants programs.

In net terms, the budget request for FY '72 ($778 million) is $76 million less than last year's obligations, and *$116 million less than this year's appropriation.*

We offer as organizations the following suggestions for the next 2 years if Congress approves the extension of the life of the agency:

1. Because of the highly sensitive nature of programs under the jurisdiction of OEO, we strongly urge that none of the functions of this agency be terminated or transferred to another agency without prior congressional approval.

It is widely believed that the administration's plans of spin-off and transfer are designed to accomplish a total dismantling of OEO.

In an important program such as this, there must be an opportunity for careful consideration of proposed changes, with all interested parties given an ample opportunity to state their positions in hearings before the appropriate committees of Congress.

If this were a well-entrenched agency, with a lot of high-powered friends, no one would dare to transfer functions around without very careful groundwork, because Congress would be importuned to maintain the status quo in many of these agencies. But that doesn't happen in the poverty program.

The poor are not organized in a way that they can make their strength felt. It is my opinion that when these proposed reorganizations come through, the only hope that the people have for a fair and really farefully drawn-up change is if Congress takes the responsibility, through people like you who are Senators who care, and your counterparts in the House who care—it seems to me that if these things are submitted to you in advance and you have an opportunity to make suggestions, I know I, for one, and I believe there are hundreds of other people, would have a greater faith in the validity of such transfers.

Right now, to be honest with you, I think most of these transfers are proposed in a way that is designed to try to get rid of the programs and not necessarily to be sure that there is going to be anything to replace them.

2. The OEO must develop clear guidelines under which experimental programs are funded and also under which funds are withdrawn.

At present, there are numerous complaints about questionable procedures for evaluating the accomplishments of various projects and programs.

There appears to be no uniform procedure in the agency that is used in determining whether funds should be withdrawn. Thus, it is entirely possible that a program which is marked for termination may be deprived of funds just at a time when it is becoming most effective.

I would like to give a couple of illustrations of what I am talking about. There is a program in the State of Alabama which is called The Southeast Alabama Self Help Association.

In any event, it is designed to try to assist people in rural areas to become self-sufficient. This is a program which was started on an experimental basis.

I acted on behalf of those who were connected with the program when Mr. Rumsfeld became the head of OEO. In the course of our conversations with people who knew about the program, somebody suggested that we ought to try to get a foundation to assist.

After a lot of maneuvering, a foundation did appropriate, I think, some $300,000 or more, for that project.

Now that project is under a phaseout order from OEO, which will be effective June 30.

In other words, just at the point where outside money is available to help to make it a continuing and effective agency, suddenly there is an order that it will be cutout by OEO.

I must say I certainly can't see any objective standard that was used in reaching the conclusion, (a), that the agency should be cutoff, or, (b), that it would get funds from some other source if it is cutoff.

I am happy to say that Mr. Carlucci has indicated that he will give those who are interested another opportunity to present the facts, with the hope that something can be done about it.

In the State of Alabama where a program is in operation, everybody, even Governor Wallace, and also the former Governor of the State, recognize it has economic viability but in Washington it is subject to this kind of cliff-hanging existence without, really, any objective way of determining what ought to be done.

I guess you have this blue book that the agency has on its justification for fiscal year 1972. I would like to point out that on page 50, at the bottom of the page, in speaking of neighborhood centers being phaseout, it says, "Centers started by neighborhood-based organizations with CAA financing are expected to be strong enough to secure funds and programs directly from other sources."

Well, that is speculation. They don't know whether CAA will or won't get financing for the centers. Nevertheless, OEO talks about cutting them out.

Then over on page 102, again at the bottom of the page, OEO talks about the importance of training and technical assistance. The blue book says "Beginning as soon as feasible, CAA's will be expected to provide for their own technical assistance from other funding sources, or to mobilize support from non-OEO sources."

What does that mean?

I will tell you what I have found it would mean in the life of one of these agencies, because I have tried to help out in some communities on the administration of these things.

A group of poor people are given money to spend. They have been given certain guidelines and directions and things of that sort on what to do. But usuaully the guidelines and directions are about as thick as this book, and unless you are really capable of understanding it you can get all mixed up just reading the directions.

I would predict that one of the greatest needs when these groups are released will be technical assistance just in how to handle the money that they receive without running afoul of legal impediments of one kind and another.

It seems to me that what is going to happen is an awful mess when this thing is turned loose without a clear way of providing money for the technical assistance and training.

Here is another thing which is suggested, on page 109, OEO will transfer programs at the time when they can be, to use their language, "replicated by other Federal agencies, by State and local governments, and by private organizations."

But it isn't clear at just what time and in what way this replication will take place.

There is another interesting observation in here about suburban housing. On page 121, it is pointed out that there is going to be a program in research and development which will study "social and economic impact of the movement of low-income persons to suburban communities, and will identify potential programs which will remove the barriers through volunteer action by suburban communities to establishing housing and employment opportunities for the inner-city poor."

That is in direct conflict with what the President said when he was being interviewed by Howard Smith the other night on television. The President emphatically said that the Government wasn't going

to do anything to try to make it possible for people of different income groups to move into these areas where the housing is of a higher priced level.

He said that is an economic problem and until Congress gives some direction in that it just isn't going to be done.

I know that at present the Government is wrestling with the question in the field of housing of whether it will stick to a very narrow interpretation of its law on fair housing in the area of zoning in these suburban communities, or whether it will implemenet the law in way that will actually enable the Federal Government to change some of these restrictions which at present keep minorities and others out of suburban areas.

I am sorry to say that I think the administration is leaning in the direction of having a restrictive interpretation of the law which will permit the exclusion of minority groups from suburban developments by use of the mechanism of restrictive zoning.

3. Congress should give careful attention to the personnel practices of the agency. From its inception, the OEO has been the target of charges by the poor alleging that those who run the programs and make the decisions are drawn from the ranks of upper class white people who have had no real experience with the problems of the poor.

In recent years, some revision of the personnel policies have resulted in improvement, but it is still true that those who evaluate programs and make recommendations for funding or termination often are not individuals who have had firsthand experience with the problems of the poor.

There must be an accelerated effort in this agency to develop the talents of the poor by bringing them into the agency itself and promoting them to responsible policymaking positions.

This program has been in effect long enough for the top personnel to reflect the views of the poor who, because of the existence of this agency, have moved up to responsible positions in the administration.

I am sorry to say that on the basis of my personal knowledge of how the agency has operated, it is true that the whole arrangement of hiring and promotion has been in such a way as to operate against the hiring and promotion of the poor, and particularly the Negroes an other minorities.

As Mr. Carlucci says, they are making some changes. It is hard to know just how effective that will be, but at least they are in the right frame of mind. I hope Congress will encourage them to come to grips with this problem.

I think Congress ought to have as a test of the effectiveness of this agency whether it has gotten people who are the so-called discards of our society, rehabilitated them and brought them into the agency, itself, as people who can do jobs.

We ought to test on whether the people who didn't get a chance to finish high school, let us say, but who have tremendous potential, have been given opportunities in this agency so that they can become, some of them, supervisors or heads of departments.

We have people in Congress who haven't finished high school. I would think if we have people in Congress making the laws who

haven't finished high school, we certainly ought to be able to find some talent among those who haven't completed their education and bring them into the mainstream of the OEO program.

4. The local share of funds for community action and other OEO programs must not be increased. At present, the demands for local participation, especially by elected officials, are often a detriment rather than a help to the functioning of some programs—especially in the areas of legal and community action.

It must always be remembered that many of the problems that we are now seeking to correct would not have arisen at all if State and local governments and State and local elected officials had used a little courage and vision in meeting the needs of their citizens who are in positions of economic disadvantage.

Anybody who has dealt with city councils across this country as I have, would know that to expect that they are suddenly going to hit the sawdust trail and become converts to liberal handling of the problems of the poor, just doesn't know what political life is like in this country.

I think it is very visionary to expect that we are going to get some big increases in the funds that local people will contribute, either in kind or in cash. It is my opinion that this is just another way of dismantling the agency.

A program is set up to say, "Well, we will get more local help," and the local help doesn't come, so then you have a graceful way of abandoning the program.

We sincerely hope that the Congress will act expeditiously and extend the authorization for 2 additional years.

We also hope that it will consider some of these suggestions that we have made.

Senator NELSON. Thank you very much for your constructive and thoughtful testimony.

Senator Schweiker.

Senator SCHWEIKER. Thank you very much, Mr. Chairman.

I have a throat cold and I apologize for my voice, Clarence. I hope you can hear me.

I thought you made a very good statement, and certainly pointed out what I feel are some concerns of all of us about where OEO is going.

I wonder if you would comment on what you feel the result will be of spinning off and changing the structure of OEO as to the quality of these programs and the impact they will have at the grass roots level.

Would you comment on what you feel the quality and impact will be if what you point out comes to pass?

Mr. MITCHELL. Senator Schweiker, I think it will be a calamity and chaos. The reason I say it will be a calamity is I have gone through this document very carefully, this blue book, and nowhere in it do I find—the blue book is the justification for the 1972 appropriations—and nowhere do I find a clear indication that at the point where OEO's responsibility will be stopped there will be a visible and viable operation that will pick up what OEO is doing.

In addition, there is a lot of speculation as to what will happen if such transfers are made.

I say I think it will bring chaos because I think this program has been tremendously helpful in this country. It has developed a lot of people with expertise to work in the area of social programs, and it has developed a lot of people who know some of the things that you must do in order to make Government move.

It would be my opinion that we would see a tremendous outpouring of the poor under various leaders who have developed some of their expertise under the OEO progam.

If we are lucky, all of those people would act in a way that is within the framework of the Constitution. But human nature being what it is, and the lure headlines being what it is, I would assume that we would have some rather colorful and spectacular activity which might not necessarily produce correction of any problems, but which would be the natural result of people frustrated, not knowing where to turn, so they say, "Let's march on the mayor's office," or "Let's camp on the steps of the Capitol," not necessarilly because they believe they will get some results but because they believe that they must do something.

Senator SCHWEIKER. Let us take one specific illustration, Headstart, which I think everybody acknowledges is one of the best programs that has come up through OEO. What disadvantage do you see in moving that out of this agency to another?

I wonder if you would elaborate as to what you feel is the disadvantage of taking even some of the good programs and putting them where some people argue they more logically belong. Would you comment on Headstart, for example?

Mr. MITCHELL. This program of Headstart is a very complicated and very important and delicate program which has been under fire by the politicians in many of the communities, especially in the South.

Somebody is always trying to figure out a way to abolish it, particularly in the areas where there is the greatest amount of need you find the greatest tendency to try to destroy the program.

It is my opinion that this program would not have been necessary in this country if the U.S. Office of Education hadn't been dominated for years by mossbacks and foot-draggers who would only do what the local educational authorities wanted them to do.

The Headstart program has now been incorporated into the HEW structure. While you might have some nice people at the top, it is my opinion that once you get into that bureaucracy with the Headstart program you are going to have an abundance of forms, you are going to have a superfluity of meetings, but you are not going to have much done for the children.

I think we need to have this function in an agency where it is vitally alive, administered by imaginative people who are flexible enough to see that mainly the old idea that you could put Mark Hopkins on one end of the log and a pupil on the other end, and you wouldn't need a school building, that that idea is not suitable for our times and we really need to have a lot more imagination and a lot

more money spent in order to meet the problems of children, and the families out of which those children come.

Senator SCHWEIKER. That is all I have, Mr. Chairman. Thank you.

Senator NELSON. Mr. Cranston.

Senator CRANSTON. I would like to thank you for your fine and helpful testimony.

On the matter you discussed at one point, the great problems relating to housing and neighborhoods, I am sure you are aware that Senator Ribicoff has introduced one measure that I joined in cosponsoring, with Senator Brooke, that we hope may be of very significant help in that area.

That goes to the Banking Committee on which Senator Brooke and I serve.

Mr. MITCHELL. We are in the process of studying that legislation now. But actually, Senator Cranston, what we really need in this country is a commitment to existing law.

We have the 1968 Fair Housing Act which, in my judgment, clearly indicates that we have HUD entrusted with the responsibility of making some forward motion in this area and, of course, we have the famous decision of *Jones* v. *Mayer* in which the Supreme Court went all the way back to 1866 to show that we have an obligation as a country to do something about it.

The big problem we have is that the executive branch just does not want to implement the clear requirements of the law. For example, there is a program under which sewers and other facilities are administered by HUD.

HUD adopted a policy which was designed to be sure that when these programs went into effect they would benefit everybody. We have had the experience of some areas and counties where the Negro population has been there for a long time. They lived with septic tanks, wells, and things of that sort.

Then the developers come in. They start building fine new houses. They come to the Government for grants for sewerlines, waterlines, and that kind of thing. But they bypass these little communities where the minority groups already live, primarily because they want to make life so uncomfortable for them that they will want to move out.

We feel that the Federal Government isn't merely asked to see that there is no discrimination. We feel that the law commands the Federal Government to see to it that this kind of discriminatory use of facilities is not financed out of Federal money.

But at present, that question has not been resolved in this administration, and it is possible now for communities to receive money for basic utilities which are going to make the development all white, and everybody knows it is going to be all white, and at the same time, discriminate against people who are already there.

I think there are other ways of trying to meet these problems, but the first thing we have to do is to make sure we enforce the laws we already have.

Senator CRANSTON. Thank you.

Senator NELSON. Senator Javits.

Senator JAVITS. I just wanted to tank Mr. Mitchell, who is an old

friend, for his very kind words, which I gather he had about the introduction of the 2-year extension.

I don't know that you have been zeroed in precisely to special revenue sharing in the questioning, but I do think this is very much before us.

The administration thinks that that is going to take over at the end of the term of this bill.

Do you have any thoughts or feelings about it? Are you disquieted? Are you reassured? How do you feel about the idea of phasing in special revenue sharing and phasing out Federal support for the CAP's?

Mr .MITCHELL. I am exasperated, Senator Javits, and I think most people who are the victims of discrimination or who know what it is like to be victimized by discrimination realize that there is no way in this world for a revenue sharing program to be developed that is not going to be fraught with dishonesty, shot through with deprivation of the people who need the money.

I just think it is incredible at this period in our history that people talk about giving back to persons who have already failed the people, the responsibility of helping the people.

I have great sympathy for State and local officials, and I think they are up against awful pressures when it comes to spending money. I think we know that when a large sum of money comes into any kind of governmental entity there is a tendency to spend it for the things that are going to produce the most desirable political results.

That is why we see in almost every big city of this country the show places that have been developed with the help of the Government through condemnation and things of that sort, so that you have magnificent office buildings, wonderful high-rise apartments, and no housing for the poor.

There is a lot of vacant land around but there is no intention of using that land for people who really need it.

I just believe that if we think we have seen the worse kind of picture in the misuse of Federal money, we will be unpleasantly surprised to discover how terrible it is going to look if and when we start pouring out from the Federal Treasury these monies into places where they won't be spent properly.

In addition to that, they will have the effect of destroying some of these programs that we know are workable.

Senator JAVITS. Do you think in view of the fact that we are going to be facing special revenue sharing that we should write in Federal criteria, Federal monitoring and the opportunity for some Federal recapture if there is a failure of performance on a selective basis, that is, where there is a failure of performance locally?

Mr. MITCHELL. I think it is very important and absolutely indispensable that that be done. But I would like to bring to your attention the system of burglar alarms and infrared ray protection and all sorts of things that we have to keep burglars from breaking into places and to cut down on the other kinds of crimes, of stealing and that sort of thing, nice television equipment in banks which reveal the robbers walking off with the money, but we don't catch them.

I think this is what will happen in this program. We will have all this nice criteria and all these safeguards to prevent misuse, and we will get some wonderful thick books like this one, a couple of inches thick, showing terrible misuse, but by that time the money will be gone and there won't be much we can do about it.

Senator JAVITS. So you are applying the pragmatic stand that heretofore the local level did not adequately carry this responsibility, and when it was carried in the Federal establishment, about all its deficiencies, at least much more got out the tap to the people who needed it than with the States and cities.

But isn't it true that the States and cities had no programs and had no money for programs, in short, that they simply weren't organized or dedicated to the purpose and that is why they defaulted so terribly, rather than that they ran programs which were available to them badly?

Would you give us your comment?

Mr. MITCHELL. I think it is because they didn't want to do it. When I was a boy, somebody would talk about building a high school in the neighborhood where I lived. There was talk of putting a swimming pool in that high school.

The answer of the people who were appropriated money was, "That is a frill. They don't need any of these frills for colored people. They don't even know how to swim."

I think that attitude is typical of most of the local communities, not only with respect to us, as Negroes, but with respect to people generally.

In Minnesota, one time there was a county where somebody was trying to get money to help pregnant girls who weren't married. These were all white. One of the town fathers suggested that maybe they could raise funds by giving a dance, because these girls had a lot of friends and you probably could get a good sum of money that way.

So it is a calloused, indifferent attitude which is the real problem in this thing.

I think if we want to experiment with it, why don't we take the type of thing that has been suggested by Federal financing and administration of welfare programs. As I understand it, this would have a tremendous impact in your State of New York. I know it would in California and other places.

If then, on the basis of that experience, we see things going well, then maybe we can talk about this other program. But right now it seems to me it is like pouring money down a rathole.

Senator JAVITS. So that your support is for the 2-year extension and the continued funding of OEO for all of its programs in view of these concerns which you have expressed?

Mr. MITCHELL. Exactly, Senator. I want to say also, I repeat, what I said earlier about you and your colleagues, Senator Nelson and Senator Cranston.

On the basis of my experience, there are not many people at the local level who have an opportunity to see the needs of this country as you are able to see them. They can see what it is in their own little community, but you have the advantage of looking at the total picture and seeing what can be done.

Therefore, I think that until we have been able to make a better analysis and tighten up more than we now tighten up, we better stick with these things that the record shows can be helpful.

We know that children have had their educations improved. We know that people who were hungry have been fed. We know that new opportunities for jobs have been created under this program.

So until we have something infinitely better, it seems to me we better hold onto it.

Senator JAVITS. Thank you, Mr. Chairman.

Mr. Chairman, unfortunately, I could not be present at the opening, but having introduced the Administration's bill on behalf of myself and Senators Williams and Nelson, respectively, the chairman of the full committee and chairman of our subcommittee; Senator Schweiker, who is here; Senators Cranston, Hughes, Kennedy, Mondale ,Pell, Randolph, Bayh, Bellmon, Boggs, Case, Fong, Griffin, Hart, Mathias, Scott, and Prouty, I would appreciate it if my statement could appear in the proper place in the record.

Senator NELSON. Without objection.

Mr. MITCHELL. Mr. Chairman, I would appreciate it if you would permit me to express appreciation to those Senators also, in addition to the Senators I named, who also sponsor the bill of Senator Javits.

Senator NELSON. I want to say, Mr. Mitchell, in my judgment, your testimony is by far the most valuable contribution in evaluating the problems we have had in these hearings.

Thank you very much.

Mr. MITCHELL. Thank you.

Seantor NELSON. The subcommittee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:35 p.m. the subcommittee recessed, to reconvene at 10 a.m., Thursday, March 25, 1971.)

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

THURSDAY, MARCH 25, 1971

U.S. SENATE
SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY,
OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10:10; a.m., in room 1318, New Senate Office Building, Sen. Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senators Nelson, Kennedy, and Javits.

Committee staff members present: William R. Bechtel, professional staff member; and John K. Scales, minority counsel.

Senator NELSON. The committee will resume hearings.

Our first witnesses this morning represent the National Association for Community Development. Are you Mr. Wallace?

Mr. WALLACE. I am Mr. Wallace; yes.

Senator NELSON. Could you each identify yourselves for the reporter for the record, and then identify yourselves when you testify?

Mr. WALLACE. My name is Carl Wallace, I am vice president of the National Association for Community Development and executive director of the Long Beach Commission on Economic Opportunity, Long Beach, Calif.

Mr. ROBLIN. I am John Paul Roblin, member of the board of NACD, director of the Ten-County Program Development and Planning Project, Gulfport, Miss.

Mr. BOYLSON. I am James N. Boylson, executive director of the National Association for Community Development.

Mr. ACOSTA. I am Roberto Acosta, National Association for Community Development board of directors, and I am executive director of the South Alameda County Economic Opportunity Agency.

Mrs. SYLER. I am Murrell Syler, executive director of the Chicago Committee on Urban Opportunity and a member of the National Association for Community Development.

Mr. HAYES. I am Leroy Hayes, executive director of the Compton Willowbrook Enterprise Community Action Agency in California, and member of the board of directors of the National Association for Community Development.

Senator NELSON. Mr. Wallace, do you have a prepared statement?

Mr. WALLACE. No, I do not, Senator. I would just open and then pass the mike on to my colleagues.

Senator NELSON. Fine. Just present your testimony however you desire, just so the reporter keeps it straight as to who is testifying at the moment.

STATEMENT OF CARL P. WALLACE, VICE PRESIDENT, NACD, AND DIRECTOR, LONG BEACH COMMISSION ON ECONOMIC OPPORTUNITY

Mr. WALLACE. On behalf of the National Association for Community Development I would like to express our gratitude for being invited to appear before the committee, and I would like very briefly to give you the purpose of the NACD, after which my colleagues will then give testimony with reference to why we feel the extension of the Economic Opportunity Act must remain.

NACD is a national professional organization of individuals and agencies involved in programs of human and community development. Its focus is on people believing strongly in programs relating to the needs and activities of people. Its goals include enhancing the professional competence of community development personnel, assisting communities to develop comprehensive programs for human development, and to mobilize their resources, supporting the community action concept and a strong and effective citizen participation in the planning and administration of community development programs, relating citizens to the role that community action plays in communites, stimulating interest in research, enhancing the operation of cooperative federalism among national, State, and local agencies.

Membership of NACD is open to individuals and organizations involved and concerned with community development.

With that statement I ask Mrs. Syler to begin.

Senator NELSON. Mrs. Syler.

STATEMENT OF MRS. MURRELL SYLER, EXECUTIVE DIRECTOR, CHICAGO COMMITTEE ON URBAN OPPORTUNITY

Mrs. SYLER. Mr. Chairman, I am gratified to have this opportunity to testify in support of extension of the antipoverty agency and to tell you what Chicago's community action program has been doing, is continuing to seek to accomplish with the funds secured from the Office of Economic Opportunity programs.

I wish to go on record as urging that OEO continue to retain its present identity and strutcure. I say this for many reasons, not the least of which is that the poor have been promised a new kind of help and support which they can now expect from people they know and trust. To dismantle this program is to betray the trust of the people of the disadvantaged communities.

There was a time when the poor would accept anything that was denied them. They expected nothing different and felt that since no one cared, what chance did they have to try and retain anything of their own. Times have changed. The poor and the minority groups in America have found that there are means which can be used to attract the attention and the conscience of the Nation.

The disadvantaged in Chicago through the OEO programs have been given positive alternatives to the popular concepts of conflict. We have pursued the true concept of urban opportunity which is more than getting someone a job or health care or training. The objective has been to enable the inner-city residents to cope with the

complexities of urban living. What we have done is involve citizens from all strata of life in Chicago. We have the poor, the city officials, the professionals, all working together on councils. They represent over some 2,000 people working together, making decisions together for programs to deal with the problems of poverty. This has great meaning for the poor people, for they feel that they have a dialog with the people who have the power and therefore feel there is a hope.

I think that the thing that Chicago is proudest of is, due to OEO funding, it can mobilize all its resources and effectively use all its local institutions in a comprehensive program such as never existed and is not possible without flexible funding.

We share our Federal funds with more than 60 public and private agencies throughout the city. As the prime contractor CCUO is able to effectively monitor both program and fiscal agency responsibility. It also permits more comprehensive programing in that duplication can be avoided when one agency is accountable and has an awareness of what each of its subcontracting partners is doing or planning to do.

These agencies are in dire straits for money now. They have come to depend heavily on Federal support. If this support were ever denied them, the best we could hope for would be a critical dependency on public agencies and a total loss of the private resources of the private sector.

I have submitted as an exhibit, Mr. Chairman, a paper prepared by the private sector stating the case for private agency funding, and it is attached to my formal statement.

Senator NELSON. That will be printed in the record.

(The information subsequently supplied follows:)

CURRENT PUBLIC FUNDING PATTERNS A THREAT TO THE PUBLIC-PRIVATE PARTNERSHIP

This position paper has been prepared by the Boy Scouts, the Chicago Archdiocesan School Board, the Chicago Association of Commerce and Industry, the Chicago Boys Clubs, the Chicago Committee on Urban Opportunity, the Chicago Commons Association, the Chicago Federation of Settlements, the Chicago Youth Centers, the Community Fund of Chicago, the Welfare Council of Metropolitan Chicago and the Young Men's Christian Association of Metropolitan Chicago. It deals with three inter-related and growing problems:

(1) The increasing need for social services for the poor in Chicago.

(2) The partnership of public and private agencies in responding to these service needs is threatened by the growing gap between income and expense; the costs of all agencies in the Community Fund of Chicago have more than doubled in the last decade; traditional sources of income have increased less than two-thirds and deficits have increased fourfold. Public funding has filled much of this gap and now represents more than one-fourth of private agency income.

(3) The partnership is also threatened by the growing tendency or public funding sources to predetermine at the national level the use of previously flexible funds. This limits the ability of the local community to set priorities and launch experimental programs and reduces the amount of public funds for private agencies. In Chicago this decline in the last four years has been $5,300,000—more than 31.5% of the flexible anti-poverty funds available to Chicago's social service agencies.

I. THE GROWING NEED FOR SERVICES IN THE CITY OF CHICAGO

In the period 1960–70, there was an increase of 546,000 people in Cook County outside Chicago, most of whom were affluent white out-migrants from Chicago. During the same period, the non-white population of Chicago gained 263,000 people, an increase from 24% of the population in 1960 to 33% in 1970.

The number of youngsters on Aid to Dependent Children (ADC) has grown from 150,000 to 239,000 in 1970, a net increase of 230%. The percentage of poor children in the Chicago public schools (based on the eligibility formula of the Elementary and Secondary Education Act) has increased from 23% in 1967–68 to 30% in 1969–70. Non-white students in Chicago schools have increased by 10% over last year while there has been a 5% decline in white students. Today, nonwhites represent 59% of the population of all Chicago public schools. The number of Chicagoans under 25 years has increased from 1,412,000 (39.8%) in 1960 to 1,566,000 (46.5%) in 1970.

Despite an increase of jobs in Chicago in the last decade of 134,000 (8%) from 1,721,000 to 1,855,000,[1] there is a continuing need for social services in the poverty neighborhoods. Thirty-one percent of the adolescents in poor areas are unemployed. Thirty-three percent of the working males and seventy-three percent of the working females from these nighborhoods earn less than $100 per week. Thirty-two percent of the families of four or more have annual incomes of less than $5,000.[2]

II. PRIVATE AGENCY TRENDS

Chicago's experience has demonstrated that the private agencies are an indispensable part of the effort to alleviate the effects of poverty and delinquency. They have a long history of wrestling with the problems that the anti-poverty campaign is directed toward solving. Many of the concepts on which that campaign is based were pioneered by private agencies. The phrase, "maximum feasible participation of the poor", was coined by a former employee of a Chicago private agency. Along with public agencies, they lent staff for a year to the original task force that developed the Chicago Committee on Urban Opportunity.

Private agencies have long-established relationships of communication and trust with poverty communities through years of programming and with community leadership who serve on their boards. These relationships have been very helpful in developing and evaluating programs and in interpreting anti-poverty efforts to business and industrial leaders on agency boards.

They have also demonstrated a special advantage in experimental programs. Rightly or wrongly, this country has a long history of distrust of government. This makes it extremely difficult for public agencies to be rigorously experimental, since experimentation means making mistakes, assessing the reasons for the mistakes and testing alternatives. Put public agencies are subject to "instant second-guessing" by the press, by politicians and by citizens in general. It becomes difficult for them to admit failure and assess it objectively in such an atmosphere. From this pressure private agencies are much more free. It is no accident that some of the most significant breakthroughs have been initiated by private agency experimenation. For example, much of the current national thrust of manpower programs is based on the findings of experimental programs by this group of Chicago private agencies.

The following study of the last decade reflects a financial trend which may be succinctly summarized: The costs of all agencies in the Community Fund of Chicago have more than doubled; traditional sources of income have increased less than two-thirds; deficits have increased four-fold. Public funding has filled much of the gap and now represents more than one-fourth of agency income. The special publicly funded projects are more than one-eighth of agency income. This makes the decline of flexible public funds a real threat to the continuation of private agencies.

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[1] Press release of the Chicago Association of Commerce and Industry (John Coulter), Aug. 6, 1970, p. 5.

[2] "Training and Jobs for the Urban Poor," Committee for Economic Development, New York, July, 1970, pp. 24–5, "Employment and Income Data for the Poor Areas of Six Cities July 1963–June 1969."

TREND OF EXPENDITURES AND SOURCES OF FINANCING OF COMMUNITY FUND AGENCIES

[Shown in thousands—000 omitted]

	1960 actual	1965 actual	1967 actual	1968 actual	1969 actual (unaudited)
Total expense	$39,142	$50,014	$66,542	$73,461	$80,410
Percent	100.0	100.0	100.0	100.0	100.0
Agency income:					
Agency fees and earnings	8,805	12,997	13,021	13,276	14,813
Percent	22.5	26.0	19.6	18.1	18.4
Investment income	2,997	4,270	5,014	5,956	5,760
Percent	7.7	8.5	7.5	8.1	7.2
Agency contribution income	12,699	14,962	17,844	18,815	20,472
Percent	32.4	29.9	26.8	25.6	25.4
Agency private income	24,501	32,229	35,879	38,047	41,045
Percent	62.6	64.4	53.9	51.8	51.0
Crusade of Mercy allocations (excluding community fund)			353	347	593
Percent			.5	.5	.7
Community fund	9,609	11,824	13,410	14,428	15,041
Percent	24.5	23.6	20.2	19.6	18.7
Total Crusade of Mercy	9,609	11,824	13,763	14,775	15,634
Percent	24.5	23.6	20.7	20.1	19.4
Public purchase of services	4,436	5,424	7,433	9,166	10,223
Percent	11.4	10.9	11.2	12.5	12.7
Government project reimbursement			7,478	9,636	10,678
Percent			11.2	13.1	13.2
Governmental funding	4,436	5,424	14,911	18,802	20,901
Percent	11.4	10.9	22.4	25.6	25.9
Total agency income	38,546	49,477	64,553	71,624	77,580
Percent	98.5	98.9	97.0	97.5	96.5
Deficit for the year	598	537	1,989	1,837	2,830
Percent	1.5	1.1	3.0	2.5	3.5

III. CONSEQUENCES OF THE DECLINE IN FLEXIBLE FUNDING [1]

Government inspectors have frequently praised Chicago's ability to unite the resources of all social service institutions in attacking community problems. These strong inter-agency bonds have been cemented by the use of flexible anti-poverty funds whose use was decided by the local community which set its own priorities, based on local needs. This cooperation is threatened by the growing tendency to cut the amount of flexible funds and earmark funds for nationally determined programs. In the last four years the earmarked percentage of the total funds available to the Chicago Committee on Urban Opportunity (CCUO) has risen from 58% to 72% while the flexible funds have declined from 42% to 28%. This has meant a reduction in flexible funds of $5,300,000, 31.5% of the total flexible funds available to Chicago's social service agencies.

CCUO FUNDING 1967–70

[In millions of dollars]

Year	Flexible funds	Total funding	Percent of total CCUO funds for earmarked programs
1967	16.8	40.7	58
1968	14.4	42.8	67
1969	12.0	42.5	72
1970	11.5	40.0	72

Source: Finance division, CCUO.

[1] "Flexible funds" means that the local community has the right to determine for what priorities the money will be spent. These flexible funds are still subject to fiscal guidelines far more stringent than those required by foundations or the Community Fund and expenditures are audited and reaudited.

These flexible funds have been given to private agencies on an 80%-20% matching basis to expand a variety of vital social services. Their decline has meant the curtailment, for example, of community outreach and employment programs and the elimination of a motivational and tutoring program for capable under-achievers from 24 public and parochial grade schools. The following table shows the effects on three major private agencies:

Agency and program	1967	1970	4-year period	
			Decline	Percent
Federation of Settlements (community outreach and employment)	$439,801	$311,917	$127,884	40.9
Chicago Boys Clubs (youth training and employment)	59,575	47,140	12,165	22.1
YMCA (tutoring, community outreach, training and employment—administered for youth centers, boys clubs and Hull House)	907,376	569,047	338,339	37.3
Totals	1,406,752	928,374	478,378	34.0

These earmarked national emphasis programs emanate from Washington with specific guidelines which limit the adaptability of the program to the local scene, and in addition, fragment planning and operations into a dozen independent service units. This type of funding has been consistently and severely criticized in the professional literature as inimical to coordinated systematic community development. It tends to divide the poor communities into many competing client groups each with its own loyalties and thereby effectively blocks the community cohesiveness necessary for proper community development. Program guidelines formulated in Washington seldom reflect practical insight into local problems.

In 1970 the Office of Economic Opportunity announced that youth program money would no longer be exclusively used during the summer months. They imposed a maximum limit of 20% of the former summer money that could be used during July and August, the two months of peak service need. The rationale behind the use of youth money throughout the year instead of the summer months is that the summer programming was found to have little effect on rioting. The neighborhood advisory councils all responded that they never thought that the money stopped riots, but they prefer to offer intensive programming in the summer when so many youth are idle, instead of the other months when school activities and part-time jobs take up most after school hours. OEO refused to alter the directive. On this item the overwhelming consensus of local agencies, community advisory boards and the youth councils themselves were overruled *a priori* by a handful of Washington executives.

In 1969 about $2,150,000 was used for Summer Programming. From a variety of sources, principally Model Cities, $1,150,000 was secured in 1970 for Summer Programs. *At this moment, none of these funds are available for 1971.* Because of the decline of funds in 1970, private resident camp facilities valued at $2,500,000 were closed and other camps were underused. Last year 1,886 inner-city campers (1,751 boys and girls and 135 adults) attended camp with some of these funds. At a time when increased unemployment and a growing youth population increase the need for camping—the most dramatic short term alternative to ghetto environment—, we face further curtailment of camping. Day camping, sports, cultural and craft programs, trips and other recreation will also shrink within the city.

The final result of the present trend in public funding may well be the exclusion of the private sector in local anti-poverty programming since earmarked programs do not use the experimental and demonstration potential of the private agency. The gradual erosion of the public and private agency partnership would be a tragic loss to this city as it grapples with its problems.

Mrs. SYLER. Under OEO funding we can and do modify our programs to meet changing conditions. Moreover, we identify closely enough with the communities to understand the distinctive qualities of these changing patterns and can avoid crisis by making timely and appropriate conversions of our program. No other Federal agency allows this kind of adaptability at the local level. No other Federal

agency admits this program modification, even though to continue a given program means it is missing the mark and leaving needs unmet.

It is my considered opinion that any attempt to dismantle or spin off OEO programs now would have tragic results. We have built a base of confidence and hope to replace the despondency and the "what's-the-use" attitude formerly displayed by the deprived. We have made deep inroads and we are accepted in the ghettos of the nation. We have stimulated people to work toward the realization of their reasonable expectations.

Now to discontinue OEO as an agency will have one meaning, and that is that there is little hope for the masses in our kind of democracy.

Since 1965 the Chicago Committee on Urban Opportunity has been the prime deliverer of manpower services in the community. CCUO because of its unique relationship in the community has created a viable, relevant manpower mechanism, notwithstanding programmatic and fiscal restraints imposed on it by the U.S. Department of Labor, has operated and delegated a manpower delivery system that has had significant success. The key to this success has been the fact that CCUO is and has been part of the community.

The staff is substantially composed of neighborhood residents who are part of the manpower sysem of outreach, intake, assessment, coaching, and followup.

CCUO has always taken the position that as many public and private agencies can mobilize a good program, and for that reason we have developed a comprehensive network of agencies providing manpower services.

Since the beginning of our program we have involved several hundreds of agencies and companies in an integrated strategy in dealing with the community manpower program.

As exhibit A, I have attached a listing of these agencies to demonstrate the extent of the involvement of the private sector in our programs, private and public sector.

Our credentials for the OEO programs in Chicago have been performance. In support of this I have submitted evidence through statistics we have, the community representatives who are hired from the poor in the inner city to work with their neighbors, and we visited a total of 36,881 homes just during the month of January of this year. A total of a half million homes were visited by the community representatives during the entire year of 1970.

These community representatives have a close contact with people, and they average about 300 in number and are responsible for a variety of tasks. Among them are health services. We made it possible for 112,000 children to be innoculated. We gave lead poisoning screening for some 50,000 youngsters. We provided environmental services by inspecting buildings and referring them to the building department to see to it that the institutions that are responsible for meeting the needs of people do their jobs.

We provide homemaking classes. By this means we help people to improve their ability to live in an urban crowded community.

A total of 5,522,867 persons have visited one or the other of our

neighborhood centers since we opened them in 1965. During 1970 alone a total of 2,085,516 persons visited our urban progress centers.

Other duties and responsibilities of the community representatives include systematic canvasing of neighborhood residents to acquaint them with services provided by the center and all of the institutions in the community.

When visits are made for specific purposes to the homes of neighborhood residents the community representatives routinely look for building code violations and complete a form which is then handled by their supervisors, or if there are violations a report is sent to the department of building where appropriate action to correct violations is initiated. Depending on the severity of the violations and the extent to which the residents are inconvenienced or in danger, the UPC staff initiates emergency action to protest and improve conditions under which the residents live.

We have successfully operated the Headstart program and maintained the highest quality program for the more than 100,000 children who have been enrolled in our summer-year round program since 1966. Each child's family has been integrated into our total program of a network of services designed to upgrade family life for the total family, not just for the individual in a distinctive and specialized program, but for every member of the family.

Among CCUO delegate agencies and services performed are examples of tremendous progress that can be made by integrating public and private services in a complete comprehensive program.

An explanation of these programs and the accomplishments of these programs are set forth in our annual report which I wish to present as exhibit C, I suppose you would say ,the Chicago Committee on Urban Opportunity, 1969 annual report, with the people. This report is the most recent report we have. The 1970 report is at press and we could not submit it at this time.

In closing, I ask the distinguished members of this committee to do all in their power to extend the life of OEO programs and preserve, protect, and further the goals which constitute the Office of Economic Opportunity. By so doing you will assure an America in which every man has an opportunity to advance in accordance with his own ability.

Thank you.

Senator NELSON. Thank you, Mrs. Syler.

(The prepared statement of Mrs. Syler with supplemental material follows:)

REPORT TO UNITED STATES SENATE

SUBCOMMITTEE ON MANPOWER AND POVERTY

MARCH 25, 1971

DELIVERED BY

MRS. MURRELL SYLER, EXECUTIVE DIRECTOR
CHICAGO COMMITTEE ON URBAN OPPORTUNITY

WASHINGTON STATEMENT

MR. CHAIRMAN AND MEMBERS OF THE SUB-COMMITTEE.

I AM GRATIFIED TO HAVE THIS OPPORTUNITY TO TELL YOU WHAT CHICAGO'S COMMUNITY ACTION PROGRAM HAS BEEN DOING AND IS CONTINUING TO SEEK TO ACCOMPLISH WITH THE FUNDS SECURED THROUGH THE OFFICE OF ECONOMIC OPPORTUNITY PROGRAMS.

I WISH TO GO ON RECORD AS URGING THAT THE OEO CONTINUE TO RETAIN ITS PRESENT IDENTITY AND STRUCTURE. I SAY THIS FOR MANY REASONS, NOT THE LEAST OF WHICH IS THAT THE POOR HAVE BEEN PROMISED A NEW KIND OF HELP AND SUPPORT WHICH THEY CAN EXPECT FROM PEOPLE THEY KNOW AND TRUST.

TO DISMANTLE THIS PROGRAM IS TO BETRAY THE TRUST OF THE PEOPLE OF THE DISADVANTAGED COMMUNITIES.

THERE WAS A TIME WHEN THE POOR WOULD STOLIDLY ACCEPT ANYTHING DENIED THEM. THEY EXPECTED NOTHING DIFFERENT AND FELT THAT SINCE NO ONE CARED, WHAT CHANCE DID THEY HAVE TO TRY AND RETAIN ANYTHING OF THEIR OWN. TIMES HAVE CHANGED. THE POOR AND THE MINORITY GROUPS IN AMERICA HAVE FOUND THAT THERE ARE MEANS WHICH CAN BE USED TO ATTRACT THE ATTENTION AND THE CONSCIENCE OF THE NATION.

THE DISADVANTAGED IN CHICAGO THROUGH THE OEO PROGRAMS HAVE BEEN GIVEN POSITIVE ALTERNATIVES TO THE POPULAR CONCEPTS OF CONFLICT.

WE HAVE PURSUED THE TRUE CONCEPT OF URBAN OPPORTUNITY WHICH IS MORE THAN GETTING SOMEONE A JOB OR HEALTH CARE OR TRAINING. THE OBJECTIVE HAS BEEN TO ENABLE THE INNER CITY RESIDENT TO COPE WITH THE COMPLEXITIES OF URBAN LIVING.

HOW WAS THIS DONE? THROUGH THE INVOLVEMENT OF MORE THAN TWO THOUSAND PEOPLE IN A VARIETY OF COUNCILS. THEY RANGE FROM THE FULL GOVERNING COMMITTEE AND THE NEIGHBORHOOD ADVISORY COUNCILS TO THE PARENTS' COUNCIL IN HEAD START. EACH OF TEN URBAN PROGRESS CENTERS HAS A COUNCIL OF COMMUNITY RESIDENTS AND LEADERS. THE PRIVATE AGENCIES WHICH ARE BENEFITING BY URBAN OPPORTUNITY PROGRAMS HAVE THEIR COMMITTEES AND COUNCILS. THESE COUNCILS INCLUDE PEOPLE WHO REPRESENT A CROSS-SECTION OF THE TOTAL COMMUNITY.

THE FAITH OF A POOR PERSON IS BOLSTERED WHEN HE IS ABLE TO MAKE DECISIONS WITH HIS ALDERMAN ON THE SAME COMMITTEE OR COUNCIL. HE REALIZES, IF ONLY SUBCONSCIOUSLY, THAT WHAT IS SAID AND DONE BY THIS GROUP MUST HAVE IMPORTANCE, OTHERWISE WHY WOULD AN ELECTED OFFICIAL TAKE

TIME TO BE PRESENT.

THE SAME APPLIES TO THE LOCAL POLICE COMMANDER AND THE RECOGNIZED LEADERS OF THE NEIGHBORHOOD. IF IT IS IMPORTANT TO THE TEACHERS, THE MINISTERS, THE BUSINESSMEN, THEN OUR RESIDENT THINKS IT IS IMPORTANT.

I THINK THE THING THAT CHICAGO IS PROUDEST OF IS THE FACT THAT DUE TO OEO FUNDING, IT CAN MOBILIZE ALL ITS RESOURCES AND EFFECTIVELY USE ALL ITS LOCAL INSTITUTIONS IN A COMPREHENSIVE PROGRAM SUCH AS NEVER EXISTED AND IS NOT POSSIBLE WITHOUT FLEXIBLE FUNDING.

WE SHARE FEDERAL MONEY WITH MORE THAN 60 PUBLIC AND PRIVATE AGENCIES IN THE CITY TO PROMOTE A VARIETY OF PROGRAMS. AS THE PRIME CONTRACTOR, CCUO IS ABLE TO EFFECTIVELY MONITOR BOTH PROGRAM AND FISCAL AGENCY RESPONSIBILITY.

IT ALSO PERMITS MORE COMPREHENSIVE PROGRAMMING IN THAT DUPLICATION CAN BE AVOIDED WHEN ONE AGENCY IS ACCOUNTABLE AND HAS AN AWARENESS OF WHAT EACH OF ITS SUB-CONTRACTING PARTNERS IS DOING OR PLANS TO DO.

THESE DELEGATE AGENCIES ARE IN DIRE STRAITS FOR MONEY. THEY HAVE COME TO DEPEND HEAVILY ON FEDERAL SUPPORT. IF THIS SUPPORT WERE EVER

DENIED THEM, THE BEST WE COULD HOPE FOR WOULD BE A CRITICAL DEPENDENCY ON PUBLIC AGENCIES AND A TOTAL LOSS OF THE PRIVATE RESOURCES OF THE PRIVATE SECTOR.

UNDER OEO FUNDING WE CAN AND DO MODIFY OUR PROGRAMS TO MEET CHANGING CONDITIONS. MOREOVER WE IDENTIFY CLOSELY ENOUGH WITH THEIR COMMUNITIES TO UNDERSTAND THE DISTINCTIVE QUALITY OF THESE CHANGING PATTERNS AND CAN AVOID CRISES BY MAKING TIMELY AND APPROPRIATE CONVERSIONS OF OUR PROGRAM.

NO OTHER FEDERAL AGENCY ALLOWS FOR THIS KIND OF ADAPTABILITY AT THE LOCAL LEVEL. NO OTHER FEDERAL AGENCY PERMITS MID-PROGRAM MODIFICATIONS EVEN THOUGH TO CONTINUE A GIVEN PROGRAM MEANS IT IS MISSING THE MARK AND LEAVING OTHER NEEDS UNMET.

IT IS MY CONSIDERED OPINION THAT ANY ATTEMPT TO DISMANTLE OR SPIN-OFF OEO PROGRAMS NOW WOULD HAVE TRAGIC RESULTS. WE HAVE BUILT A BASE OF CONFIDENCE AND HOPE TO REPLACE THE DESPONDENCY AND THE "WHAT'S THE USE" ATTITUDE FORMERLY DISPLAYED BY THE DEPRIVED. WE HAVE MADE DEEP INROADS AND ARE ACCEPTED IN THE GHETTOS OF THE NATION. WE HAVE STIMULATED PEOPLE TO

WORK TOWARDS THE REALIZATION OF THEIR REASONABLE EXPECTATIONS. NOW IT WILL HAVE ONE MEANING AND THAT IS THAT THERE IS LITTLE HOPE FOR THE MASSES IN OUR KIND OF DEMOCRACY. "WE RAN LAST AGAIN."

WE HAVE HEARD MUCH TALK LATELY ABOUT SPINNING-OFF OEO PROGRAMS TO THE FEDERAL AGENCY MOST CLOSELY CONCERNED WITH WHATEVER THE PROGRAM DEALS WITH. LET ME TALK FOR A LITTLE ON WHAT HAPPENS WHEN AN AGENCY IS GIVEN A JOB IT PROBABLY DOESN'T WANT OR UNDERSTAND. OEO IS CONCERNED DIRECTLY WITH THE SYNDROME OF POVERTY. THIS IS NOT TRUE OF ANY OTHER GOVERNMENTAL BODY. TRUE, MANY HAVE A PIECE OF IT, BUT, THAT'S ALL IT IS; A PIECE. IF AN EFFORT IS NOT MADE PART OF A WHOLE, HISTORY HAS PROVEN THAT IT CAN ONLY HAVE LIMITED EFFECTIVENESS.

SINCE 1965, THE CHICAGO COMMITTEE ON URBAN OPPORTUNITY HAS BEEN THE PRIME DELIVERER OF MANPOWER SERVICES IN THE COMMUNITY. CCUO, BECAUSE OF ITS UNIQUE RELATIONSHIP IN THE COMMUNITY, HAS CREATED A VIABLE RELEVANT MANPOWER MECHANISM THAT NOTWITHSTANDING PROGRAMMATIC AND FISCAL RESTRAINTS IMPOSED ON IT BY THE U.S. DEPARTMENT OF LABOR HAS OPERATED AND DELEGATED A MANPOWER DELIVERY SYSTEM THAT HAS HAD SIGNIFICANT SUCCESS. THE KEY TO THIS SUCCESS HAS BEEN THE FACT THAT CCUO IS, AND HAS BEEN, PART OF THE COMMUNITY. ITS STAFF IS SUBSTANTIALLY COMPOSED OF NEIGHBORHOOD RESIDENTS WHO ARE PART OF ITS MANPOWER SYSTEM OF OUTREACH, INTAKE, ASSESSMENT, COACHING AND FOLLOW-UP.

CCUO HAS ALWAYS TAKEN THE POSITION THAT AS MANY PUBLIC AND PRIVATE AGENCIES THE COMMUNITY COULD MOBILIZE IN HELPING TO RELATE TO THE COMMUNITY MANPOWER NEEDS THE BETTER THE RESULTS WOULD BE. FOR THAT REASON, WE HAVE DEVELOPED A COMPREHENSIVE NETWORK OF AGENCIES PROVIDING MANPOWER SERVICES. SINCE THE BEGINNING OF OUR PROGRAMS WE HAVE INVOLVED SEVERAL HUNDRED OF AGENCIES AND COMPANIES IN A INTEGRATED STRATEGY IN DEALING WITH THE COMMUNITIES MANPOWER PROGRAM (SEE EXHIBIT A).

IN ADDITION, WE HAVE TRIED TO RELATE THE VARIOUS CATEGORICAL FEDERAL PROGRAMS WITH THEIR RIGID GUIDELINES TO FIT INTO OUR COMPRHENSIVE MANPOWER STRATEGY. IN RECENT YEARS THE U.S. DEPARTMENT OF LABOR'S RESTRICTIVE PROGRAM GUIDELINES HAVE MADE IT NEXT TO IMPOSSIBLE FOR PRIVATE AGENCIES TO PARTICIPATE IN THIS DESIGN. WE FEEL THAT THIS IS TRAGIC AND CONSEQUENTLY HAVE HAD TO USE THE LOCAL INITIATIVE FUNDING OF OEO TO SUPPORT DELEGATE AGENCY MANPOWER PROGRAMS THAT ARE CRUCIAL TO THE COMMUNITY BUT COULD NOT MEET THE LABOR DEPARTMENT'S SPECIFICATIONS.

EXAMPLES OF THIS ARE THE SUCCESSFUL MANPOWER PROGRAMS OF THE Y.M.C.A., THE TRI-FAITH EMPLOYMENT PROJECT, THE HYDE-PARK KENWOOD JOBS TEENS, THE BOYS CLUBS OF AMERICA'S "PROJECT 1300", AND THE FEDERATION OF SETTLEMENTS PRE-VOCATIONAL TRAINING PROGRAM.

SINCE 1965, WE HAVE ENROLLED OVER 175,000 YOUTHS IN ONE OF OUR NEIGHBORHOOD YOUTH CORPS PROGRAMS. WAGES RECEIVED BY THE ENROLLEES THROUGH FUNDS ADMINISTERED BY CCUO WAS IN EXCESS OF $45,000,000.

SINCE 1967, WE HAVE ENROLLED OVER 8,720 TARGET AREA RESIDENTS INTO OUR CONCENTRATED EMPLOYMENT PROGRAM. WAGES AND STIPENDS PAID TO

THE ENROLLEE FOR PARTICIPATION IN OUR ORIENTATION AND WORK EXPERIENCE PROGRAMS IS IN EXCESS OF $3,500,000. WAGES PAID BY PRIVATE SECTOR COMPANIES TO CEP GRADUATES APPROXIMATES $50,000,000.

SINCE JANUARY, 1970, OUR MODEL CITIES MANPOWER DEVELOPMENT PROGRAM HAS ENROLLED OVER 1,704 TARGET AREA RESIDENTS AND HAS PAID THEM A WAGE OR A STIPEND IN EXCESS OF $500,000. PRIVATE SECTOR WAGES HERE PAID GRADUATES OF THAT PROGRAM OVER $2,500,000.

SINCE 1968, MANPOWER PROGRAMS FUNDED BY LOCAL INITIATIVE OEO MONEY HAS SUPPORTED OVER 7,000 ENROLLEES AT A COST OF $3,000,000. GRADUATES OF THESE PROGRAMS HAVE RECEIVED PRIVATE SECTOR WAGES APPROXIMATING $30,000,000.

SMALLER CCUO MANPOWER PROGRAMS OPERATED THROUGH ITS TRAINING DIVISION INCLUDE PROGRAMS SUCH AS THE SWITCHMAN'S TRAINING PROGRAM WITH THE MILWAUKEE RAILROAD, THE CLERK TYPIST PROGRAM WITH THE FEDERAL EXECUTIVE BOARD, THE I.B.M. KEYPUNCH TRAINING PROGRAM, THE POSTAL PREPARATORY PROGRAM AND THE PRISON RELEASE PROGRAM. THESE PROGRAMS HAVE SERVICED OVER 1,000 ENROLLEES AND HAVE GENERATED ENROLLEE WAGES APPROXIMATING $4,000,000.

YOU CAN SEE FROM THE FOREGOING FIGURES THAT OUR AGENCY IS TOTALLY INVOLVED IN THE PROBLEMS OF MANPOWER AND FEEL COMMITTED TO THE GOAL OF CONTINUED DELIVERY AND COORDINATION OF MANPOWER PROGRAM BY THE AGENCY THAT IS CLOSEST TO THE COMMUNITIES NEEDS, VIZ., THE LOCAL COMMUNITY ACTION AGENCY.

WE ARE DEEPLY OPPOSED TO THE PLAN TO SPIN-OFF THE MANPOWER PROGRAMS FUNDED BY THE EOA FROM THE OEO AND PLACE THEM INTO OTHER FEDERAL AGENCIES.

WHAT I MEAN TO SAY IS THAT THE ORIGINAL DECISION TO CUT UP OEO APPROPRIATIONS WITH SPECIFIC EAR-MARKED MANPOWER PROGRAMS SUCH AS NYC AND LATER CEP, DENIED US THE OPPORTUNITY TO MAKE THE NECESSARY INPUT INTO THESE PROGRAMS THROUGH LOCAL PLANNING AND CITIZEN PARTICIPATION.

EXPERIENCE HAS PROVEN US TO BE RIGHT, VIZ. RECENTLY, SINCE THE EROSION OF THE AUTHORITY OF OEO OVER PROGRAMS OPERATED BY THE U.S. DEPARTMENT OF LABOR, THAT AGENCY HAS BEEN SHOCKINGLY INSENSITIVE TO THE PROBLEMS AND GOALS OF OUR AGENCY AND OTHER CAA'S. THAT AGENCY HAS, BY ADMINISTRATIVE ORDER CONTRARY TO THE INTENT OF THE CONGRESS OF THE UNITED STATES, CHANGED THE CONCEPT OF THE NEIGHBORHOOD YOUTH CORPS PROGRAM WITHOUT CONSULTING THE CONGRESS OR CONSULTATION WITH THE LOCAL COMMUNITIES WHERE THERE WERE YEARS OF EXPERIENCE IN WORKING WITH THE PEOPLE AND THE PROGRAMS DEALING WITH URBAN YOUTH WHO HAD DROPPED OUT OF SCHOOL. PROFESSIONAL PEOPLE WHO WERE DIRECTING NYC PROGRAMS ACROSS THE NATION UNANIMOUSLY CONDEMNED THE INSENSITIVITY OF THE LABOR DEPARTMENT IN CREATING THE IMPOSSIBLE GUIDELINES OF THIS PROGRAM AND THE LABOR DEPARTMENT GRUDGINGLY MADE SOME VERY MINOR CHANGES IN THEIR DESIGN.

THIS IS ONLY AN EXAMPLE BUT IT ILLUSTRATES THE DISREGARD AND LACK OF UNDERSTANDING IN DEALING WITH THE PROBLEMS OF THE POOR THAT EXISTS IN MANY OF THESE MORE SOPHISTICATED FEDERAL AGENCIES. OUR EXPERIENCES IN DEALING WITH OUR REGIONAL DEPARTMENT OF LABOR OVER THE LAST TWO YEARS HAS BEEN CATASTROPHIC PROGRAM GUIDELINES. FUNDING PATTERNS, REGULATIONS OF NYC,

CEP, ETC., CONTINUE TO BECOME MORE AND MORE RESTRICTIVE SO THAT THE PROGRAMS ARE AT A POINT OF BEING ALMOST IMPOSSIBLE TO ADMINISTER AND IMPOSSIBLE TO OPERATE EFFECTIVELY TO DEAL WITH THE NEEDS OF THE PEOPLE WHO ARE TRULY THE POOR.

WE CAN SAY THIS FORCEFULLY BECAUSE WE LIVE IN THE COMMUNITIES WITH THE PEOPLE AND ALSO BECAUSE THE FACTS INDICATE THAT MANPOWER PROGRAMS DEVELOPED WITH THE PARTICIPATION OF THE POOR ARE DEMONSTRATIVELY MORE EFFECTIVE WHEN WE ARE NOT BESET WITH THE RIGIDITY AND ARCHAISM OF THE DEPARTMENT OF LABOR. THIS FACT IS DRAMATICALLY PROVEN WHEN WE COMPARE THE RESULTS OF THE MANPOWER PROGRAMS THAT WE OPERATE OUT OF LOCAL INITIATIVE FUNDING BY OEO. THESE PROGRAMS ALLOW FOR FLEXIBILITY IN PROGRAM DESIGN AND INCORPORATE THE IDEAS OF COMMUNITY RESIDENTS WITH THOSE PROGRAMS WE OPERATE THAT ARE FUNDED BY THE DEPARTMENT OF LABOR. IN EVERY INSTANCE THE PROGRAMS THAT ARE GENERATED BY COMMUNITY ACTION HAVE CONSISTENTLY REACHED THEIR OBJECTIVES OR SURPASSED THEM, WHILE THE LABOR DEPARTMENT PROGRAMS STRUGGLE TO HAVE A 60 PERCENT SUCCESS RECORD.

IN ADDITION, THE RIGIDITY OF THE LABOR DEPARTMENT'S REGULATIONS HAS ALL BUT MADE IT IMPOSSIBLE FOR PRIVATE AGENCIES TO OPERATE PROGRAMS FURTHER DETERIORATING THE COMPREHENSIVE FABRIC CREATED BY A CLIMATE OF LOCAL MOBILIZATION OF RESOURCES RESULTING FROM COMMUNITY PARTICIPATION.

COMMUNITY ACTION HAS WORKED OUT ITS PROBLEMS AND HAS BECOME A RESPONSIBLE, RESPECTABLE VOICE OF THE POOR.

IN THE FIELD OF CHILD DEVELOPMENT, AS ANOTHER INSTANCE, AUTHORITY AND RESPONSIBILITY HAD BEEN TAKEN FROM OEO AND VESTED IN THE OFFICE OF CHILD DEVELOPMENT OF THE DEPARTMENT OF HEALTH, EDUCATION AND WELFARE.

EVEN THOUGH HEAD START, FOR EXAMPLE, WAS DESIGNED FOR THE POOR AND THE POTENTIAL UNDER-ACHIEVING CHILD, THIS TRANSFER OF THIS PROGRAM HAS PRODUCED SOME INTERESTING RESULTS. FOR ONE THING, HEW RECEIVED AN APPROPRIATION OF $360 MILLION DOLLARS, AN INCREASE OF $21 MILLION DOLLARS. OVER PREVIOUS YEARS. NONE OF THIS INCREASE HAS FOUND ITS WAY DOWN TO THE COMMUNITIES TRYING TO OPERATE HEAD START AND CHILD DEVELOPMENT PROGRAMS IN AN INFLATIONARY SOCIETY. THEY WERE FUNDED AT CURRENT LEVELS. WE HAVE NO IDEA WHERE THE ADDITIONAL MONEY WAS DIVERTED.

EVEN MORE SERIOUS IS THE CURRENT PLANNING WITHIN HEW TO LUMP DAY CARE SERVICES UNDER SOCIAL REHABILITATION SERVICES AND DESTROY ITS INTEGRITY AS AN ENTITY.

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EDUCATORS ACROSS THE COUNTRY ARE SO DISTURBED BY THIS, THEY ONLY RECENTLY ARE BEGINNING TO ASK WHAT IS TO HAPPEN TO HEAD START. DAY CARE BY ITSELF IS SIGNIFICANT, BUT WHAT ABOUT THE NON-WORKING MOTHER WHOSE CHILDREN QUALIFY ONLY FOR HEAD START AND NOT DAY CARE?

NO ONE IN HEW IS EVEN TALKING ABOUT HEAD START AT THIS TIME AND THIS IS A BAD SIGN. USUALLY IT MEANS THAT IT WILL BE TREATED AS A LOW PRIORITY MATTER AND MAY WELL FALL BY THE WAYSIDE. IF IT DOES, IT CAN ONLY BE REGARDED AS A NATIONAL SHAME, SINCE IT OFFERED THE GHETTO CHILD WHAT MIGHT BE HIS ONLY CHANCE; NOT JUST A HEAD START, BUT AN EVEN CHANCE IN HIS EDUCATIONAL LIFE.

IF THESE ADMINISTRATIVE COP-OUTS ARE PERMITTED TO COME TO PASS, IT IS MORE THAN PROBABLE THAT ALL OF CHILD DEVELOPMENT WILL BE TREATED ONLY AS A SOCIAL PROBLEM.

THIS IS TYPICAL OF THE FRAGMENTARY ANSWERS AND ISOLATED THINKING THE POOR WERE ACCUSTOMED TO PRIOR TO 1965.

I ASK YOU WITH ALL OF THE SINCERITY IN MY BEING, NOT TO LET THIS HAPPEN. WHAT OEO HAS DEVELOPED IS A TOTAL APPROACH. TO REMOVE ITS PIECES IS TO WEAKEN THE WHOLE STRUCTURE. A FRAGMENTED PROGRAM IS JUST THAT, FRAGMENTS USEFUL TO NO ONE.

THE CREDENTIALS OF OEO PROGRAMMING IN CHICAGO HAVE TO BE PERFORMANCE. IN SUPPORT OF THIS, PERMIT ME TO OFFER IN EVIDENCE THESE STATISTICS.

THE COMMUNITY REPRESENTATIVES WHO ARE HIRED FROM THE POOR IN THE INNER CITY TO WORK WITH THEIR NEIGHBORS VISITED A TOTAL OF 36,881 HOMES DURING JANUARY, 1971.

A TOTAL OF 462,465 HOME VISITS WERE BY THE COMMUNITY REPRESENTATIVES DURING THE YEAR 1970.

THESE COMMUNITY REPRESENTATIVES AVERAGE ABOUT THREE HUNDRED IN NUMBER, AND ARE RESPONSIBLE FOR A VARIETY OF TASKS. AMONG THEM ARE:

HEALTH SERVICES: A TOTAL OF 112,884 INOCULATION APPOINTMENTS DURING 1970.

LEAD POISONING TESTS: 50,221 APPOINTMENTS.

ENVIRONMENTAL SERVICES:

5,078 BUILDING INSPECTION REFERRALS TO DEPARTMENT OF BUILDINGS.

2,110 FAMILIES ENROLLED FOR IN HOME TENANT EDUCATION PROGRAM.

5,239 HEATING COMPLAINTS RESPONDED TO AND APPROPRIATE ACTION TAKEN.

REFERRED 7,500 FAMILIES TO NEW HOUSING WHEN PRESENT PREMISES WERE INADEQUATE.

A TOTAL OF 2,197 PERSONS ATTENDED HOMEMAKER CLASSES DURING THE YEAR.

A TOTAL OF 5,522,867 PERSONS HAVE VISITED ONE OR THE OTHER OF THE URBAN PROGRESS CENTERS OR UNITS SINCE THE FIRST OPENING IN 1965.

DURING 1970, A TOTAL OF 2,085,516 PERSONS VISITED THE UPC'S DURING 1970.

OTHER DUTIES AND RESPONSIBILITIES OF THE COMMUNITY REPRESENTATIVES INCLUDE: THEY SYSTEMATICALLY CANVASS THE NEIGHBORHOOD RESIDENTS TO ACQUAINT THEM WITH THE SERVICES PROVIDED BY THE UPC'S AND AFFILIATED AGENCIES. WHEN VISITS ARE MADE FOR SPECIFIC PURPOSES TO THE HOMES OF NEIGHBORHOOD RESIDENTS, THE COMMUNITY REPRESENTATIVES ROUTINELY LOOKS FOR BUILDING CODE VIOLATIONS AND COMPLETES A FORM WHICH IS THEN HANDLED BY HER SUPERVISOR. IF THERE ARE VIOLATIONS, THE REPORT IS SENT TO THE DEPARTMENT OF BUILDINGS WHERE APPROPRIATE ACTION TO CORRECT VIOLATIONS IS INITIATED. DEPENDING ON THE

SEVERITY OF THE VIOLATIONS AND THE EXTENT TO WHICH THE RESIDENTS ARE INCONVENIENCED OR ENDANGERED, THE UPC STAFF INITIATES EMERGENCY ACTION TO PROTECT AND IMPROVE THE CONDITIONS UNDER WHICH THE RESIDENTS LIVE.

THE COMMUNITY REPRESENTATIVES SYSTEMATICALLY OBSERVE ANY VIOLATIONS OF THE CHICAGO CITY ORDINANCE REQUIRING THE MAINTENANCE OF MINIMUM TEMPERATURES OF 55 DEGREES FAHRENHEIT FROM 10:30 P.M. TO 6:30 A.M.: 60 DEGREES F. AT 6:30 A.M., 65 DEGREES AT 7:30 A.M.; 68 DEGREES F. AT 8:30 A.M. AND THEREAFTER UNTIL 10:30 P.M. FROM SEPTEMBER 15TH TO JUNE 1ST OF THE YEAR. IF VIOLATIONS ARE FOUND TO EXIST, A REPORT IS MADE TO THE MAYOR'S OFFICE OF INQUIRY AND INFORMATION AND APPROPRIATE ACTION TO CORRECT THE SITUATION IS INITIATED.

AMONG CCUO'S DELEGATE AGENCIES AND THE SERVICES THEY PERFORM THE FOLLOWING SHOULD BE INCLUDED:

VOLUNTEER SERVICE CORPS -- RECRUITS AN ESTIMATED 1,200 VOLUNTEERS EACH YEAR TO TAKE PART IN PROGRAMS IN THE CCUO URBAN PROGRESS AREAS.

ST. AUGUSTINES CENTER FOR AMERICAN INDIANS --WORKS WITH APPROXIMATELY 2,000 AMERICAN INDIANS IN AREAS SUCH AS JOBS, RENT ASSISTANCE, FOOD, CLOTHING, LEGAL AND MEDICAL REFERRALS AND ALCOHOLISM.

YOUTH DEVELOPMENT OPERATED JOINTLY BY CCUO AND SEVEN DELEGATE AGENCIES -- THE ARCHDIOCESE COMMITTEE ON POVERTY, OFFICE OF DEVELOPMENT SERVICES, GIRLS SCOUTS, BOY SCOUTS, URBAN GATEWAYS, FEDERATION OF SETTLEMENTS AND DEPARTMENT OF HUMAN RESOURCES.

PROGRAM ALLOWS YOUTH TO PARTICIPATE IN PLANNING A COMPREHENSIVE PROGRAM TO PROVIDE CULTURAL, EDUCATIONAL AND ECONOMIC OPPORTUNITIES TO DEPRIVED YOUNG PEOPLE.

BOY SCOUTS -- PROJECT "13" INVOLVES 13,000 YOUTHS FROM DEPRIVED AREAS AND OFFERS THEM THE FULL BENEFITS OF THE SCOUTING PROGRAM. AGES ARE FROM 8 TO 13.

CENTER FOR HIGHER EDUCATION -- 100 HIGH SCHOOL AGE STUDENTS PRESENTLY IN SCHOOL

WITH LITTLE INTEREST IN HIGHER EDUCATION BUT POSSESSING ATHLETIC SKILLS. TUTORING PERMITS THEM TO STRENGTHEN THEIR ACADEMIC STANDING. THE YOUTHS ARE ENCOURAGED TO TAKE ADVANTAGE OF THEIR ATHLETIC ABILITY TO CONTINUE INTO HIGHER EDUCATION.

URBAN GATEWAYS -- 54,588 CHILDREN, 6 THROUGH 15, ARE INVOLVED IN CULTURAL, THEATRICAL, MUSICAL AND DANCE PROGRAMS. IT INVOLVES BOTH IN AND OUT OF SCHOOL CHILDREN. AN ADVISORY COUNCIL IS BUILT INTO THE PROGRAM.

LORETTA EDUCATION ADVANCEMENT PROGRAM -- ASSISTS ADULTS IN WOODLAWN AREA TO MOVE TOWARD GED CERTIFICATE, CIVIL SERVICE EXAMINATIONS AND STANDARDIZED EMPLOYMENT. DESIGNED FOR 150 TO 200 ADULTS.

CHICAGO ASSOCIATION FOR RETARDED CHILDREN -- TWO CHILD EVALUATION CENTERS TO CONDUCT DIAGNOSTIC AND NURSERY PROGRAMS FOR RETARDED CHILDREN BETWEEN THREE AND EIGHT YEARS OF AGE. CHILDREN ARE FROM LOW INCOME FAMILIES.

CHICAGO FEDERATION OF SETTLEMENTS -- DEVELOPMENT OF NEIGHBORHOOD RESOURCES PROJECT INVOLVES 11,000 MEN AND WOMEN FROM LOW INCOME COMMUNITIES WHO, AFTER COUNSELLING AND TRAINING, WILL BE MATCHED UP WITH AVAILABLE JOBS. JOB FOLLOW-UP ALSO PART OF PROGRAM. CHICAGO FEDERATION

ALSO OPERATES A PREVOCATIONAL AND VOCATIONAL PROGRAM FOR 10,000 PERSONS AGES 14 THROUGH 65. THIS INCLUDES PREVOCATIONAL LARGELY EDUCATION WITH TYPING, HOME NURSING, FIRST AID, GROCERY CHECK-OUT SWITCHBOARD TRAINING AND RETAIL SALES IN THE VOCATIONAL COMPONENT.

TRI FAITH EMPLOYMENT -- 16,000 UNEMPLOYED MEN AND WOMEN BETWEEN 18 AND 65 ARE INVOLVED IN A JOB FINDING AND TRAINING PROGRAM. TRI FAITH WORKS WITH BUSINESS AND INDUSTRY TO MATCH PEOPLE WITH JOBS AND PROVIDES TRAINING WHERE NO MATCH CAN BE FOUND. RECENT EVALUATIONS SHOW TRI FAITH HAS A RATE OF 73.66% OF PLACEMENTS.

YMCA J.O.B.S. -- TWO COMPONENTS YOUTH TRAINING AND WORK STUDY. YOUTH TRAINING IDENTIFYS AND PLACES YOUNG PEOPLE IN WORK SITUATIONS. WORK STUDY PROVIDES ACADEMIC AND VOCATIONAL COUNSELLING.

COSOMOPOLITAN CHAMBER OF COMMERCE -- ENCOURAGES MEMBERS OF MINORITY GROUPS TO ENTER FIELD OF BUSINESS BY PROVIDING CONSUMER AND BUSINESS EDUCATION CLASSES TO 1,200 PEOPLE. INSTRUCTORS ALL ARE VOLUNTEERS AND PROVIDE TWO NIGHTLY SESSIONS EACH WEEK FOR EIGHT WEEKS.

MCCORMICK BOYS CLUB GRAPHIC ARTS-- TRAINS YOUNG MEN IN GRAPHIC ARTS WITH A VIEW TOWARD FULL EMPLOYMENT IN THE PRINTING TRADES. MACHINERY

USED, PRESSES, ENGRAVING EQUIPMENT, DONATED BY THE PRINTING TRADES.

THE AGENCIES AND THEIR PROGRAMS LISTED ABOVE ARE REPRESENTATIVE OF THE PROGRAMS BEING OPERATED IN CHICAGO. THEY ARE NEITHER THE SMALLEST NOR THE LARGEST BUT, A CROSS SECTION OF WHAT IS ACTUALLY HAPPENING.

IN CLOSING, I ASK THE DISTINGUISHED MEMBERS OF THIS COMMITTEE TO DO ALL IN THEIR POWER TO EXTEND THE LIFE OF EOA PROGRAMS AND PRESERVE, PROTECT, AND FURTHER THE GOAL WHICH CONSTITUTE THE OFFICE OF ECONOMIC OPPORTUNITY. BY SO DOING, YOU WILL ASSURE "AN AMERICA IN WHICH EVERY MAN HAS AN OPPORTUNITY TO ADVANCE IN ACCORDANCE WITH ITS OWN ABILITY".

THANK YOU.

ATTACHMENT A

CHICAGO COMMITTEE ON URBAN OPPORTUNITY
CONCENTRATED EMPLOYMENT PROGRAM

"COOPERATING SERVICES"

COOPERATING AGENCY

Chicago Boys Club
Ecumenical Institute
Midwest Community Council
YMCA
Federation of Settlement
Cook County Department Public Aid
Chicago Housing Authority
Chicago Fire Department
Salvation Army
Illinois State Employment Service
Chicago Transit Authority
Chicago Welfare Council
Urban Progress Center
Chicago Building Department
United State Public Health Hospital
Department of Labor
Garfield Park Mental Health Center

Chicago Board of Health
Miles Square Health Center
Martin Luther King Health Center
Cook County Fantuis Clinic
Illinois Research
Mental Health (Illinois State)
Municipal Social Hygine Clinic
National Optical
Illinois College of Podiatry
Drug Abuse Clinic - North Side
Drug Abuse Clinic - South Side
Planned Parenthood of Chicago
Pilsen Mental Health Center
Gads Hill Mental Health Center
Community Referral
Municipal Contageous Disease
Municipal Tuberculosis Clinic

ATTACHMENT A

CHICAGO COMMITTEE ON URBAN OPPORTUNITY
MODEL CITIES MANPOWER DEVELOPMENT PROGRAM - CONCENTRATED EMPLOYMENT PROGRAM

COOPERATING COMPANIES

Ability Silk Screen
Ace Paper Company
Addison Manor
Advance Transform
Aldens
Allied Products
Alphalcy Corporation
American Oil Company
Art Commissary
Arcade Industries
Arthur Harris & Company
Associated Mills
Automatic Electric Company
Bethany Hospital
Bethesda Hospital
Bew Rose Incorporate
Brinks Incorporate
Brittens Service Station
Campbell Soup Company
Carson Pirie Scott & Company
Harrison Hoge
H. H. Restaurant
Hotpoint Incorporate
Howard Service Station
Illinois Bell Telephone Company
Illinois Bureau of Inventory
Illinois State Employment Service
Illinois State Department of Public Health
Jackson Park Hospital
Century Engraving
Chicago Interagency of Personalized Pick-up
Chicago Map Incorporate
Community Discount Center
Crane Company
Current Engineering
Curtis Candy Company
Dark Eyes
Del Farm
Department of Health
Desoto Incorporate
Dr. Kaplan
Eastern Airline
Federation of Settlement
First Girl Incorporate
First National Bank of Chicago
Food Barn Incorporate
F. W. Means Company
Garfield Park Hospital
Goldblatts
Milwaukee Railroad Company
Monroe Paper Company
Montgomery Ward & Company
Noble Mfg. Company
Peerless Products
Plastic Capacitors
Presbyterian St. Luke's Hospital
Public Service Career
Railroad Board

ATTACHMENT A

CHICAGO COMMITTEE ON URBAN OPPORTUNITY
MODEL CITIES MANPOWER DEVELOPMENT PROGRAM - CONCENTRATED EMPLOYMENT PROGRAM

COOPERATING COMPANIES CON'T

Jewel Food Store
Johnson Roof Company
La Salle Bank
La Salle National Insurance Company
Leaf Brands
Letraw MFG
Loyola University Center
Lutheran Salvage
Lyons Car Wash
Malcolm X College
Manur Tickets & Labels
Mc Beth Press Corporation
Mechanical Finish
Melton Corporation
Metropolitan Waterheater
Town & Country
United State Goverment Treasury Department
United State Post Office
Urban Research
Walgreen Drugs
Westwood Manor
World Wide Distribution

Raulands
Rembrandt Lamp
Reliable Galvanizing
R. R. Donnelly & Sons
Rosewood Manors Nursing Home
Saint Mary of Nazareth
Saint Vincent's Infant Home
Sears, Roebuck & Company
South Side Custom Shop
South Suburban Post Office
Standard Oil & Company
State of Illinois
State of Illinois Personnel
Spiegels
Sunnyside Nursing Home
Turner Mfg., Company
United State Gysum
United State Steel Corp.
Veteran Administration Hospital
Warren Mfg.
Will Hold Glue Company
Zenith Radio Corporation

ATTACHMENT A

CHICAGO COMMITTEE ON URBAN OPPORTUNITY

DELEGATE AGENCIES OF NYC

SUMMER PROGRAM

Chicago Committee on Urban Opportunity
Archdiocese Committee on Poverty
Archdiocese School Board
Art Institute of Chicago
Aspira
Barat College
Beacon House
Boy Scouts of America
Casa Central
Chicago Area Project
Chicago Board of Education
Chicago Board of Health
Chicago Boys Clubs
Chicago City College -- Wright
Chicago Commission on Human Relations
Chicago Department of Human Resources
Chicago Department of Streets and Sanitation
Chicago Federation of Settlement
Chicago Fire Department
Chicago Housing Authority
Chicago Park District
Chicago Police Department
Chicago Youth Centers
Cook County Department of Public Aid
Council for Bio-Medical Careers
Department of Public Works
Department of Urban Renewal
Department of Water and Sewers
DePaul University
International Foundation of Micro-Biology
Jewish Community Center
Malcolm X Community College
Midwest Community Council
North Park Covenant Church
Northside Cooperative Ministry
Roosevelt University
St. Ignatius High School
University of Illinois
University of Illinois Circle Campus
Urban Gateways
YMCA

ATTACHMENT A

IN-SCHOOL PROGRAM

Archdiocese of Chgo.
School Board
Mr. Elwood Chaney
1307 South Wabash (60605)
6th Floor, 427-0124

Chicago Area Council-Boy
Scouts of America
Mr. Toby K. Rhodes
300 West Adams
782-3990 (60606)

Chicago Board of Education
Mr. Robert Ward
205 West Wacker Drive
726-0465 (60606)

Chicago Boys Club
Mr. John Ray
1020 South Wabash (60605)
Suite 710
939-3314

Chicago Federation of
Settlements
Mr. Harold Smith
127 North Dearborn Street
236-4458 (60602)

Chicago Housing Authority
Mr. J. F. O'Connell
55 West Cermak (60610)
791-8442

Chicago Youth Centers
Mr. James Stewart
560 West Harrison
922-6501 (60607)

Council for Bio-Medical
Carrers
Miss Joan Krueger and
Mr. Yaw Antwi Nyanin
412 East 47th Street
624-4503 (60653)

Kennedy-King College
Mr. George Green
7047 South Stewart Avenue
488-0900 (60621)

Lower North Mental Health
Center
Dr. Graham Rogeness
911 North Hudson (60610)
744-4260

Y.M.C.A.
Mrs. Yvonne Ragland
19 South LaSalle
Room 1600
222-8148 (60603)

OUT-OF-SCHOOL PROGRAM

American Institute of Technology
Mr. Joseph Mulligan
1135 West Fullerton (60614)
WE 5-2520

Aspira, Inc. of Illinois
Mrs. H. De Fox
767 North Milwaukee Avenue (60622)
243-1630

Bryant and Stratton College
Mr. Rotstein
23 East Jackson Boulevard
939-7090 (60604)

Chicago Boys Clubs
Mr. John Ray
1020 South Wabash
939-3314 (60605)

Cook County Department of Public
Aid
Mr. William McNally
25 South Damen
MO 6-3914 (60612)
Central Administrative Offices
Mr. Lucius Meine
318 West Adams (60606)
368-1551

Cook County Special Training
Programs
Mr. George Woyward
1024 S. Wabash (60605)
427-1934

Educational Search Corporation
Dr. Gilbert Schechtman
208 South LaSalle Street (60604)
782-2300

Illinois State Employment Service
Mrs. Mildred Adelman
608 South Dearborn Street
HA 7-9568 (60605)

Industrial Skills Center
Mr. Philip Viso
2815 West 19th Street
762-5120 (60623)

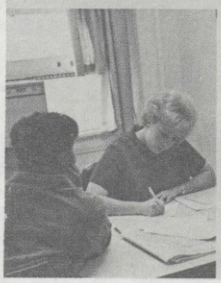
Marion Business College
Mr. Cellious Henderson
128 South Paulina
733-1104 (60612)
Mr. Donald Thrower
(NYC-MDTA)
733-1104

Malcolm X Community College
Dean Harvey Badesch
840 West 14th Place (60608)
243-6475

Spanish American Needle
Trade School
Mrs. Diaz
1579 Milwaukee (60622)
486-0350

CHICAGO COMMITTEE ON URBAN OPPORTUNITY

1969 ANNUAL REPORT



with the

People

Chairman's Statement

The people of Chicago care about those who are the least favored economically in their city. They express their concern through the Chicago Committee on Urban Opportunity. The Committee was organized in 1964 when the federal congress passed the war on poverty legislation.

Many people responded to the call: concerned individuals from government, and private industry . . . business executives, community leaders, housewives, laborers, educators and planners.

To help people help themselves was the job assigned to the Chicago Committee on Urban Opportunity. Community residents are hired to help operate the program. These are good neighbors who are paid on a full-time basis.

The programs of the Chicago Committee on Urban Opportunity have made a big difference in the lives of those who take advantage of the opportunities offered in any one of the nine Urban Progress Centers or five Outposts established throughout the city.

There are programs to help a youngster get well started toward quality education. There is the now-famous Head Start program, which has been praised universally. There are tutoring programs for youngsters already in school. There are job training programs for the unemployed. There is the Neighborhood Youth Corps which provides jobs for youngsters. The health needs of the citizens are met through a vigorous health care program which examines thousands of children and adults each year and which refers those who need treatment to nearby facilities. The Committee also has been instrumental in providing day care centers for pre-school youngsters.

Although much has been done to improve the quality of life for Chicagoans through the Committee on Urban Opportunity, much remains to be done. With the whole-hearted support of the people of the communities and the total resources of city government, we will expand and intensify programs which open the doors of opportunity for a better life for every citizen.

Mayor Richard J. Daley
Chairman
Chicago Committee on Urban Opportunity

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Vice Chairman Roddewig and Deputy Director Tyrone T. Kenner are backed up by Urban Progress Center Directors.

Vice Chairman's Statement

During the years I have served as Vice Chairman of the Chicago Committee on Urban Opportunity, I believe I have been encouraged by one thing more than any other.

That is the manner in which the Committee has clung to its singleness of purpose and has refused to be swayed from its goal of providing opportunity for those who have none.

This has been particularly true, in recent months, when attention on the national and state levels has been drawn to ancillary, non-people oriented programs, which tend to appeal to Americans because they are obvious and can be heard, felt or seen.

It is something far removed to come to grips with a many faceted approach to the grim realities of hunger, poverty and unemployment. It is due, in no small part, to the work of this Committee, that these areas are no longer the great unknown as they once were.

The Committee not only has succeeded in identifying the problems of the poor, it also has mounted responsive programs of education, manpower and health, which lead to elimination of these problems.

Not to continue to give the problems of the poor the undiminished attention which they must have would, to me, be a national tragedy.

Clair M. Roddewig
Vice Chairman
Chicago Committee on Urban Opportunity

Executive Director's Statement

The Chicago Committee on Urban Opportunity deals with the needs of people. Their needs are many and the Committee is very concerned about them.

In this 1969 report of the Committee, evidence is presented on how the Committee met the needs of the people of Chicago. The report also explains how the Chicago Committee on Urban Opportunity works with people and relates to their problems through its Urban Progress Centers, Units and Outposts. It documents how the Community Representatives—who are hired from the communities—work many hard, dedicated hours to bring about a better life for its people.

The employees of Chicago Committee on Urban Opportunity have had only one thought in mind. This has been to bring forth greater efforts toward reaching a common goal of the people.

We, the Chicago Committee on Urban Opportunity, are also people. And we will move forward together in 1970 as we have done in 1969 to achieve our overall objects in Chicago's endeavors in community improvements to enrich the everyday lives of its citizens.

Our responsibility is to the people and we have lived up to that responsibility by developing opportunities for urban progress.

We have done this through working towards improvements in employment, health services, welfare assistance, vocational training, education services and recreational activities available to the people.

Also through working in close partnership with government, industry, private agencies and residents of the community.

The dedication and assistance of the Advisory Councils, the various committees they serve on and the general staff, made our achievements in 1969 possible.

I would like to dedicate this report to the people of Chicago, who to me are the finest people in the world.

Mrs. Murrell Syler,
Executive Director
Chicago Committee on Urban Opportunity

The Agency: What It Does Why and How

The Chicago Committee on Urban Opportunity is an operating agency of the City of Chicago charged with the responsibility of providing all of its citizens with an equal chance to live a better, more productive, independent life.

It accomplishes this in a variety of ways which are described in this Annual Report for 1969.

Two of the most significant roles played by the CCUO are its functions of coordinating, and in some cases funding, the work of other agencies striving toward a common goal.

It is no secret that no single agency can competently and completely respond to the manifold problems confronting the urban areas today. What, then, is the solution to the social and economic problems of such magnitude that they defy the efforts of even the most experienced and competent agencies?

The answer lies in a few words; coordination and cooperation. Prior to 1965, many agencies of many sizes, both public and private, were attempting to respond to a situation where the complexities of social fact had far outstripped the over simplified answers which had served prior to then.

A world that had been able to close its eyes to reality was suddenly brought up short by reality. The reality was that the complex problems of the poor and neglected had not been dormant these many years but, instead, had festered beneath the surface and had now reached epidemic proportions. It was, in fact, an epidemic of a malignancy which was threatening to engulf an entire social structure.

The poor no longer were to be put off with a fragmented, disconnected attempt to solve the most serious of their problems and let the others go unanswered or be given token attention.

What is more, the residents of the inner city made it known that they wanted a voice in any program designed for them. They were the first to know that they needed a different kind of help than had been forthcoming. They also wanted to play an active role in any programming which was to affect their destiny.

During 1969, many changes occurred. Some are statistically measurable changes. Others, equally significant, do not lend themselves to any known measurement.

The latter involve attitudes and degrees of acceptance. They are represented by the greeting a Community Representative receives as she ascends a staircase in Woodlawn; by a community or church leader coming into an Urban Progress Center saying, "This is what we have, this is what we need in order to attain a common goal."

These, too, are essential to the successful operation of any program or system of programs in areas where suspicion and disappointment are much more common than success and independence.

If the Chicago Committee on Urban Opportunity has a keystone, it is the Urban Progress Center.

The nine Centers and five Outposts operated by the Committee have become the focal points of community services, leadership and hope.

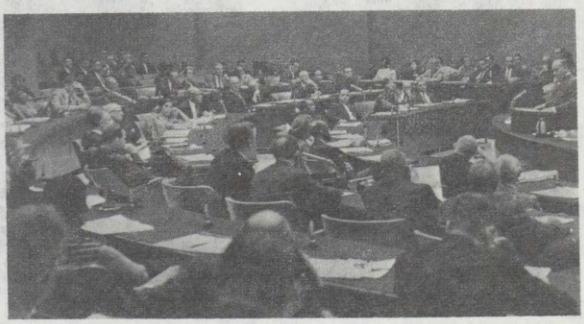
The community focus can be proven by the statistics located throughout this publication. The hope factor is shown in that the Center is the community. It is here that the people of the neighborhood are involved and begin working. They might be Community Representatives charged with visiting people in their homes and explaining what they can look forward to by utilizing Center services.

The "Reps", as they are known, are much more than this. They are friends. They live nearby and are available at all times. Sickness, hunger, a fire, no heat in the winter, inadequate housing; all the daily problems which confront the poor also are the daily concerns of the Community Representative. They know the people and they know the resources.

The answers usually can be found in the Urban Progress Center. The Centers were established to bring into the communities all of the services which formerly could only be had by venturing to some distant point and spending money and time.

Here, almost at the people's doorstep, are many of the things they need. There is Illinois State Employment Service for a job or training. There is Cook County Department of Public Aid for long or short term help. There is Legal Aid, Head Start for the pre-schoolers, Neighborhood Youth Corps for the teenager, Adult Education and language classes, senior citizen activities and, most of all, a friendly familiar face.

The Centers also offer the underprivileged communities something they have never had. They offer a voice in their own destiny through citizen participation. This voice is its Advisory Council.



The council is comprised entirely of people who have a real interest in the area they serve. The councils have broad responsibility. They can initiate programs which they believe to be necessary. They can approve or disapprove local programs.

But, most of all, the voice of the council is heard via recommendations to the Executive and Full Committee on Urban Opportunity through the representatives who serve on this committee.

In this manner the problems of a community, otherwise unknown or neglected, are brought to the attention of the people or agencies which can do something about them.

In its multi-directional role as the city's Community Action Agency, CCUO is concerned primarily in three major areas. First, identifying community needs through the UPC structure with Community Representatives and Advisory Council members.

Second, establishing agencies or other responsible public or private entities capable of responding to these needs within the UPC and identifying others existing within the community. In this context, it also acts as a catalyst to supply money for such activities.

Third, CCUO implements and administers needed programming where other resources are inadequate, and coordinates existing efforts.

Housing Health Legal Help And Jobs

Before entering into a detailed description of ongoing efforts, a brief summary of 1969's special accomplishments should be made.

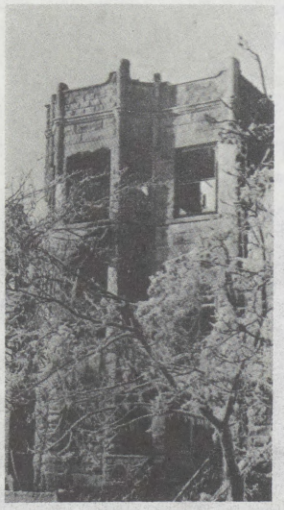
One is the emergency service provided to residents of target communities. This was almost a regular feature in the daily activities of Urban Progress Center staff.

Take the case of an extra alarm fire that left 10 families and 10 senior citizens homeless on one of the coldest nights in January.

A total of 44 children, one a 3-month-old baby, were rescued by firemen. The victims, many without shoes or clothing, were taken to the Urban Progress Center, where staff dispensed not only warmth and sympathy, but also coffee for the adults, milk for the children, clothing, formula for the babies and complete hot meals for all.

All the facilities of the Urban Progress Center were at the disposal of the homeless for help in permanent relocation.

This is only one of the many kinds of emergency services an Urban Progess Center comes in contact with. Other crises range from evictions, involving large numbers of people, to getting utilities restored, or having a sick child treated at a hospital.



Mrs. Mary J. has three children, no job and no food. Her public aid check is late and at the moment she has nobody to turn to for help. She had been walking up and down the streets all morning asking people for help. In the afternoon she encountered a Community Rep, who took her into the Urban Progress Center.

Mrs. J.'s immediate problem ended in that Center. She received emergency food under a pilot program which CCUO spearheaded. That program was to identify and assist families in need of food. CCUO did this. And Mrs. J.'s family received one of the 8,340 food purchase orders CCUO issued. Included were 639 food deliveries to families unable to come to the Urban Progress Centers themselves.

However, it must be pointed out that CCUO administered this emergency food program for only 38 days, from May 12 through June 18. The program then was picked up by the Cook County Department of Public Aid.

The food orders issued by CCUO meant the difference of an estimated 45,000 people, like Mrs. J., eating or going hungry.

Significant strides were made by the Data Processing Division of CCUO during 1969. Some of these were the acquisition of more sophisticated equipment and the hiring of a business consultant firm to redesign the information system.

The beginning of 1969 found the urban life information system responding to the needs of 12,916 families in three Center areas. At the end of the year, this number had been increased to 90,000 families.

Early in the year the system handled an average document flow of 6,000 per month which increased to 20,000 a month at the year's close.

In addition, Data Processing was involved with such things as inventory control, payrolls, family data forms and family activity reports.

In an effort to improve the leadership within the agency, CCUO contracted with a business consultant firm to conduct a 14-week in-service training course for administrative personnel.

One of the reasons for the success enjoyed this year can be attributed to the more unified efforts of other city and delegate agencies working with CCUO.

CCUO reached out to 190,000 persons who needed jobs and job-training programs and referred them for services which were provided by both cooperating and delegate agencies.

Legal services were rendered to 15,600 persons.

The health and immunization program operated jointly by CCUO and the Chicago Board of Health served all of the target communities both directly and indirectly.

Less recognizable is the contact with parents and children which is made possible by these services. A vast array of problems, both medical and social, are uncovered by the interviews and contacts with community families and children.

It is by these means that all of the other programs available through CCUO and its delegate agencies can be brought into play with a goal of achieving a total family approach as stated in the intent of the agency.

Cooperating with the Chicago Board of Health, CCUO was able to coordinate a "crash" measles inoculation program in ten Urban Progress Center areas.

This one-day all out effort conducted on a cold December day resulted in 6,354 people receiving immunization. The program was in response to a statistical flare-up of measles reported in underprivileged communities.

The lead poisoning tests given in the Urban Progress Centers also fall within the purview of Health Services.

Through this program, people became aware of the danger of this disease, which usually affects children as a result of eating plaster or lead based paints.

In 1969, 44,786 tests were given, with 3,196 showing an elevated level of lead in the blood. An additional 454 indicated a sufficiently high level of lead in the blood to require immediate medical treatment which was arranged through the Board of Health.

One death due to lead poisoning was reported during the year.

In both the lead poisoning and measles campaigns, high tribute was paid the Community Representatives who distributed literature and identified children for the programs. Transportation was supplied for groups and those unable to get to the Center by any other means.

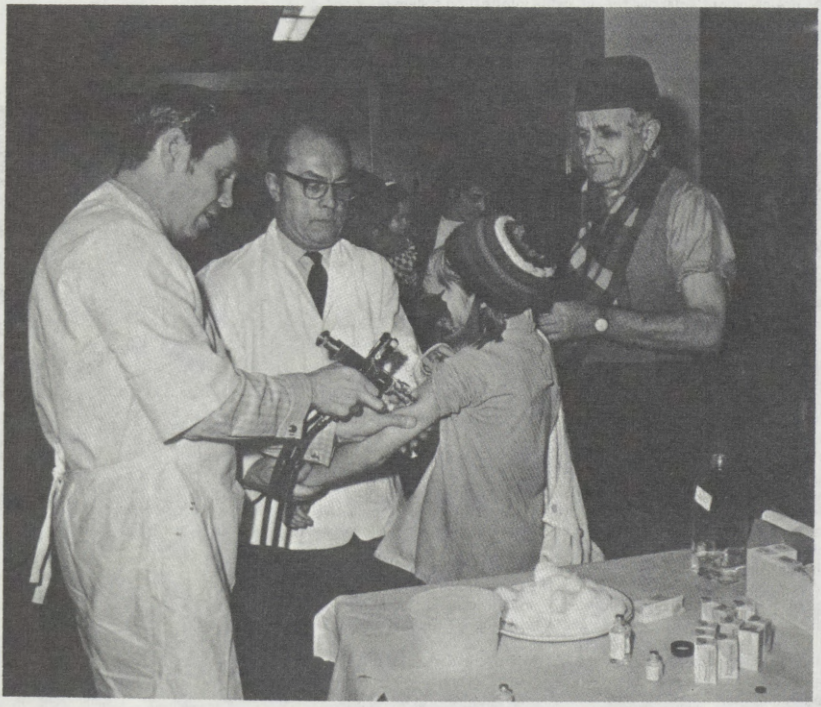
Other programs in CCUO also contain health components.

These would include Manpower, the Parent and Child Center, the Day Care program and Head Start.

In the Manpower program, a total of 4,374 persons were sent for medical examinations. Of the 2,811 appointments kept, 5,836 appointments were made for further treatment of illnesses uncovered by the examinations.

In Head Start, a total of 40,265 children were given medical and dental examinations with approximately 15% of them requiring treatment or further examination.

Entire communities were benefited by environmental, health and neighborhood improvement efforts.



Child Services Reach Parents, Too

Another significant 1969 development was the establishment of the Children's Services Division to focus attention on the strengthening of child development programs.

In addition to Head Start, the division was given the responsibility of administering the Parent and Child Center, the Concentrated Employment Program (CEP), Neighborhood Service Programs and other day care services.

Follow Through on Head Start children also falls within the division's responsibilities. This is a pilot program involving seven public schools and the Catholic Archdiocese School Board where former Head Start children are taken into special classes as they progress into the regular school system.

The goal was to coordinate these programs so there would be a total approach to the total problem and to insure that the same quality of service prevailed in such areas as social service, medical services and psychological components.

Concrete evidence of the efficiency of the new structure can be found in the fact that a comprehensive day care plan was drafted in June, 1969 proposing that CCUO assume a major role in coordinating day care services in target areas and that such services be expanded through the use of Head Start funds and funds from other community sources.

The Parent and Child Center is a pilot, demonstration program for young parents ages 16 through 25 and children under three years of age.

It encompasses the entire family for the purpose of providing a broad range of services in order to determine family needs at an early stage. This permits the child to develop emotionally, physically and mentally to his maximum potential.

It includes services to encourage the total development of the family as a unit.

Family home workers, former parent participants, are employed by CCUO to work in the in-home program. They are serving families who are unable to participate in the center program. Approximately 100 families are involved in this portion of the program.

The Parent and Child Center program consists of parents and children being trained together in infant and child development through a series of program activities.

Also in the Parent and Child Center, 13 parents completed a twelve week training course and are now employed as family aides in the program. The center has been moved to new quarters from 9 S. Kedzie ave. to 112 S. Paulina st.

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Mrs. B. is a young mother, age 24, who lives in one of the housing projects in the Garfield Neighborhood Services Center area. She has a five-year-old daughter and triplets aged 14 months, 2 boys and a girl.

At the present time, she is unable to come to the Parent and Child Center and to participate in the Center's activities. The family aide staff have been bringing Center activities directly into the home. Toys and educational materials have been provided for children to play with. Educational techniques are demonstrated by the family aide staff to the mother so that she can continue to carry out the recommended activities on days when the family aide staff does not come. As time goes on, Mrs. B. will be visited by a Social Worker, by a Home Economist and other Parent and Child Center staff who will be furnishing as broad a range of experiences as possible to serve the family.

In time, when Mrs. B. is able, she will be bringing her children directly to the Parent and Child Center for group activity with other parents and children.

Summer Head Start funds totaling $880,000 were converted to expand the existing year round Head Start program and to include day care services for 600 children on a year round basis at 16 sites as a result of recommendations by the Head Start Advisory Council.

The day care program which was implemented in September, provides for quality day care services. These services include a child development program, medical and dental services, social services, psychological services, nutritional services and employment planning for parents.

It also includes referral to training in CCUO Manpower Programs and in the Head Start supplementary training program as well as career development for all staff.

Active parent participation is built into the program through Advisory Councils, involving cultural, recreational, social and educational activities.

Mrs. H. is a young mother of two children ages 3 and 5. She has been on ADC for the past two years. Recently, she learned of a training program that would assist her in acquiring clerical skills that would lead to employment. The training program takes place over a six month period and

covers a six-hour day. Until the Head Start program expanded to include day care center programs, Mrs. H. was not able to consider the possibility of employment. Both of her children have been enrolled in a day care program, which is located in the Martin Luther King UPC community.

Mrs. H. drops her children off in the morning before going to the training center. The children participate in the educational program during the day. Twice a month, they go on field trips.

Each morning and afternoon they are furnished with a snack and a hot, nutritious meal at noon.

Medical and dental exams have been provided by a Head Start medical team. In addition, hearing and vision experts have tested their eyes and ears.

One day a week, a Head Start psychologist visits the classroom and gives consultation to the teaching staff in terms of techniques that could be used to help the children in the classroom adjustment. The social worker at the day care center has also visited Mrs. H. in her home and has talked with her about her employment plans and her financial problems. From time to time, as Mrs. H. needs supportive help, the social worker continues to call and assist her.

Mrs. H. participates in parent activities at the Head Start day care center. In addition to attending Parent Advisory Committee meetings in the evenings, she also joins other parents in social and recreational activities.

Mrs. H. feels that her life has undergone great change since her children have been enrolled in the Head Start day care center program. She is more hopeful of the future, and pleased with the progress that both she and her children are making. Her activities in the parent group meetings have brought out latent abilities in leadership and organizational skills which she feels will be very usable when she secures a job. She feels more confident of herself than she has felt at any previous period in her life.

Other developments during 1969 included relocating of the Cabrini-Green Unit from 1161 N. Larrabee st. to 800 N. Clark st. This move will enable the unit now known as the Near North Center to better serve a large number of people with a view to becoming a full Urban Progress Center in 1970.

During the year, the Division Street UPC was more fully staffed to better meet the needs of what is largely a Spanish speaking community.

The West Garfield Urban Progress Center became fully functional and an Advisory Council was formed. The Center established roots in the community so rapidly that it was able to mount summer programs which compared favorably to those of other, older Urban Progress Centers.

Loans Offer New Life New Business

During 1969, a new division of Economic Development was created within CCUO to further the availability of funds and counseling to the would be business owner. This became necessary because the ongoing Economic Development program was to concentrate its efforts in Model Cities areas while the new CCUO division would operate exclusively in Urban Progress Center or fringe areas.

The CCUO program will contain elements for technical help in areas of loan packaging such as marketing, financial analysis, accounting, inventory control and purchasing.

Another innovation is the availability of equity funds where needed. This enable the person who lacks funds to establish a new business and embark on his independent career with a minimal equity investment.

The equity fund also removes barriers frequently encountered by the small businessman, who, while responsible in all other respects, is unable to obtain sufficient credit at a rate he can afford to pay.

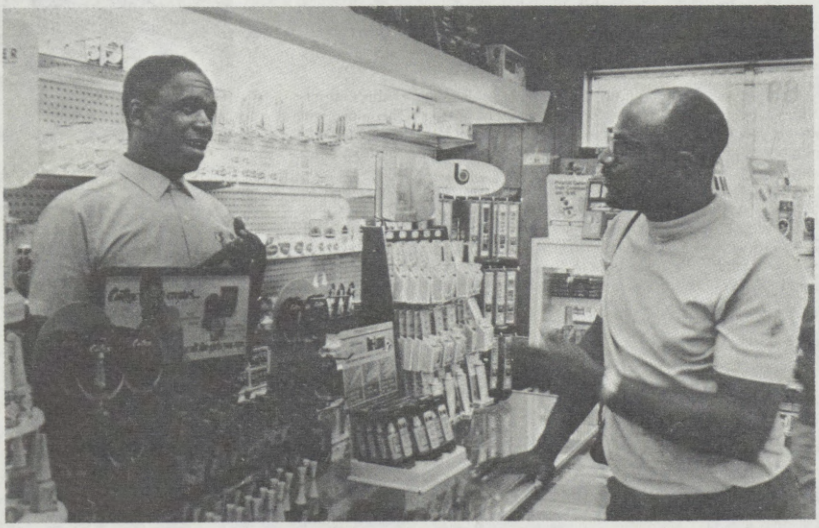
Another facet of the new program will be to help qualify borrowers for regular bank loans.

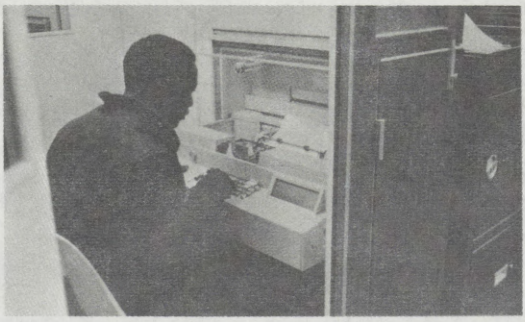
The Economic Development Division will have the additional advantage of having all of the supportive services of the Urban Progress Center immediately available for such needs as might be encountered in the process of moving the individual from dependence to independence.

These services might include legal aid, language instruction or any counseling which might be needed in resolving personal difficulties.

The program is being staffed by competent personnel familiar with the area in which they will be working.

Studies are underway to determine what is needed in the way of new business in any given UPC area. This will forestall extending money to form a business that is not needed or has little chance to succeed.





Illiteracy To Job Via Computer

One of CCUO's most innovative programs is Operation Wordpower, funded by the Adult Basic Education Division of the U.S. Office of Education.

This program, which utilizes twenty "Talking Typewriters" in four Urban Progress Centers, is designed to teach reading through the sixth grade level to persons over 16 years of age who reside in disadvantaged areas. The principal aim of the program is to enable persons to obtain a job, or keep a job, or, more importantly, to become "promotable".

Operation Wordpower opens its doors, however, to all persons over 16 who live in the areas where machines are located, so that they may improve their communicative processes, enable parents to relate better to their children, their school requirements and curriculum, or better engage in every day activities such as shopping and the reading of newspapers.

Wordpower boasts many heartening individual success stories. This is one of them:

Renato applied to the Wordpower program in June of 1969. He spoke little or no English and could not be tested to determine his entry level. He was accepted in the program and started at the very lowest level of programmed material.

Renato came to Wordpower because he was interested in joining a printing program conducted by the McCormick Chicago Boy's Club. He had applied for admittance to this program but could not pass the entry requirements.

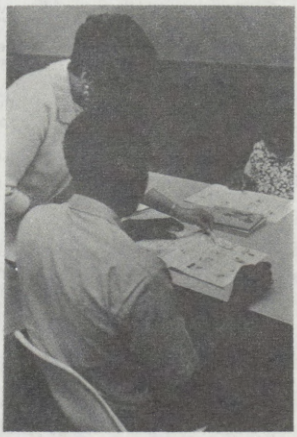
After only 15 hours with the "Talking Typewriter", Renato progressed to a second grade reading level. He passed the entry test for the printing program, graduated, secured a good paying job in the printing industry and is on his way to a productive life.

Renato kept up his work with the "Talking Typewriter" for 25 more hours and is now reading at the fifth grade level. At the printing program graduation exercises held at the McCormick Chicago Boy's Club in the Montrose Urban Progress Center, he publicly gave credit to Operation Wordpower and the "Talking Typewriters" for his success.

A major accomplishment of Operation Wordpower is the production of its own programmed material at fifth and sixth grade levels, using new techniques and materials in the process. The Program Specialists of Operation Wordpower had to find new materials for programming in the 5th and 6th grade reading levels since there was no standard material available to them. Commercially produced materials stopped at the 4th grade and no one had attempted to program past that reading level.

After thorough training and research, suitable materials were found and programmed. An artist was contacted and original illustrations were made for each of the new programs.

The meticulous work of the Program Specialist is extremely tedious and time consuming. It involves first examining the curriculum source, whether



book, article or story, and selecting the basic vocabulary items for presentation. After selecting fifteen key words, variables are selected for the drill frames. Then sentence context is planned, along with the audio confirmation. Once these steps are completed the proper codes are placed on lesson format charts. A final code is made and completed work is submitted to one of the supervisors or assistants for encoding the programmed cards. After encoding, another staff member will do audio confirmation. The proper illustrations are selected by the Program Specialists. A final check of slide illustrations and programmed cards is made by the specialists, then distributed to the four sites.

Perhaps the most remarkable things in the Wordpower Program is the fact that its entire instructional staff consists of CCUO employees who have been upgraded and trained to perform all of the educational processes involved.

Another major programming effort was the introduction of a new approach to teaching touch-typing now underway at the Garfield Neighborhood Service Program on the west side of the city. Employing an audio-visual type of instruction, it is possible for a student to attain a typing speed of 50-words a minute in as little as 25 days. This system, when combined with literacy, charm and good grooming classes, enables the student to become fully employable after completing the course.

Volunteer Councils The Community Speaks

The entire concept of the Chicago Committee on Urban Opportunity is built on working with people.

From the Full Committee, with its membership comprised of unpaid citizens contributing their time and know-how, through the entire structure of the agency, the voice of the people is clearly evident.

The Urban Progress Center Advisory Councils have already been discussed. There are others whose members also have volunteered their time and efforts to build into the program a very real, community level contribution.

The Head Start program has its own council of parents and those concerned with the welfare and education of children. It meets regularly to discuss strengths and weaknesses of the program and to recommend improvements.

Moreover, each delegate agency taking part in Head Start must have an Advisory Council as an integral part of its activity. Going one step further, each Urban Progress Center takes part in Head Start with a council of its own.

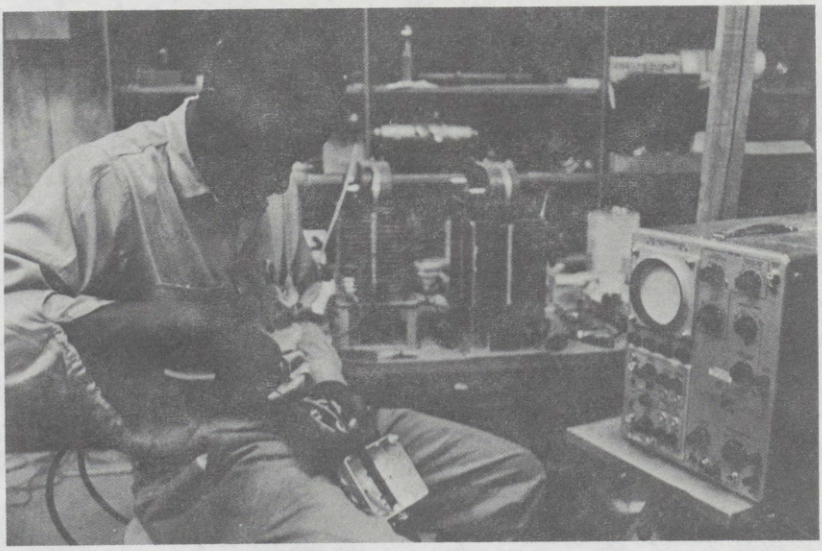
When all of these councils are taken as a whole, the membership numbers in the hundreds. While this may sound ponderous, it is not allowed to become so because of the structure of the delegate system.

Each Urban Progress Center has a Youth Council to communicate the thinking and responses of the young people in the community into responsive channels.

During the summer, these councils each recommended one program which they felt was lacking in their respective areas.

After Advisory Council approval, their programs were implemented and continued throughout the summer months.

Both the Parent and Child Center and the Day Care program contain provisions for citizen participation through Advisory Councils. These councils are particularly important in newly organized programs since experience has dictated that if the voice of the community is brought in during the formative or early stages of any program it tends to build in additional strength and depth of meaning.



Manpower Involves All Ages

Manpower continues to be one of the most significant thrusts aimed at alleviating the lack of job opportunities among the disadvantaged. During 1969, the number of people referred to training and jobs exceeded previous years. The total for the year was 181,234. The majority of these referrals resulted in confirmed placements.

The Manpower Division of CCUO utilizes all the available resources of public and private agencies as well as federal and state government programs. It encompasses such diverse programming as the Concentrated Employment Program (CEP) and the Neighborhood Youth Corps (NYC). It utilizes the Manpower Development and Training Act (MDTA) as well as programs such as New Careers and Job Opportunities in the Business Sector (JOBS). Viet Nam veterans are given preference for jobs in the Streets and Sanitation program paying up to $4 an hour.

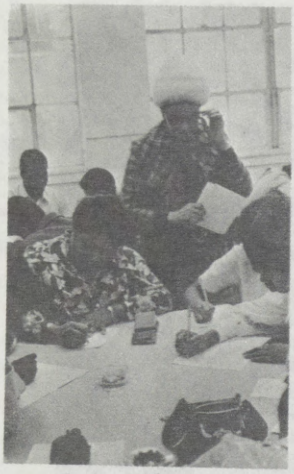
A senior citizen's program has jobs for 60 elderly persons mostly in clerical positions.

All In-Service Training programs are conducted through the Manpower Division.

All of these forces are brought to bear in the continuing effort to achieve the objectives of the Economic Opportunity Program.

The Concentrated Employment Program is a major component built into the CCUO Manpower system. The program is exactly what its title indicates. It recruits in three Urban Progress Center areas on the west side.

CEP has built into it all of the needed services to prepare a man or woman to move upward from complete unemployability to a well paying job.



The orientation curriculum, organized and operated by the Manpower Training Division, includes a diagnostic program in which an enrollee is completely assessed relative to his educational, social and emotional needs. Orientation itself consists of health education, consumer education and general instruction in urban living.

Communications includes expanding the enrollees abilities in language arts, and activities such as reading, writing, speaking, listening and understanding. Job counseling is the final portion of the program and it includes in-depth information about specific jobs, filling out applications, practice for employment interviews and going out on actual interviews.

CEP has built into it a "Coach" concept to increase the chances of a person placed in a job to stay on the job. The coach works with a limited number of people to maximize the intensity of the services and maintains constant contact with these persons, both at home and on the job. In this manner, any problems arising can be detected in the early stages and resolved before the person loses his job.

One of the outstanding Manpower achievements was the cooperative program worked out with the Bethlehem Steel Corporation. The problem was apparent. Bethlehem Steel needed employees and much of the southeast side of Chicago needed work. The Manpower Division and the Woodlawn Urban Progress Center brought the two together.

Woodlawn was to recruit the men. Illinois State Employment Service performed preliminary screening based on literacy levels. Bethlehem handled further screening and medical examinations.

Two other Urban Progress Centers became involved — King and Englewood. Transportation was provided by CCUO until other transportation could be found.

By mid-November 93 men had been hired. To those hired several housing options were offered by Bethlehem. They could rent a two bedroom trailer for $90 a month. Two weeks subsidized housing was made available at $2 per night. After six months employment, the company would subsidize purchase of a new home in the $10,000-$15,000 range using FHA terms.

This is typical of the cooperative venture both being sought and being accomplished in the area of Manpower.

This program would have enjoyed even greater success if it had not been for several obstacles. The first was the reluctance of the man hired to move from an urban environment to a small community.

Another was the distance of 58 miles from home to job. The steel plant where jobs were available is in Portage, Indiana, and involved between three and six hours travel time each day.

Another draw back was the complex tax structure between Indiana and Illinois. Both states have state income tax programs which tended to confuse the would be workers.

The Neighborhood Youth Corps experienced a change in emphasis during 1969 in order to comply with federal regulations. In May, the out of school drop out project was ordered to reduce its enrollment to 67% of the intial contract level which meant reducing participation from 1339 slots to 896.

Enrollments also were limited to youth 16 and 17 years old. CCUO was informed late in the year that the Department of Labor intended to revamp the program toward a more educational and skill oriented effort as well as continuing the back-to-school direction of NYC.

In order to implement the Labor Department's directive to phase out enrollees 18 years and over, several special training programs were developed in conjunction with several delegate agencies.

These included: The Chicago Civil Service Commission, the Illinois State Employment Service, the Chicago Board of Education and several programs under the Manpower Development and Training Act.

The in-school program of NYC is sub-contracted in the main to the Chicago Board of Education and the Catholic Archdiocese with relatively few slots retained by CCUO.

The Chicago Board of Education Neighborhood Youth Corps program, employs young men and women year around.

Included is a youth tutors program in which 8th and 9th graders worked with low achieving 3rd and 4th graders. Both benefit.

The young people also work in such jobs as library aides, office aides and other areas which approximate actual outside jobs. A follow-up survey indicated that 97% of those leaving the program were either in higher education, gainfully employed, in military service or housewives. The corps also tries to get dropouts to return to school and enroll in the youth corps for support.

During 1969, two new contracting agencies were added to the in-school program. They are the Boy Scouts of America with 300 part time job slots and the Council for Bio-Medical Careers with 40 part time slots.

The Boy Scouts are organizing a scout program for 10,000 inner-city boys between the ages of 8 and 14. The Bio-Medical Careers Council will utilize the jobs to further its program in helping to solve the crisis in health care in the inner city and to interest, recruit and motivate young people into careers in the science and health fields.

In carrying out its efforts toward upgrading young people, NYC works with 10 cooperating agencies in 172 work stations in the in-school program.

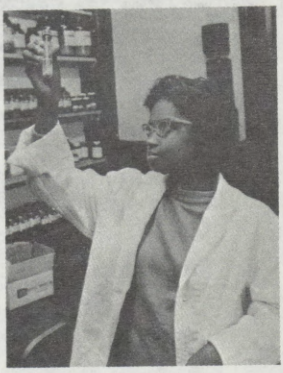
The out-of-school program incorporates 32 cooperating agencies in 357 work stations. The year-round programs of both the in-school and out-of-school components accommodated an enrollment of 3,358. Special summer programs accounted for 25,422 young people with 31 cooperating agencies in 1,235 work stations.

Two pre-vocational training programs developed by the Manpower Division and operating on a continuous basis are the free Keypunch Vocational Training Program and the Switchman Training Program.

The Keypunch Program is operated by the Training Division in cooperation and in conjunction with the IBM Corporation and the C&O/B&O Railroad. The Switchman Program is conducted in conjunction and cooperation with the Milwaukee and other railroads.

The Keypunch Program is unique in that there are three sectors of the community working together; CCUO, a city agency; IBM, private industry; and the railroads, a semi-public agency. CCUO provides the staff and curriculum; IBM provides the equipment; and the railroad provides the space and jobs. To date, over 300 have gone through the program and more than 200 are working as keypunch operators .

The Switchman Training Program operates with the railroads with CCUO providing instructors and classroom space and the railroad providing part-time instructors and job placement. More than 200 men have qualified for further skilled training after being hired by the railroads. At present, there are over 130 of these men employed within the railway industry making in excess of $3 per hour. Almost without exception these men had a history of chronic unemployment.



Other Agencies Join In Total Effort

One of CCUO's reasons for being was its ability to diversify, to coordinate and, when needed, to supply necessary funding to further or establish a responsive effort without regard to the size or the structure of the agency involved.

When it became apparent to the participating agencies that the coordinating and funding plan was to be a partnership rather than a take over conglomerate, the programs began to move forward as shown in the following section of this report.

St. Augustine's Center for American Indians is on the north side. It is a church oriented center dedicated largely to working with American Indians. Their program comes in contact with families like that of Arthur Enemy Captive.

Mr. Enemy Captive and his family of three came to Chicago from a reservation in North Dakota in early January. They encountered all the obstacles many families of his heritage face — adjusting to the urban way of life.

A neighbor told him about St. Augustine's center. He went there, and he and his family received counseling in adapting to urban environment. He was also given aid in finding a job, and his children were placed into youth programs where they were exposed to city life. Arts and crafts were also taught them by well known Indian scholars.

Mrs. Enemy Captive, aided by casework services, was counseled in homemaking, health services and budgeting for her family.

During 1969, St. Augustine worked with more than 1,400 individuals like Mr. Enemy Captive. More than 280 families were provided with intensive services, and, follow-up contacts were maintained as needed.

Another north side program which is proving its worth is the McCormick Graphic Arts Project operating in the Montrose Urban Progress Center sponsored by the Chicago Boys Club .Twenty six young men who completed the 1969 program are now employed. Prior to taking the printing training most were unemployed or held menial jobs. Their earnings increased appreciably after taking the course. None were over 30 years of age while the youngest was 17. The equipment on which the men were trained was donated by the printing trades. The basics of printing were learned and more sophisticated techniques were observed during visits to modern printing plants. The project has a history of placing every graduate.

The Chicago Economic Development Corporation (CEDC) approved 65 loans in 1969 to expand or create new businesses in the underprivileged areas of the city. The loans totaled $2,008,800. The program also offered business counseling and management to insure as far as possible the success of these budding businessmen.

The Volunteer Service Corps of the Welfare Council of Metropolitan Chicago is charged with recruiting volunteers for a variety of CCUO programs including Head Start.

When John S. was a youngster, he lived in a poverty area on the city's west side. His family was poor and his father was in and out of jobs most of John's young life. By the time John reached high school he was introduced to narcotics. First it was marijuana, then he moved on to heavier drugs. By the time he was 19, he had been in and out of jail 10 times for various crimes. Most of the charges against him were for possession of drugs.

John's last sentence was in an Illinois state penal institution. He was not released long before he became hooked again. Today John has a good job in private industry and has not used drugs for two years. How did John become part of the American mainstream? Well, upon his release from prison, he was told about St. Leonard's House, a narcotics rehabilitation project.

He went there and the agency arranged for his hospitalization. He came out a new man with a future.

In 1969 St. Leonard's House worked with 45 active clients. It arranged hospitalization for more than 700 other persons since the program began in 1967.

The program also offers services in the areas of vocational counseling, legal, psychological and medical services. It also conducts forums for educating residents and community organizations on drug abuse and how the drug problem affects the community as well as the individual.

The Department of Human Resources, as an agency of the city government, is funded to perform a variety of services ranging from senior citizens programs to working with young people who have had conflicts with the law.

The Human Resources Corrections Program is directed toward the teenager whose tears belie his defiance after he leaves a police station or court room. The program strives to remedy the causes which led to his being in trouble in the first place.

It begins with preventive counseling and step by step supervision to avoid future confrontations with the law. Rehabilitation of the probationer also falls within the scope of the program.

These services include job training and development and placement as well as utilization of all of the supportive services provided by other agencies and by the private sector.

Cooperating agencies include the Youth Division of the Chicago Police Department, the Cook County Juvenile Court, the Illinois Youth Commission, the Social Services Department of Boys Court and the Methodist Youth Services. The corrections program already has reached some 43,000 youths.

The Methodist Youth Service and the Human Resources Comprehensive Program concentrate on the problems of delinquency rather than those young people more seriously involved with the law.

The program concentrates on the family as well as the youth and involves community groups and churches in providing leadership, facilities and related services.

There are also the five multi-service centers and the Association for Family Living Center administered by the Department of Human Resources. This program provides direct service for the hard-to-reach families with home visits, casework, group activities, counseling and instruction in English for the Spanish speaking.

The multi-service centers report 15,450 persons utilized these services during the year while the Family Living Center reached an additional 519.

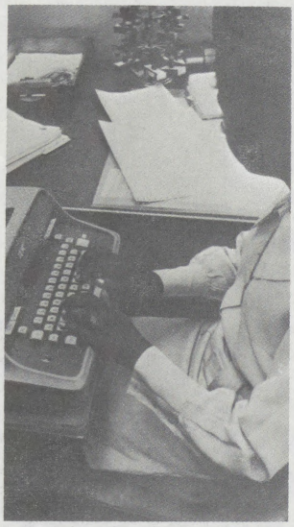
The Department of Human Resources also conducts two programs both involving the elderly. The first, the Foster Grandparents program, employs men and women over 60 years of age to work with handicapped, retarded or deprived children. The program operates at five institutional sites.

The second program is directed toward working with the senior citizens themselves in areas such as consumer education, Red Cross Nursing classes, diabetic detection and cultural enrichment programs. Operating out of four centers, the program also offers assistance in housing, legal help, medical needs and financial problems.

The Tri-Faith Employment Project operates a number of neighborhood employment centers under the Chicago Conference of Religion and Race.

During 1969, from January 1 to August 8, the agency located permanent, full time jobs for 13,050 persons. More than 3,000 Chicago area firms have placed employment orders with Tri-Faith.

Urban Gateways works with an average of 57,000 inner-city children each year. The program contains a choral component and in and out of school events such as dance, drama, museum visits and musical programs. All at greatly reduced rates. Programs for parents are also included. Volunteers gave 65,312 hours of their time to assist in the program.



The Neighborhood Settlement House has always been one of the traditional ways to reach people. The Chicago Federation of Settlements and Neighborhood Houses is no exception.

Operating 14 facilities in the heart of the target areas it has provided an outreach which has served to strengthen and develop community participation and leadership within the communities while conducting recreation and educational programs at the same time.

During 1969, the Federation concentrated its efforts toward job development, job placement and training. An example is Mrs. R., formerly a welfare recipient. Mrs. R., and her family of four children had been on welfare for more than a year. She dropped out of high school at the age of 16 with her first child. But while attending high school, Mrs. R., did not waste her time. She learned all she could about typing and shorthand and she never forgot it. In her spare time she would practice on a friend's typewriter and study from her friends' shorthand book.

Tired of receiving handouts, Mrs. R. visited a manpower program operated by the Federation. She was enrolled in a typing and shorthand class, and today she is regularly employed as a receptionist and typist.

She is only one of the success stories that can be found under programs of the Federation. Another was Bob B., formerly an unemployed father of three, who is now working in private industry for $21 a day. Or take the case of June A., who visited a Federation center. She became interested in typing, was tested and referred to private industry. Now she is earning $380 per month as a secretary. There is also the case of a high school drop-out who earned a GED certificate in three months and is now attending college.

During 1969, the Federation under its Community Action Program, reached 23,250 such persons as those just reported in this CCUO funded program. And they are still making inroads.

The Hyde Park-Kenwood Jobs for Teens Program is exactly what its title indicates. The agency locates, creates or otherwise identifies jobs which can be handled by teenagers. It then recruits the teenagers to fill them. Counseling and supervision of the teenagers also is a part of the program.

Loretto Educational Advancement Program (LEAP), operated by the Loretto Academy, offers an educational program on the south and west sides of the city. Evening General Education Development classes for those working toward a high school degree is one of its components. The agency is presently attempting to organize additional classes which will contain special business oriented classes for small businessmen in the Lawndale area.

The Legal Aid Bureau of United Charities provides legal assistance in all types of litigation except criminal. The agency has been instrumental in creating what amounts to almost a "poor peoples law." It is involved in public aid, landlord-tenant and illegal eviction cases, as well as interpreting and explaining the law where court action is regarded as unnecessary.

The YMCA conducts and administers a variety of training and employment programs either partially or totally funded by CCUO.

In the YMCA youth training program, 115 training slots were made available to out-of-school, unemployed youths, between the ages of 17 and 21 years. The two phase program involved two to four weeks orientation which included related educational experience before entering the second phase which included on-the-job experience.

This, too, involved YMCA staff doubling as on-the-job trainers, while continuing to supply needed counseling, guidance and direction to the trainee. Upon completion of training, the enrollee was either hired by YMCA or a related agency or hired through Illinois State Employment Service. The usual training time is three to six months.

The JOBS (Job Opportunities through Better Skills) component is a

joint effort of the YMCA, the Chicago Boys Clubs and the Chicago Youth Centers.

It offers skilled vocational training or basic education to 570 out of school, unemployed individuals.

The opportunities include such vocations as clerical training, automotive mechanics, as well as the basic education component.

The program experienced a record 85 percent of its participants being upgraded as a result of taking part, and 72 percent of those completing training either obtained jobs, returned to school or entered military service.

The YMCA JOBS NOW program and CCUO's Concentrated Employment Program (CEP) complement each other, differing only in program thrust.

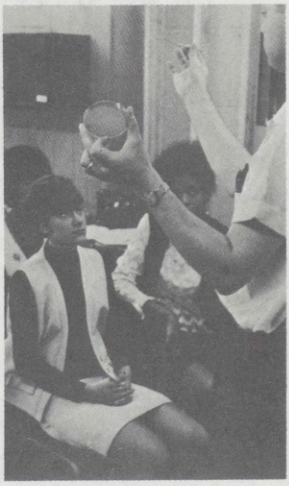
JOBS NOW made available to CEP a service for testing, analysis and evaluation of concepts for bringing disadvantaged youth into gainful, sustained and upwardly mobile occupations. CEP provided the machinery for bringing these concepts to reality.

Project ESCAPE (Elevation Through Science Careers and Preparatory Education) also has a twofold purpose. First is to provide career exposure and work experience in the bio-medical and para-medical fields for young people aspiring to enter health and science fields. And, second, to provide basic education to high school drop-outs including General Education Development (GED) preparation.

Project ESCAPE has been able to bring about the cooperation of numerous medical institutions which have opened their doors to young people seeking to learn through experience. Fifty enrollees were exposed to at least two months of on-the-job experience in five institutions in a west side medical complex.

These included the West Side Veterans Administration Hospital, Cook County Hospital, the University of Illinois, the Chicago Medical School and the Chicago Tuberculosis Hospital.

Under these conditions, they were taught to perform almost all of the services not requiring technical or medical personnel.



This is our story. It is the story of an agency that cares. It is the story of an agency and how it works with people. It is the story of Chicago's poor people and how they are working into the mainstream of American life through the combined efforts of CCUO and other city and private agencies.

This may be the ending of the 1969 Annual Report for CCUO but it is not the end of our story. CCUO will continue to involve itself with the people of Chicago and will continue to press forward with the people of this great city and help them pull themselves up and out of the hands of poverty.

This Committee will continue to lend itself to the issues of employment, education, hunger, housing and citizen participation.

It will continue to see that more little children benefit through our Head Start and day care programs. The Neighborhood Youth Corps and other youth oriented programs will continue to provide new opportunities for our youth.

As the years go by CCUO will find better ways of opening economic opportunities and also raise the capacity of individuals to participate in the economic life of this country.

And CCUO will go on in the coming years to plan, organize and develop, with the help of the communities, additional programs to strengthen the quality of services to the people we serve.

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CHICAGO COMMITTEE ON URBAN OPPORTUNITY

FEDERAL GRANTS AWARED—1969

FUNDING SOURCE	PURPOSE	AMOUNT	TOTAL AMOUNT
Office of Economic Opportunity	Community Action Program	$11,838,423	
	Headstart	7,357,740	
	Summer Program	2,100,000	
	Legal Aid	982,584	
	Neighborhood Service Programs	391,700	
	Narcotics Addiction	250,268	
	Foster Grandparents	137,039	
	Special Transportation	42,240	
	Emergency Food and Medical	325,000	
			$23,424,994
Department of Labor	Neighborhood Youth Corps	12,864,060	
	Concentrated Employment Program	2,655,060	
	National Council of Senior Citizens	93,957	
			15,613,077
Department of Health, Education & Welfare	Operation Wordpower	500,000	
	Follow Through	37,500	
			537,500
	TOTAL ALL GRANTS		$39,575,571

SUMMARY OF 1969 EXPENDITURES

OFFICE OF ECONOMIC OPPORTUNITY GRANTS	FEDERAL SHARE	LOCAL CONTRIBUTION	TOTAL EXPENDITURE
Community Action Program	$14,383,227	$ 4,806,573	$19,189,800
Headstart	6,783,502	1,477,556	8,261,058
Summer Program	1,770,644	939,548	2,710,192
Legal Aid	931,177	308,889	1,240,066
Neighborhood Service Programs	380,198	1,175	381,373
Narcotics Addiction	164,813	65,883	230,696
Foster Grandparents	101,703	24,186	125,889
Special Transportation	42,240	— 0 —	42,240
Emergency Food and Medical	132,913	— 0 —	132,913
Parent Child Center	69,630	— 0 —	69,630
TOTAL O.E.O.	$24,760,047	$ 7,623,810	$32,383,857
DEPARTMENT OF LABOR			
Neighborhood Youth Corps	11,969,497	4,443,236	16,412,733
Concentrated Employment Program	4,119,139	153,805	4,272,944
National Council of Senior Citizens	130,979	— 0 —	130,979
Hard Core Training	623,883	525,379	1,149,262
DEPARTMENT OF HEALTH, EDUCATION AND WELFARE	$16,843,498	$ 5,122,420	$21,965,918
Operation Wordpower	426,295	— 0 —	426,295
GRAND TOTAL	$42,029,840	$12,746,230	$54,776,070

EXPENDITURES OF O. E. O. GRANTS

COMMUNITY ACTION PROGRAM

AGENCY	PROGRAM	AMOUNT
C.C.U.O.	Administration	$ 1,766,370
C.C.U.O.	Urban Progress Centers	8,257,737
C.C.U.O.	Economic Development	10,176
Chicago Economic Development Corporation	Economic Development	177,348
Chicago Department of Human Resources	Neighborhood Services	308,837
Chicago Conference on Religion and Race	Tri-Faith	244,468
Chicago Federation of Settlements	Job Development	337,118
Hyde Park-Kenwood Community Conference	Jobs for Teens	36,661
C.C.U.O.	Vocational Training	1,443,404
C.C.U.O.	Neighborhood Improvement & Beautification	17,136
C.C.U.O.	Touch Typing	44,737
Chicago Boys Clubs	Vocational Training	46,701
Chicago Association for Retarded Children	Vocational Rehabilitation	20,497
Y.M.C.A.	Youth Training	464,528
C.C.U.O.	Upward Bound	70,097
C.C.U.O.	Photo Workshops	47,329
Urban Gateways	Cultural Development	92,147
C.C.U.O.	Adult Education	12,686
Loretto Adult Education Center	LEAP	37,708
Chicago Association for Retarded Children	Child Evaluation	49,924
U.S. Army	General Services	14,853
Concerned Veterans from Vietnam	Concerned Veterans	48,812
Chicago Department of Human Resources	Social Service Counseling	642,289
St. Augustine	American Indians	27,990
Welfare Council of Metropolitan Chicago	Social Service Counseling	70,014
Chicago Department of Human Resources	Senior Opportunities	93,660
	TOTAL FEDERAL SHARE	$14,383,227
	LOCAL CONTRIBUTION	4,806,573
	TOTAL PROGRAM COST	$19,189,800

EXPENDITURES OF O. E. O. GRANTS

HEADSTART

AGENCY	PROGRAM	AMOUNT
C.C.U.O.	Full Year Headstart	$1,037,257
Archdiocese of Chicago School Board	Full Year Headstart	515,957
Chicago Commons Association	Full Year Headstart	22,007
Chicago Association for Retarded Children	Full Year Headstart	91,484
Chicago Federation of Settlements	Full Year Headstart	268,093
Chicago Youth Centers	Full Year Headstart	603,989
Ecumenical Institute	Full Year Headstart	82,013
Episcopal Diocese of Chicago	Full Year Headstart	46,273
First Presbyterian Church	Full Year Headstart	73,457
Greater Institutional AME Church	Full Year Headstart	20,787
Greater St. John AME Church	Full Year Headstart	57,885
Horizon House	Full Year Headstart	46,660
Hull House	Full Year Headstart	52,594
Lutheran Welfare Service	Full Year Headstart	25,012
Midwest Montessori	Full Year Headstart	25,789
Montessori Cabrini	Full Year Headstart	22,269
Newberry Center	Full Year Headstart	27,215
STEA, Inc.	Full Year Headstart	21,652
The Woodlawn Organization	Full Year Headstart	63,667
Woodlawn Baptist Church	Full Year Headstart	60,316
Y.W.C.A.	Full Year Headstart	37,205
C.C.U.O.	Summer Headstart	479,098
Chicago Board of Education	Summer Headstart	2,706,343
Archdiocese of Chicago School Board	Summer Headstart	237,912
Chicago Federation of Settlements	Summer Headstart	98,493
Greater Institutional AME Church	Summer Headstart	8,624
Midwest Montessori	Summer Headstart	13,071
North Park Covenant Church	Summer Headstart	6,736
North Side Cooperative Ministry	Summer Headstart	31,644
	TOTAL FEDERAL SHARE	$6,783,502
	LOCAL CONTRIBUTION	1,477,556
	TOTAL PROGRAM COSTS	$8,261,058

NEIGHBORHOOD SERVICE PROGRAMS

AGENCY	PROGRAM	AMOUNT
C.C.U.O.	Garfield NSP	$346,453
C.C.U.O.	Garfield NSP Training	13,900
C.C.U.O.	Garfield NSP Day Care	19,845
	TOTAL FEDERAL SHARE	380,198
	LOCAL CONTRIBUTION	1,175
	TOTAL PROGRAM COSTS	$381,373

EXPENDITURES OF O. E. O. GRANTS

AGENCY	PROGRAM		AMOUNT
NARCOTICS ADDICTION			
St. Leonard's House	Narcotics Rehabilitation	TOTAL FEDERAL SHARE	164,813
		LOCAL CONTRIBUTION	65,883
		TOTAL PROGRAM COSTS	$230,696
FOSTER GRANDPARENTS			
Chicago Department of Human Resources	Foster Grandparents	TOTAL FEDERAL SHARE	$101,703
		LOCAL CONTRIBUTION	24,186
		TOTAL PROGRAM COSTS	$125,889
SPECIAL TRANSPORTATION			
C.C.U.O.	Special Summer Transportation		$ 42,240
EMERGENCY FOOD AND MEDICAL			
C.C.U.O.	Emergency Food		$132,913
PARENT AND CHILD CENTER			
C.C.U.O.	Parent and Child Care		$ 69,630

SUMMER PROGRAM

AGENCY	PROGRAM	AMOUNT
C.C.U.O.	Special Summer—Administration	$ 894,766
C.C.U.O.	Push-Up	15,670
C.C.U.O.	Neighborhood Improvement & Beautification	36,800
C.C.U.O.	Special Summer	38,876
Englewood Community Organization	Special Summer	3,001
Chicago Department of Human Resources	Special Summer	154,700
Chicago Fire Department	Special Summer	50,000
Chicago Police Department	Special Summer	30,097
Chicago Community Music Foundation	Special Summer	5,000
Chicago Board of Education	Special Summer	104,103
Chicago Park District	Special Summer	81,675
DePaul University	Special Summer	19,447
Girl Scouts of Chicago	Special Summer	8,635
Boy Scouts of America	Special Summer	49,336
Archdiocesan Committee on Poverty	Special Summer	140,000
St. Ignatius High School	Special Summer	10,410
Urban Gateways	Special Summer	23,504
Y.M.C.A.	Special Summer	104,624
	TOTAL FEDERAL SHARE	$1,770,644
	LOCAL CONTRIBUTION	939,548
	TOTAL PROGRAM COSTS	$2,710,192

LEGAL AID

AGENCY	PROGRAM		AMOUNT
United Charities	Legal Aid	TOTAL FEDERAL SHARE	$ 931,177
		LOCAL CONTRIBUTIONS	308,889
		TOTAL PROGRAM COSTS	$1,240,066

EXPENDITURES OF DEPARTMENT OF LABOR GRANTS
1969

NEIGHBORHOOD YOUTH CORPS

AGENCY	PROGRAM	AMOUNT
C.C.U.O.	Out of School	$ 1,392,085
Archdiocese of Chicago	Out of School	37,739
Beatrice Caffrey	Out of School	2,436
Chicago Area Project	Out of School	12,403
Board of Health	Out of School	44,060
Chicago Boys Clubs	Out of School	74,713
Chicago Civil Service	Out of School	7,299
Chicago Commission on Youth Welfare	Out of School	49,052
Chicago Federation of Settlements	Out of School	141,941
Chicago Housing Authority	Out of School	83,908
Chicago Park District	Out of School	180,283
Chicago Police Department	Out of School	55,086
Chicago State Hospital	Out of School	15,041
Chicago Youth Center	Out of School	43,669
Cook County Circuit Court	Out of School	12,946
Cook County Public Aid	Out of School	188,557
Department of Buildings	Out of School	962
Illinois Department of Labor	Out of School	19,793
Department of Public Works	Out of School	5,204
Department of Urban Renewal	Out of School	25,069
Department of Water and Sewers	Out of School	47,158
Ecumenical Institute	Out of School	20,086
Midwest Community Council	Out of School	21,723
Northwestern Medical Center	Out of School	29,362
Welfare Council of Metropolitan Chicago	Out of School	2,667
Y.M.C.A.	Out of School	137,949
Chicago Department of Human Resources	Out of School	22,543
Department of Law	Out of School	4,102
C.C.U.O.	In School	133,534
Archdiocese of Chicago	In School	279,626
Board of Education	In School	1,392,353
Chicago Boys Clubs	In School	35,007
Chicago Federation of Settlements	In School	40,241
Chicago Youth Center	In School	32,380
Chicago Housing Authority	In School	9,810
Y.M.C.A.	In School	41,325
Boy Scouts of America	In School	48,854
Council for Bio Medical Careers	In School	5,683

EXPENDITURES OF DEPARTMENT OF LABOR GRANTS
1969

NEIGHBORHOOD YOUTH CORPS (continued)

AGENCY	PROGRAM	AMOUNT
C.C.U.O.	Summer	2,139,435
International Foundation of Microbiology	Summer	16,681
Board of Health	Summer	11,801
Chicago Civil Service	Summer	2,411
Chicago Department of Human Resources	Summer	510,610
Commission on Human Relations	Summer	350,331
Chicago Police Department	Summer	72,315
Chicago Department of Buildings	Summer	1,561
Chicago Department of Public Works	Summer	41,857
Department of Water and Sewers	Summer	29,759
Department of Urban Renewal	Summer	7,640
Department of Law	Summer	2,340
Barat College	Summer	42,045
Roosevelt University	Summer	10,055
Chicago Community Music Foundation	Summer	4,234
Board of Education	Summer	1,967,026
Chicago Housing Authority	Summer	193,839
Chicago Park District	Summer	328,643
Chicago State Hospital	Summer	8,893
Cook County Department of Public Aid	Summer	26,575
Boy Scouts of America	Summer	18,992
Archdiocese of Chicago	Summer	770,559
Chicago Area Project	Summer	21,618
Chicago Boys Clubs	Summer	111,120
Chicago Federation of Settlements	Summer	78,743
Chicago Youth Center	Summer	17,222
Ecumenical Institute	Summer	50,760
Midwest Community Council	Summer	48,890
Urban Gateways	Summer	63,962
Y.M.C.A.	Summer	318,169
Jewish Community Center	Summer	4,762
	TOTAL FEDERAL SHARE	$11,969,497
	LOCAL CONTRIBUTION	4,443,236
	TOTAL PROGRAM COST	$16,412,733

EXPENDITURES OF DEPARTMENT OF LABOR GRANTS

CONCENTRATED EMPLOYMENT PROGRAM

AGENCY	PROGRAM	AMOUNT
C.C.U.O.	Manpower Development Training Act	$1,106,386
Chicago Association of Commerce and Industry	Manpower Development Training Act	19,066
Chicago City College	Manpower Development Training Act	86,133
Y.M.C.A. — JOBS Now	Manpower Development Training Act	129,053
Sears — Y.M.C.A.	Manpower Development Training Act	21,365
Marion Business College	Manpower Development Training Act	62,761
Public Health Service	Manpower Development Training Act	124,581
C.C.U.O.	Special Impact	1,005,435
Illinois State Employment Service	Special Impact	95,714
Council for Bio Medical Careers	Special Impact	59,392
Chicago City College	Special Impact	204,103
Y.M.C.A. Research Interviewers	Special Impact	15,671
Department of Streets and Sanitation	Special Impact	45,703
C.C.U.O.	New Careers	132,933
Streets and Sanitation	New Careers	35,646
Chicago Dwelling Association	New Careers	8,996
Department of Urban Renewal	New Careers	19,029
Chicago Housing Authority	New Careers	15,109
Chicago Federation of Settlements	New Careers	353,960
Chicago Youth Centers	New Careers	5,924
Cook County Department of Public Aid	New Careers	136,708
Chicago Economic Development Corporation	New Careers	54,480
C.C.U.O.	NYC	157,764
Chicago Police Department	NYC	4,814
Bureau of Sanitation	NYC	95,283
Chicago Boys Clubs	NYC	18,720
Cook County Department of Public Aid	NYC	8,101
Department of Water and Sewers	NYC	606
Ecumenical Institute	NYC	25,784
Y.M.C.A. Medical Center	NYC	46,151
Midwest Community Council	NYC	23,768
	TOTAL FEDERAL SHARE	$4,119,139
	LOCAL CONTRIBUTION	153,805
	TOTAL PROGRAM COSTS	$4,272,944

NATIONAL COUNCIL OF SENIOR CITIZENS

C.C.U.O., Welfare Council, Jewish Vocational Service, Hull House	Senior Citizens	$ 130,979

HARD CORE TRAINING

Department of Streets and Sanitation	Hard Core Training	
	TOTAL FEDERAL SHARE	623,883
	LOCAL CONTRIBUTION	525,379
	TOTAL PROGRAM COSTS	$1,149,262

EXPENDITURES OF DEPARTMENT OF HEALTH, EDUCATION AND WELFARE GRANTS

OPERATION WORDPOWER

C.C.U.O.	Operation Wordpower	$ 426,295

STATISTICS
1969

CENTER VISITS

Urban Progress Center and Outpost Intake		
Service Request:		1,572,746 a/
Manpower	250,824	
Education	331,027	
Health	76,005	
Social Welfare	124,201	
Recreation & Culture	635,051	
Environment	27,252	
Other	128,386	
Community Representative Home Visits		477,152

a/ Includes In-Center, Outpost, Out-of-Center and Program Station Intake.

PROGRAM HIGHLIGHTS

MANPOWER (EMPLOYMENT SERVICES)

Referrals to jobs and/or training CCUO, Delegate and Cooperating Agencies		181,234
Placements in jobs and/or training:		
ISES	41,867	
NYC	29,032	
CEP	4,008	
CCUO (New Hire)	135	
Delegate Agencies	26,698	
TOTAL PLACEMENTS		101,740

EDUCATIONAL SERVICES

	Enrollment
Head Start/Early Child Development	
1969 Summer	19,601
1968-69 Year Round, (January 1969 through August 1969)	6,107
1969-70 Year Round, (September through December 1969)	5,783
Adult Education:	
GED	1,071
English as a Second Language	1,494

HEALTH AND ENVIRONMENTAL SERVICES

Immunization Shots	7,361
Lead Poisoning, Blood Samples drawn	44,786

SUMMER PROGRAMS

		Enrollment
Enrollment Programs		
Education		
Head Start		19,601
Push-Up		3,096
Employment		
Neighborhood Youth Corps		25,422
Summer Employment		752
Camping		4,984
Boy Scouts	3,212	
Voluntary Agencies, Girl Scouts, Englewood Community Camping	1,772	
Attendance Programs		
Cultural Events		
Neighborhood Theater, Soulmobile		Attendance 46,295
Number of performances	40	
Recreation		
Private Agencies		180,505

PROGRAM STAFF*

	Total	Professional	Clerical	Non-Professional
Chicago Committee on Urban Opportunity	1,926	452	384	1,090
Delegate Agencies	1,309	629	282	398

*As of December 31, 1969

PROGRAM SITES (YEAR ROUND) a/

Total Sites		897
Urban Progress Centers		9
CCUO Outpost		5
Other CCUO Cities (Program Station and Out-of-Center Sites)		62
Delegate Agency Sites		161
Early Child Development-Head Start Sites		131
Board of Education	60	
Archdiocese	21	
Private Agencies	50	
Neighborhood Youth Corps Work Stations		529
Board of Education	62	
Archdiocesan School Board	51	
CCUO and Cooperating Agencies	416	

SUMMER PROGRAM SITES b/

CCUO	291
Delegate Agencies	696
Head Start-Early Child Development	244
Board of Education	238
Archdiocese	50
Private Agencies	103
Neighborhood Youth Corps	1,235

a/ As of December 31, 1969

b/ Listed as in the previous year, a duplicated count of sites which reflects activity of important programs and agencies.

CHICAGO COMMITTEE ON URBAN OPPROTUNITY

URBAN PROGRESS CENTERS

DIVISION STREET
1940 West Division Street

LAWNDALE
3138 West Roosevelt Road

ENGLEWOOD
839 West 64th Street

MONTROSE
901 West Montrose Avenue

HALSTED
1935 South Halsted Street

WEST GARFIELD
3952 West Jackson Boulevard

DR. MARTIN LUTHER KING, JR.
4622 South Dr. Martin Luther King Drive

WOODLAWN
1030 East 63rd Street

GARFIELD NEIGHBORHOOD SERVICE PROGRAM
9 South Kedzie Avenue

OUTPOST UNITS

ALTGELD GARDEN
967 East 132nd Place

PARKSIDE
6850 South Stony Island Avenue

NEAR NORTH CENTER
800 North Clark Street

ROBERT TAYLOR
4848 South State Street

SOUTH CHICAGO
9231 South Houston Avenue

1969 Programs

of the

Chicago Committee on Urban Opportunity

were operated in cooperation with

The United States Office of Economic Opportunity

The United States Department of Labor

and

The United States Department of Health, Education and Welfare

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CHICAGO COMMITTEE ON URBAN OPPORTUNITY

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CHICAGO, ILLINOIS 60610

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Chairman

Clair M. Roddewig
Vice Chairman

Mrs. Murrell Syler
Executive Director

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STATEMENT OF JOHN PAUL ROBLIN, EXECUTIVE DIRECTOR, 10 COUNTY DEVELOPMENT PROGRAM, GULFPORT, MISS.

Mr. ROBLIN. I am John Roblin from Gulfport, Miss., and I just want to echo Mrs. Syler's prepared statement in terms of the impact of the Office of Economic Opportunity and community action programs on the problems of poverty.

In Mississippi, I suppose in other States in the Union also, I think the biggest problem you face in dealing with the problems of poverty, or one of the biggest, and the poor people, is the total and systematic disenfranchisement that the poor have experienced throughout their lives.

The community action programs, the Office of Economic Opportunity to a great extent have made since 1964 substantive impact on these kinds of problems, and particularly in the State of Mississippi. It has provided an opportunity for the poor to participate, No. 1, for the first time in their lives. No. 2, it has provided a limited opportunity in Mississippi to have some impact on other agencies that were designed and were developed by the Congress of this country to serve the poor, but through other reasons or a number of reasons have not served the poor and the problems of poverty.

I think this disenfranchisement has been dealt with most effectively on the part of the community action programs. I think, as Mrs. Syler said, the poor are no longer willing to accept everything as they used to, and I think this is to a great extent because of the activities of the OEO programs serving the poor.

Also I would mention to you that the frustrations and failures of the community programs operating throughout this country are real, and there are many failures, there are many problems. To a great extent these problems have been created by lack of any sort of logical or systematic pattern for funding and refunding and continuing on a basis by which you can meaningfully plan activities.

I think it has also been because of changing of national objectives on the part of the Congress, possibly on the part of the administration, on the part of OEO as a Federal agency. There are a number of examples of how OEO as a Federal agency through its own bureaucracy has changed its course, its stated objectives. It has made it difficult for agencies at the local level to understand these kind of problems.

I think that the Office of Economic Opporutnity, the Economic Opportunity Act did provide poor people with a ray of hope. I think they were misled when it was stated by this country that we were going to have a war on poverty, because we certainly have not. It has only been a very small skirmish, and I think they have become disillusioned and disappointed, and continually so, in their government.

And I would close by saying that one of the greatest problems from my point of view is—and getting back, I suppose, to the disenfranchisement in this country, in our system people are elected to public office by a majority vote. And after they are elected they stand before the entire people that they are supposedly going to serve and say "we want to all join hands and work together." Unfortunately, in too

many cases and too frequently this has meant that the defeated minority, if you will, or the minority that was not with that person or that individual never have an opportunity to express their concerns and their problems. They are just not given that opportunity, and that kind of disenfranchisement is carried out and is systematic, I think, to the problems of the poor people and the problems of the minorities, racial minorities. And I think that these programs, the Office of Economic Opportunity community action programs have provided a ray of hope for these people in dealing with at least one niche of the system, if not the whole system.

Senator NELSON. Thank you.

STATEMENT OF ROBERTO ACOSTA, EXECUTIVE DIRECTOR, SOUTHERN ALAMEDA COUNTY ECONOMIC OPPORTUNITY AGENCY, INC.

Mr. ACOSTA. Mr. Chairman, I am speaking here not as a person who has a different kind of poverty, but in our part of the United States, California especially, there are 2,600,000 Mexican-Americans with, of course, the language problems. Of that 2,600,000 approximately 30 percent—I don't know where I get that figure, but we use it—have the language problem. And I would like to read what I just said in Spanish again in English.

The question that I ask, if this is a war against poverty why don't we fight it the same way we fought other wars? If we had fought the second World War in the same way we are fighting the war on poverty it is very possible that I would not be having the honor of addressing you now.

The way that I want to tie that in with the problem that faces us on the west coast and the southwest part of the United States is that for many people who speak only Spanish, who have limited English speaking capabilities, many of these programs that have come out under the OEO and the Labor Department and other war on poverty programs, many people do not even know that they exist. The communications problem of even letting people know that there is a way of having people help themselves out of poverty becomes another major problem.

Once we start letting people know that these kinds of programs do exist we start getting people interested in them and more people want to take advantage of it. And yet we are restricted in fighting this war on poverty by the limited resources, funding levels, program guidelines, what have you.

For instance, we are still operating at the same funding level for this war on poverty since it began. The Headstart programs, for instance, in our area, originally only about 10 percent of the participants were Mexican-American. After 3 years now about 40 percent are Mexican-American, and there are probably another—I don't know how many—out there trying to get into these kinds of programs, but they can't because of the limited funding. Much of it has to do because of the language difficulty.

I think it just doesn't apply to people with language difficulties,

but with the limited funding that as we become successful—and many of the programs have become successful, the legal services programs, the Headstart programs, the senior citizens programs, those have been very successful in our area. And as the word gets out that these kinds of things are available we can't serve all the people that need the services, and somehow—I don't know—I get the feeling that we as program directors become the enemy of the people that we are supposed to be trying to serve. Many of the people feel that there is just a big pile of money out there and that, you know, somehow we are keeping it from them.

Sometimes I wonder whether the war on poverty is really worthwhile, that we aren't just in the poverty program acting as some kind of a roadblock between the people that have, I think, the power to fight a bigger and better war, as this country has shown that it can do when it is interested in fighting wars. It becomes rather difficult with the question that we ask ourselves, do you throw in the towel, or maybe somebody is going to get a little enlightened and maybe people will think that this war, this antipoverty war is worth fighting; and if we stick around long enough maybe we will be prepared to help those people like yourselves and the members of the Congress to fight that war and fight it in a serious way.

At this point it appears that we are not going to get any increase in funding, we will be still held at the same funding we had five years ago, and the question is is the Congress serious about solving many of these problems. If they are not I think they ought to tell the people that now is not the time to fight that war and throw the towel in, the war has lost. We have other important wars, more important wars to fight, and maybe those wars should be fought first, and when those are finished then maybe we can seriously tackle the wars that we are supposedly involved in right now.

I am asking, I guess, on behalf of the National Association of Community Development, for the community that I represent, and for my own interest, that if the Congress is not going to allow any more money, at least that money which has been allowed and which somehow is making some sense after 3 or 4 years of how that money is being spent, that if no more money is coming in that at least those programs that we have in tow now can be allowed to operate at a maximum; that all of a sudden this transferring of programs again sets up new people, new guidelines, new administrative procedures, new management, and somehow the war even becomes diminished because half of the time is spent with the people like ourselves in the field trying to make responses to the new people coming out with the new guidelines and with the new departments. And those people that are hearing about programs, they are lining up, there are more coming, the money is the same, and you know, we are almost doing less.

So I am asking that if you are not going to increase the funding that at least those programs that will be kept intact at least in OEO be kept within OEO, and that we don't waste a lot of time, a lot of money by beginning to set up new corporations and new ways of handling the problem that we have been trying to handle for 4 years by transferring them over to other departments who will be doing the

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same thing but with another person coming up with different ways of handling this problem which we thought we had been doing fairly well at.

Thank you.

Senator NELSON. Thank you.

STATEMENT OF LEROY HAYES, EXECUTIVE DIRECTOR, COMPTON-WILLOWBROOK-ENTERPRISE COMMUNITY ACTION AGENCY

Mr. HAYES. Mr. Chairman, I think I stated in my opening remarks that I was from Compton, Calif., where I am executive director of one of the community action agencies.

Senator NELSON. Where?

Mr. HAYES. In Compton, Calif. That is in Los Angeles County, where we have five community action agencies, and the county of Los Angeles is perhaps the largest populated county in the United States. Someone has said that there are only 13 States that have more people in them than Los Angeles County.

When the Office of Economic Opportunity was founded in 1964 Los Angeles County was a very dismal place to live for blacks and for browns as well. The opportunities for their advancement were practically nil even for those who were educated.

I recognize my distinguished colleague, Mr. Roblin, comes from Mississippi, and it is sometimes alluded to that things are pretty rough in the South, perhaps they may be rough in the southwest; but I submit to you that they were even rough in California, the great Golden State, which perhaps has one of the better educational systems in the country.

Until this act started—the war on poverty actually got started in 1965—those of us who were college graduates looking for an opportunity in this country, we were kind of limited. I think one of the big discussions—that if you really wanted a job there were only three available possibilities for you: you could teach school, saying that you had gone through the 5 years and passed the examination and then been accepted; you could work at the post office, which didn't necessarily mean that you had to have a college education; and I think you could get a job sometimes in the civil service. And those were really the possibilities for us in 1960.

When I graduated from college in 1961 I went through the Core Foundation and came out supposedly prepared for a career in public affairs.

We still talk about it in Watts today, where I live, that until this bill came into effect that we did not have much of a chance to get into the mainstream in America.

I happen to be one of the oldest workers in the war on poverty. I think I was the first one hired, this was in 1965, and the program was funded directly from Washington. The program was called the teen post program. The second program that was funded in Los Angeles County was the Westminster Neighborhood Association. Both of these were in Watts. I think I started working 7 days before the great eruption in Watts.

From that time on there were those who were skeptical about this

program as to whether in fact it was real, it was going to last or not, or whether it was just a temporary thing. And I submit that after 5 years some of us are convinced that it is real and that it in fact has done a great deal of good in this country. Recognizing again all of the negatives that you heard or you will hear about the war on poverty, it is the greatest program that has happened in my lifetime for this country.

Even with it being limited in funding, even though I have heard recently someone saying there is about $30 billion that is being appropriated for the poor, it seems to me that OEO has been the only agency that legitimately we could say is an agency that is designed to help the poor people. It is our program, and we are an advocate for the poor; and my job as executive director means I am legally one of the few people in this country whose job it is to work for poor people.

I think most administrators, most of us who have gotten into the mainstream of this program, we take that very seriously, that we are in fact there and we don't represent, we will say, the middle class, whatever that means, we don't represent the rich, but we indeed represent the poor. And I think that is the hope that we have had as far as OEO is concerned, and most of us get very concerned when we hear that OEO is going out, and some of us are prepared to fight very hard and support with you and others who try to maintain these programs to keep them.

And I recognize there are a lot of things arising that none of us really understand at this moment, but all we are prepared to say as far as OEOE is concerned, NACD's position is that we would not only like for it to be continued for 2 years, we would like to have a 5-year program.

We believe, as had been stated by some of my colleagues today, that we have developed a track record, taking into consideration all of the negatives again. Somebody said that in 1965 when this program started that a decision had to be made and that decision had to be one of two things, whether we were going to put the program out to the community and then organize it, or organize it and put it out there. Well, a decision was made to put it out there first and organize it. And it is being organized, and I think that OEO has done a tremendous job in giving us the resources now in training for those of us who are community action agency directors. There are supposedly 900 in this country.

I think now they have a program for the NACD where they are sending directors through training for the first time in the last year; in fact giving training in manpower to community action agencies.

These are all the positive things. I don't think any of us disagree with that, and what we don't want is for our critics to believe the program has been a failure. Sure, we need more resources; we recognize that. But it has helped a tremendous amount in our communities and it has advanced the economic level of this country.

When I talk about Los Angeles County I am talking about seven million people, and I can tell you that for the first time that some of the people have hopes of looking into other careers other than the ones that I mentioned earlier. They can now go to schools and perhaps a little black boy can say "well, maybe I could be an administra-

tor," because that was really kind of unheard of until 1965 when this program came into being, or maybe he can talk about "I would like to be a social planner, urban planner," and all these kinds of things. And these are careers that have opened because that program has in fact been in existence.

I was in business—at least I tried to be in business at one time. One of the big problems we have now, and I think you know that, it is stated that there is a program with a design for the minorities to get involved in business enterprises. Community action agencies are in fact corporations. We are in fact managers of presidents of multimillion dollar corporations through this opportunity for the first time, and the last three years you begin to see a lot more males, black and brown, who are now moving into these kind of positions for the first time. A lot of them are working at the post office; didn't believe the program was gong to last, even though they had the ability it was a security situation with them, so they had to stay even though they were being paid very small amounts of money.

So now it looks like that with the refinement, with our learning—and we had to learn, because I think there were 900 agencies in this country and they were all doing it 900 different ways. I don't have any argument with that because I think out of it this country has developed a group of people who for the first time can get together, they can rap, they can go through a whole lot of changes, argue and fight, rearrange, when they get through we can work together and arrive at a decision. This was not possible in this country prior to 1965 because we never in our communities had an opportunity to work together in group settings and begin to learn what the democratic processes were as far as making decisions together. And now that you have the Green amendment, where we say that public, private, and the poor all have to work together and plan and make decisions together—for the first time this is happening for the poor. I really feel that I can have some input, however small it is, maybe, at least I have an opportunity to have my views known.

And I think these are the kinds of things that we cannot afford to lose. And I was very pleased to hear Mr. Caruther from OEO himself maintain that he was convinced that the community action agencies were viable, they were going to work harder to strengthen those agencies that were weak, because I think that it would be doing a disservice to a community to take one out because it is weak instead of using the full resources that we have learned in order to make them strong. I believe the communities need them. And regardless of all the things I am hearing about what may happen under the new organization, I maintain the community action agencies are a very viable organization in the community.

As Mr. Acosta stated, we take a lot of the heat in the various communities because the poor feel very comfortable in coming in and talking to us and dealing with us, and that's all right because perhaps we understand what the poor are saying. Most of them are saying we would like to be included; we want to be heard. And we don't mind their being heard, and what we need is continued support from the Congress, because with this and with our now being trained, a lot of us, and being really concerned about it and committed to

it—and we have committed a lot of public officials who really did not understand what it was about, but now having to be on the boards of directors and seeing that the poor are very resourceful given an opportunity—and they have been given that opportunity and they are learning to deal and to effectively get out—with a small amount of financial resources, to get a lot of good programs moved. And I think this is a testament to the Congress that they passed this bill and said well, we are going to try, and we know it is an experimental program, but we would like to see it at least continued for 5 years, and hopefully that some of the other ideas, some of the funding may in fact come into OEO and would help us, because I think the flexibility of the program has been one of the real shining points of it.

So again I think it is an honor to have been here this morning to speak out on behalf of the program that we feel very strongly about, and hopefully that it will be continued and OEO will continue to have the opportunity to be the legal advocate of the poor in this country.

Senator NELSON. Thank you.

STATEMENT OF JAMES BOYLSON, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION FOR COMMUNITY DEVELOPMENT

Mr. BOYLSON. Mr. Chairman, I am James Boylson, executive director of the National Association of Community Development. It is my job to sort of summarize and make some major points out of these various comments of my colleagues, not only the colleagues sitting at this table in front of you today, but the 67,000 people across this country who are not only community action program directors, but they are directors and functional people, practitioners of the community development concept at all levels, they are board people, policymakers, and the poor themselves.

The first point that we have tried to get across is that project directors, project operators absolutely recognize the need to cooperate and work in a comprehensive approach with all sectors. Nobody in this program today after 6 years of experience is naive enough to think that they can carry it alone; and even if the funding were "adequate," which we know is, of course, an economic dilemma for any society, they would always have to, in order to see that those funds were efficiently and properly used, maintain a total comprehensive working approach within the local community.

We think, however, very often it has been overlooked that the community development process by its very nature, but its very definition has to vary from community to community. This is the uniqueness of it. Every community action process has its own gestation period, has its own chemistry, local processes. In some areas it is going to be faster than others because of certain catalysts and certain other factors.

But what we are really saying, that the poor, even after 6 years, and the people advocating and representing the poor stemming from OEO as the Federal institutional established agency designated to advocate for them, and those grantees and people at the local level

who have been working with and for the poor, are not ready to concede the total control over their own destinies. They do not feel that they can sit down and effectively work out on a cooperative basis if all of the total control of the resources is placed in the hands of others, whether it be elected officials at the State level, the local level, or whatever. They have to sit down as co-equals and partners.

The second point is that at this point in our developmental history of the community action process not only have millions of persons been helped in a wide variety of personal, physical, and mental ways, but many millions more as well have been turned on to a new level of hope and aspiration. The voiceless have taken voice. The disenfranchised have gained new insight and power through accepting and using the voting franchise. The homeless, hapless, and technologically displaced, who recently have been joined by those technologically displaced because of cutbacks in the defense industry and other factors, who are not poor but are finding out what it has been like for the people of Appalachia whose coal mines ran out; for other poor people in parts of the country who were trained to do a specific job and all of a sudden that job is no longer available for them to do—some new alliances are being made between these groups, and these are all people, Mr. Chairman, gentlemen, who are old-line agencies who it is proposed to take on more and more responsibility for the antipoverty effort nationally, have long ago written off as hopeless.

And I think that the third point is that we have seen tremendous impact—tremendous change in attitudes of these old-line agencies as they have become more and more deeply involved with the Economic Opportunity Act, the Office of Economic Opportunity, and the various funded programs at the local level. They have been able through experience, through cajoling, sometimes through out and out confrontation, certainly through tests in court—which was the basis for a veto of the legal services program recently—that they have come to see the poor and their role in servicing the poor in a whole new light as a result of this piece of legislation.

The poor in our society have found a new place and look to the Economic Opportunity Act and its institutional creations as their champion, as their technical assistants, and most of all, advocate in their behalf.

Many persons—poor and nonpoor—only now begin to understand what the Economic Opportunity Act is really all about. That we have 6 years behind us, yes, but the communication problem, credibility problems, and many other factors—certainly not least amongst them is the amount of energy and concern that has been sapped of our body politic and our population by the Vietnamese war and other concerns—have kept people from refocusing in not only on the major causes and the programs that are being designed and operating to deal with those causes, but they really have been, until very recently, not very aware of how much success has really come out of this program and its efforts, and it is a tremendous public relations problem.

One of the greatest frustrations of community action programs and social action programs at the local level is that the job in which they

are involved is so monumental, so overwhelming that the resources that they have and the lack of trained people to carry this out, they have really been their own worst enemies when it comes to the public relations aspect of selling their successes, of making the story really known. They don't have large budgets like other divisions of our Government to spend millions and millions of dollars to convince the public that they are doing a very good job, and they don't have the resources to present the hard kind of statistics that particularly our local officials at the various local levels seem to want to have in order to convince them that the thing is effective.

The next point is that although many signs of hope and potential have become apparent during the course of the 6 years of history, the future and credibility of continued momentum of our effort is really now in serious doubt. We are seeing this being fed back particularly through our association, not only through our members, the people who are employed to carry out the programs, but the board people who have been working, volunteering many, many manhours with no compensation whatsoever to help make policy, to help make these programs work. They are starting to lose heart with this talk of the dismantling of the Office of Economic Opportunity, the spin off, the lack of control, the fact that now that they have spent all this time and years and their precious efforts to try to develop local structures that are broad based and involve all aspects of the community, that now a whole new ballgame is likely to be imposed upon them.

The dismantling of OEO and OEO's apparent willingness to diminish its real base for effective advocacy is also, of course, a very, very great concern.

We heard not too long ago representatives of the administration say that since the Administration Executive Department was largely in management that they found it was a little bit inconceivable from a practical viewpoint that a management operation could also be an advocacy operation. We seriously question that. We seriously question what the effect is going to be if the administration through its arm, the Office of Economic Opportunity, does relent in any significant degree in the advocacies, strong advocacies, and that means, of course, in dealing with coordinating efforts with other Federal agencies, and also at the State and local levels.

Some of these manifestations that create this credibility problem are currently exemplified, for example, in the current fiscal year's funding program which Congress approved which just barely, as you know, sustained the operating levels for the previous operations. And actually when you take into account the attrition through inflation and other cost incremental factors which hit these programs just as much as it does the private sector there actually is a 5 to 10 percent lessening each year even though the same amount of money is voted. But now we understand that nearly $14 million of that money that Congress appropriated has been held back by the Office of Economic Opportunity in this fiscal year. And this is an admission of their own people.

We think that the arbitrary cutting back and closing down of programs is a very debilitating kind of thing, that the community action agencies are defunded when the Office of Economic Opportu-

nity itself has admitted during the 6 years of its life no real effective, objective kind of evaluation criteria has been established.

We know that there are weaknesses in the program and we know that there are weak agencies at the local level, but we say that those agencies should be given a great deal more help and encouragement to strengthen and improve rather than just an arbitrary cutback.

Another sign, of course, is the proposal for the increase in the local Federal share and a portion of that be cash. This will have the net effect probably of cutting off as much as 50 percent of the functions of community action programs right now, particularly in the small urban and the rural areas. And this, I understand on pretty good authority was, really the intention of that recommendation.

The constant shifting of special emphasis programs, what we call canned programs, setting them up, pushing people to get proposals written, to get them implemented, and imposing them on local communities before the communities even have a chance to understand what they are all about, and then by the time they get them and the people get turned on them, know what they can do with them, then all of a sudden it is shifted over to some other favorable area. So that there is no sustained continuity.

And I am citing these things as reasons and rationalities for some of the weaknesses and some of the problems that we do have in our programs, that they are not all programmatic or management problems at the local level, but they are things that are actually being built in or have been built into the legislation in the past.

Finally, we submit to you that the track record for the Economic Opportunity Act and those agencies and units which have been carrying it out over these 6 years is relatively and absolutely positive. We have no illusions, as I have said, about the weaknesses of the program. But we do feel that when objectively compared to the track records of such predecessor efforts as the BIA—Bureau of Indian Affairs—the Department of Agriculture, U.S. Aid and Labor, that our program stands out proud and honored.

The real miracle of what we have done is, when you view the accomplishments of these local programs, the community action, and model cities, and SEP, in view of what we have had to deal with and contend with over the past 6 years—the real miracle is the fact that anything substantive has been done at all, and we submit to you that very much has been substantively done.

Finally, Mr. Chairman and members of the committee, I would like to take this moment to tell you that the National Association for Community Development, its board of directors, in a meeting in Chicago early this month passed a resolution. I am going to submit this resolution to you as an exhibit, but here is what the National Association for Community Development advocates—

1. A 5-year authorization for the Office of Economic Opportunity, because we believe that that is the amount of time that was promised to us in the initial legislation to carry out the mandate of the Economic Opportunity Act.

2. Appropriation of funds to maintain and extend community action program under the administration of OEO.

3. The administration of manpower programs by community action agencies.

4. The strengthening of OEO to peform its role in developing and improving community action agencies with problems and taking action necessary to continue them as vital community action agencies working with the poor.

5. The maintenance within OEO of Legal Services and VISTA.

We oppose the transfer of current OEO funding into revenue sharing, the transfer of community action to any other agency of the Federal Government through reorganization legislation or by executive order, the arbitrary transfer of nonprofit citizen oriented community action agencies to the sponsorship of local governments on the basis that they are not yet equipped to deal with local politics as they are handled; four, the arbitrary transfer of manpower program administration to local and state government; five, the transfer of vital OEO functions such as VISTA and Legal Services to other agencies or corporations; six, inhibiting actions or disapproval of community based and developed programs by State government.

That is our proposal. These are our points, Mr. Chairman, members of the committee, and we hope that we have been able to contribute something to your insight of the program as it is operated at the

Thank you very much again. We would be glad to answer any questions that you may have.

Senator NELSON. Well, thank you.

I think the majority on this Labor and Welfare Committee does believe that the community action and community development agencies have made a remarkably fruitful contribution working in the field of the disadvantaged and would like to see the effort expanded and reinforced. I think the majority on this committee does believe that the OEO organization at the national level should be preserved with special responsibility of an advocate for the disadvantaged, and I would hope that we would be able successfully to refund the program and continue its operation with the special responsibility remaining in the OEO as an agency that has the unique responsibility for attempting to work in the field with the disadvantaged and the poor. Not everybody in the Congress shares that viewpoint, or in the executive branch either.

As you know, we passed legislation in the last session which came out of this committee, the employment and Manpower Act, and the major thrust of that bill was to reinforce the local agencies, give them more independence in developing and managing local manpower programs. And we thought on this committee that that was a big step in the right direction. Unfortunately, the bill was vetoed, and we now have before us a proposal for revenue sharing, so to speak, respecting manpower programs which does not have any Federal standards for manpower programs at all.

I personally would have grave reservations about the type of manpower program at this stage in history, because I don't think we have anywhere nearly completed the experimental process at the local level for developing effective manpower programs.

I would agree with you that every community is different, and we have had several hundreds of agencies in the country working since 1965 with varying degrees of success in developing local programs

to bring services to the poor. There are dramatic examples of various successful programs that have been made so by dedicated people such as yourselves and those that you represent and others like you working in the field, and I hope that we will be able to reinforce and strengthen that program in this session of the Congress.

I think the Congress of the country is beginning to understand slowly, but beginning to understand, that you can't have a successful program of assisting the disadvantaged without having it run at the local level with participation of the people who are disadvantaged in the program, and that there is no way for some outsider who is not part of the problem to devise a program and impose it upon a group of people as a solution to their problem. They have to be participants in the solution. And that is what has been evolving as you well know, in local communities all across the country.

So I would hope that we can continue the program because I see a great opportunity for real successful breakthroughs now in most of our cities and communities across the country if we will just stick with the program for another 5 or 6 years. By that time I am satisfied the results will be so self-evident that we will have massive support for this kind of program nationwide. I don't see any other better or more effective method of approaching the problem that all of you folks are attempting to deal with at the local level.

When you commented on returning programs to the State and local governments, the manpower programs, or expressed your objection to that, I take it you are referring to the so-called manpower program with the revenue sharing proposal of the administration.

Mr. BOYLSON. Not only that, sir, but the proposal to shift around suddenly, just as local community action agencies are really getting into administering and providing comprehensive services in the manpower field, now a proposal has come forward to shift prime sponsorship, which would disrupt this process, and also make it really more difficult for the community action agencies to be directly involved in that process, because as a deliverer of services they would be put then into competition with local employment service programs. We just don't think this is feasible and neither, it is our understanding, do many of the regional manpower administrators or regional OEO administrators.

Senator NELSON. Did you or did you not agree with the design of which established a prime sponsor program at the local level requiring participation of all the community development agencies as well as the employement service, the vocational school, the mayor, and so forth? Did that one meet your approval?

Mr. BOYLSON. Yes, sir, we did support that. We would like to have seen, of course, the Department of Labor and OEO implement the program that was passed and approved by the legislation in 1967 and the community work training program with community planning areas, but we recognize that times change and things change, and we did feel that the manpower bill that was finally passed—we would like to have had the pure Senate version go through, and we understand community action agencies were put a little further down the line in the bill which was vetoed. But anyway that was certainly much more along the lines of what we are advocating than what is being proposed now.

Senator KENNEDY. Mr. Chairman, I regret that I wasn't here for the presentation earlier this morning, but I will look forward to reading it.

I think when the country realizes that our greatest needs are here at home and begins to really focus on the problems of the cities perhaps Congress wil give your groups adequate support.

In many respects, the testimony that we are hearing this morning from this group of witnesses is the most important, and the most relevant to our domestic problems. So I want to extend a warm word of welcome to all of you.

As I understand, you have made some comments earlier on the suggestion by the administration that we raise local participation from 20 to 25 percent, have you not?

Mr. BOYLSON. Yes.

Senator KENNEDY. And do you know of any group in this country, any community action group that could possibly fulfill that requirement today?

Mr. HAYES. That would be virtually impossible, and I think there are only about two or three cities in this country where they have really made a contribution to this program financially. In all of Los Angeles County it is very interesting we get 35 percent of all of the poverty funds in the State, and yet the city and the county has contributed an average of $20,000 each to the war on poverty in that entire county. And as I indicated earlier, that county is larger than 37 states in this country. So if we are going to be relying on, say, local governments to come up, or even the local citizenry to come up with cash contributions, that really would put a lot of us out of business.

The agency that I represent in Compton, for example, the only programs they have had are what our agency has been able to develop. The city itself, its budget was smaller than our community action budget, and we were one of the smallest of the five in L.A. County. But because of that amount of resources coming in we were able to work and assist the city in giving them staff and helping them develop and get a model cities program started. So there was no manpower or anything out in that particular area. That area was between Long Beach and Watts. And so they had been kind of left out. And yet it is one of the few black cities in this country where just no Federal programs were out there until the community action agency was established in 1967; and from that time, and yet, they could not now support an agency to come up with five or ten percent cash in kind contribution. This would be virtually impossible.

Mr. ROBLIN. If I could add to that from a rural standpoint in Mississippi where I am from, the results of this kind of thing would be disastrous. We have seen this through the economic development districts which are established and require local cash contribution; the result is that the staffs of those agencies are almost all white, and the responsiveness to the problems of the black community in Mississippi is ridiculous. The same effect would certainly be worsened on community action programs.

Senator KENNEDY. That is certainly my impression. Let me ask you, in terms of the administration revenue sharing proposal and the fiscal

gymnastics associated with it, what would be the impact of revenue sharing? What would be the impact of making community action groups dependent on the cities and even the States for their funding? What would be the impact on existing community action programs?

Mrs. SYLER. I would like to take an opportunity to answer that based on the Chicago situation. In the city of Chicago the community action agency is a city sponsored agency established by city ordinance, with the mayor of the city as the chairman of the board.

In the city of Chicago the program would be in jeopardy if we had revenue sharing simply because a large city such as the city of Chicago has multiple programs and funds are limited. We would have to be in very stiff competition in order to acquire the kind of funds that we need to carry on the kind of programs that we are conducting now rather than have them diverted to a transit system, pollution control, housing and other kinds of concerns that the general population would have. The mayor of the city has committed himself to the poverty programs, but he would be under very severe pressure to divert some of these funds to other purposes.

Mr. ROBLIN. I might add again from the rural south point of view we would have some rather difficult problems, particularly from the State, where just word of this occurrence has got people literally drooling at the mouth down home. We have seen some real examples of this in some recent activities on the Gulf Coast of Mississippi in manpower training programs for industry where we are literally fighting and trying to confront the agencies who a few months ago, before word of revenue sharing or this kind of thing came out, there was a little more responsiveness because they had concluded that we were going to be around and there was a mechanism for the poor people and minorities to express their view. But with word that we might be shipped on the next boat to somewhere else their attitudes have reverted somewhat to the way it always was, and it would be just disastrous.

Mr. ACOSTA. Senator Kennedy, in my area in California, especially in the areas where there are large Mexican-American populations, as you well know, many of the Mexican-American people there are not registered voters, and those who are registered voters cannot vot very often for a number of reasons. I think they see it as hopeless very often. Much of that has been changing; but this revenue sharing would put the city administrations, the city councils or whatever, at the mercy of the people that put them in office.

So if we want maybe a local center where people could come and do any number of different things, a community service center, for instance, and we have five or six or two or three different large housing development tracks, 20,000 units, where most all of the people vote, and they want streets and lights, I think the city council would be hard put to give us the community service center as opposed to putting in the streets and lights, especially since the streets and lights would get them votes and the community service center might not get them any votes, or very few.

We see it as a calculated move to do away with community action, especially where we are talking about going participation. Revenue sharing or even having to come up with a 5 to 10 percent cash contri-

bution at the local level in the small cities, in small urban communities, would be impossible. It would not work, especially in California where the tax rates are so high now. And the people getting blamed for it, of course, are welfare people, people running for office on the backs of welfare recipients. And we see it as a calculated move to do away with the community action program if in fact it is passed.

Mr. BOYLSON. One final point, Senator. This is just thrown out as a consensus of opinion. It is in no way to be interpreted as a threat or anything else. But we do see accumulated here some 45 to 50 years of experience. Most of the people here have been in the Economic Opportunity Act from the outset. We do see that with the passage of revenue sharing we would be posing a new sort of threat to our society. The past 6 years we have emerged from the devastation of the cities and taken to the streets a new type of political awareness and accomodation, and we attribute much of this to the fact that the Economic Opportunity Act and similar pieces of legislation have given the poor new tools to work with, new methods to work within the system.

We think that revenue sharing in essence pits poor and advocates for the poor back against the so-called power structure of the establishment, that this would put them back into a situation of confrontation, possibly violent confrontation, because there is nothing quite so violent as the confrontation of frustration.

Senator KENNEDY. Let me just ask finally what the impact or phazing out the rural loan credit programs has been having?

Mr. ROBLIN. Well, the cutbacks in rural programs were disastrous. We did participate with the rural housing——

Senator KENNEDY. Could you tell us just a little bit what the program did in the area in which you were affected and what the impact would be?

Mr. ROBLIN. You are talking about the housing program?

Senator KENNEDY. Yes.

Mr. ROBLIN. Well, I was going to say the biggest problem you have in Mississippi is the fact that even before the cutbacks there were cuts. You see, the whole problem of getting farmers home agents who are supposed to be responsive in terms of loans to poor people to face the problem and the issue of making loans to black people is just very critical. Of course, this varies from county to county. In some counties there has been greater success .

I am working in the Conita affected area. We have been up in the delta now. I think you have probably seen in the papers what is happening up there. The whole effort on the part of the agencies designed to serve the poor through the rural loans, the housing loans, is one of continual blockages. So that when the funds were cut back this gave them an additional rationale for saying we don't have the money, we can't make these loans, and we will send these people to see you.

We have had a whole series of confrontations throughout the state concerning this, and there has not been evidence of any real substantive change on the farmers loan to deal with those problems at all.

Senator KENNEDY. Well, I thank you for your comments. You talk about the cutbacks. I think many of us are very much aware

of the cutbacks in or many OEO programs in Mississippi. But you might be interested to know that one of the largest family planning grants is going to Mississippi by HEW. That may be an indication of how they think the money ought to be spent.

Senator NELSON. Mr. Scales, minority counsel, has some questions.

Mr. SCALES. Mrs. Syler, you put great emphasis in your statement on the matter of identiy and trust in OEO and existing agencies. Isn't this really the essence of it, that even if the administration were to increase tenfold the money for volunteer agencies or manpower, that putting these operations in different agencies, perhaps in the case of the youth agency, volunteer agency merged with environmental problems and public safety problems, no matter how the element of VISTA might be preserved, is just not going to sell in the poverty community?

Mr. SYLER. That is exactly right. In fact, now the people are aware of programs and services that have existed for years and years and had never been used by people simply because they had no identification with the programs nor the people who were providing the services. There was a chasm between the people and the public servant, and we have bridged that gap at this point.

I don't believe that any other structure has been considered or will be established to bring together the poor people and the people who are responsible to them in a more effective manner than the programs that we have.

The manpower program is a very good example. The manpower programs in the city of Chicago have been designed in two ways. Some of them have been locally designed programs which we developed through the use of some of our flexible OEO funds and also through some funds made available to us through model cities manpower programs. Those programs have been at least 40 percent more effective than the programs of SEP and Neighborhood Youth Corps which have had rigid Federal guidelines placed on them. Our percentage of success has been so tremendous in the model cities manpower program we overshot our planned goals in every instance in one year of operation, and we have never been able to achieve that with our concentrated employment program, and we operate both.

Mr. SCALES. On a related thing is it true that often when you are given a program, you are given funds, that one of the first things that happens it is evaluated really before you have the program off the ground?

Mrs. SYLER. That's right.

Mr. ROBLIN. Unfortunately you are too often evaluated on criteria that you didn't know existed.

Mr. SCALES. One final question. You have all emphasized the element of participation which, of course, is very important. Would you comment on the importance of the neighborhood centers in that context?

Mr. HAYES. Part of my earlier statement was the fact is for the first time in this country you have developed a cadre of people like that who are now able to make decisions under a democratic process, and I think this is one of the things that neighborhood centers have been able to do.

In 1965 we started the program—I think we called it the teen post program—where the youngsters themselves were able to essentially make decisions about the kinds of programs they wanted in each center, and this was kind of the forerunner of neighborhood centers as far as OEO was concerned in California.

Now since the money has been very limited we have taken all of our money in Compton and utilized it for neighborhood centers, and we get a lot more coverage that way than we could if we had just developed one center. What you have done, you have involved more people now who are going to be involved in decisionmaking as far as the citizen participation aspect of model cities, that the total city has been designed as that. So you are talking about having developed some people who can now get together and really make a decision and talk about what they would like to see in their various communities and actually believe that it can be forthcoming.

Mrs. SYLER. I would like to comment further. The neighborhood centers that we have have become a base of operation for many of our old line agencies, and we have made their services more readily available and palatable to the community through our urban progress centers.

You take the public assistance agency in the city of Chicago; many people find it embarrassing to go to a public assistance office, but we have public assistance representatives in our urban progress centers who are able to service those people who have some very negative feelings about public assistance. The representative there is also a liaison to resolve problems that may have developed between the public assistance agency and the client, and we have been able to work it out equitably so everybody is satisfied.

This has been a place where people can come with comfort. They don't necessarily have to be destitute. It is a center for all the people, and it does not just identify people as being a special group of people who are destitute and disadvantaged. It is a people's center.

Mr. ROBLIN. I think that is also true in the rural areas where there are neighborhood centers functioning. The same kind of thing Mrs. Syler is talking about does occur with other agencies. In many cases your neighborhood centers actually become the town hall, the city hall in terms of the poverty community, because they don't feel—and they are not very well received in terms of the real town hall, too.

Mr. SCALES. So would you all agree that as the total amount of Federal aid to the poor, speaking not just of the poverty program, but the $30 bililon, as that increases through old line agencies it is very important to keep neighborhood centers increasing so they can bring those programs in and make them more relevant?

[Indications of agreement from the panel.]

Mr. SCALES. Thank you.

Senator NELSON. Thank you very much for your very valuable contribution to these hearings. I want you to leave here realizing that there are a good many people in the Congress who recognize the great significance of the work you are doing and hope that we will be able to pass some further legislation to encourage and expand and support your efforts.

Thank you very much.

Our next two witnesses are going to be Mr. Speers, president of the Greater Boston Chamber of Commerce, and Mr. Kenneth Guscott, president of Action for Boston Community Development.

Senator KENNEDY. Mr. Chairman, with permission of the Chair, I would just like to present Mr. Speers, who is the president of the Greater Boston Chamber, and Ken Guscott, whom I have known for a long period of time and has been one of the most active and interested citizens in the local community.

I think we have an opportunity this morning to listen to Boston business spokesmen who have been among the most active and interested citizens in the problems of the greater Boston community. Ken Guscott is one of the most enterprising and imaginative leaders among the black community in the greater Boston area. I think we have a unique experience up in Boston, and it is the work these gentlemen and the people they represent. It is a real pleasure for me to present them to the committee.

Senator JAVITS. Mr. Chairman, I am engaged in a hearing upstairs with the Foreign Relations Committee on my own war powers bill which I simply have to conduct. I wish to explain that by way of asking unanimous consent that my introduction of Frank Thomas and John Doar of the Bedford-Stuyvestant Restoration Corp., and Bernard Gifford of the organization called Fight of Rochester, N.Y., who is going to be represented here by Leon McEwen, may appear at the proper point in the record and ask the Chair's permission to briefly make them now. May I do that?

Senator NELSON. Yes.

Senator JAVITS. I thank you my colleagues.

Mr. Chairman, it is peculiarly fitting that Senator Kennedy should be here at the moment, and I hope he will be able to stay—at the moment when the representatives of the Bedford-Stuyvesant Restoration Corp. appear. The development of the Bedford-Stuyvesant restoration effort, which is a community effort at both self help and community development with Federal Government help, was the very gifted, indeed almost inspired initiative, of Senator Robert Kennedy, in which I had the privilege of joining with him as he was my colleague as Senator from New York. If it works—and right now we are more encouraged than ever—it could be one of the most significant breakthroughs in the whole field to deal with the inner cities, on how to deal with the slums of those cities. It is a self help and special impact Federal Government help, also foundation help, help by the city and State of New York, the Mayor is involved—Mayor Lindsay, when Robert Kennedy invited him—and indeed Mrs. Ethel Kennedy is now a member of the board of Bedford-Stuyvesant. And I think the committee will be greatly helped by the intelligence brought by these gifted men, Frank Thomas, who has made an extraordinary record as one of the two outstanding leaders in this effort on the working staff side, and John Doar, whom we know from his experience here in the department, but who also has led the business side insofar as the staff and executive direction is concerned in Bedford-Stuyvesant.

Much has been accomplished which they will tell us about. But I wish to emphasize the unbelievably important aspect of this as a demonstration project and a pilot plant operation in this field.

So I am very grateful to the chairman for inviting them, and I think they will be very helpful to us in our work.

Just one word about the organization to be represented by Mr. McEwen, Fight, of Rochester. I have had an extensive personal experience with it. It was developed originally in response to the concepts of Sol Alinsky to develop a community consciousness by the abrasive but effective technique of protest against recognized community evils. Fight turned out to be a very constructive force, settled a major problem, for example, at least in Kodak and Rochester, and again I think we can get an admirable laboratory experience with what goes on in this field when local people really get deeply involved from the experience of Fight.

And I thank you very much for this privilege.

Senator NELSON. Thank you.

Senator KENNEDY. Mr. Chairman, I would like to add some remarks of introduction as well since Senator Javits has made some comments at this time. I would like to just underscore what he stated.

It is a pleasure to welcome Frank Thomas and John Doar before this subcommittee. I have worked with you before on the problems of Bedford-Stuyvesant, which was one of Robert Kennedy's greatest concerns. He saw the problems of Bedford-Stuyvesant as symobilizing the trauma of the inner cities. And he felt that Bedford-Stuyvesant could be a model to the Nation of what could be done in a partnership between government and the community, a partnership directed by men of concern and dedication. I think we haveseen that happen. We men of concern and dedication. I think we have seen that happen. We acquiring the faith that it can determine its future. And I so want to join Senator Javits in his words of welcome to you both here today.

Thank you.

Senator NELSON. Thank you.

The committee is pleased to welcome you gentlemen this morning. Do you have prepared statements?

Mr. GUSCOTT. No.

Senator NELSON. All right, you proceed to present your testimony however you desire. Would you put the microphone up close so everybody will be able to hear?

STATEMENT OF KENNETH GUSCOTT, PRESIDENT, ACTION FOR BOSTON COMMUNITY DEVELOPMENT

Mr. GUSCOTT. Thank you, Mr. Chairman.

Mr. Chairman, members of the subcommitte, and my Senator from the Commonwealth of Massachusetts, Senator Kennedy. First, I am Kenneth Guscott. I am present of Action for Boston Community Development, which is the anti-poverty agency in the city of Boston. I have had the distinct pleasure of helping in the formation of ABCD and serving as one of its vice-presidents or directors, since that beginning. At present, I am also president of New England Regional Conference of NAACP and president of my own industrial management consulting firm. I am also a former member of the Northeast Regional Manpower Advisory Committe to the U.S. Secretary of Labor Secretary Wertz.

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I state these things because I think that I have had the rare opportunity of looking at both sides of the question, and I am coming here today to speak on behalf of the private sector in the war on poverty. To speak in relationship to the business section I have with me the president of the Greater Boston Chamber of Commerce, an attorney, William Speers, and he will cover that part of it.

I am not here to talk about what a great program we have in Boston, although we do believe that it is a great program. I will only talk about it when I want to emphasize the type of contribution that I think community action programs have made, and have the great potential for making, to our Nation.

No. 1, the board of directors for Boston Community Development is composed of 51 percent community people who have been elected by their peers in the community. Nine city councilors or their designees, also serve on the board, representing elected city officials. The remainder of the members of our board of directors are from the private sector and represent various agencies and organizations throughout the city, I am a member of the private sector.

I have seen the growth of the community action agencies, the development of an instrument that has the capability of pulling the inner city together. And when I say inner city I am not speaking about just the black part of the city, I am speaking about the total inner city. For those of you who are familiar with the city of Boston, it is a city that is composed of many ethnic groups. And these ethnic groups have had many differences of opinion in regard to the distribution of power within the city. But through all of the confrontation that we have had in the sixties the one bright flower on the scene has been Action for Boston Community Development. I could go into the confrontation in the schools, a situation in which I have been deeply involved; but at the same time, we have had a joining of the different ethnic groups around a common cause.

I happen to believe that people organize around causes and not organizations, and this cause that we have in common, whether black, white, Indian, or anything else, is the common cause of poverty. Those of us who are fortunate enough not to be under an aegis of poverty, share a common problem with the people who are unfortunate because the very survival of our cities and nation depends on how we handle the problem. With 25 years of industrial experience I know that any problem can be licked if we make up our mind to lick it and build the vehicle to do the job.

Here in the city of Boston, the community action agency has not become an agency designed to deliver services to people. We have become an agency that helps to build the capabilities within the individual so that the individual will be able to join and become a productive part of the American scene.

Most of us do realize that our Nation has been very fortunate in having an abundance of natural resources. But with our being fortunate we have been unfortunate because we have ignored the development of human resources, and now we are beginning to realize that the true wealth of a nation, any nation, lies in the development of their human resources. And we are now, I believe, fully on our way to try to do this.

I think it would be a great mistake if we cut back and did not increase our appropriations for these community action agencies.

I would like to conclude by stating that here in our Boston community with Action for Boston Community Development we have been able to rely not only upon Government help and aid; we have been able to call upon the business community, the educational community, in addition to the residents. By serving as a catalyst we are able to bring all of these resources to bear on problem after problem and come out with solutions that are going to be beneficial to the individual, to our city, and to our Nation in its entirety.

I would like to have my colleague, Mr. Speers, who is the president of the Greater Boston Chamber of Commerce, and deeply involved in civic works—being currently a member of the Commonwealth of Massachusetts Master Tax Plan Committee—I would like to turn the microphone over to him, and then we will answer any questions you have.

Mr. SPEERS. Mr. Chairman, it is a great pleasure to be here, and particularly to be introduced by my own Senator, Senator Kennedy, and be able to speak to him as well as to you and the committee.

Perhaps I can bring to the discussion and consideration a somewhat different viewpoint. Most of the prior speakers before Mr. Guscott and myself had an official connection with agencies concerned with these problems. I have not, of any direct sort.

I have had an opportunity to view Action for Boston Community Development in its operation from several angles. I am a director of the Boston Legal Aid Society, and it is the the contracting agency for the legal assistance projects inBoston.

As Mr. Guscott has said, I serve currently on the Master Tax Plan commission for the Commonwealth. I previously served on the Willis Harrington Education Commission, and I had a chance to learn a lot about what Headstart can do for disadvantaged children.

And I have been able to watch the Headstart program in Boston under the aegis of ABCD with OEO funds.

And from these various vantage points, I have been able to become convinced that it is a viable way of dealing with these problems. ABCD handles a budget of $18 to $20 million currently, and it operates through four major sections, dealing with manpower, the Headstart area, family and community services, legal assistance project is within that, and with economic opportunities.

It functions through 11 APAC's, area planning action councils, which are largely representatives of the community within which they work. And it contracts through over fifty delegate agencies to to accomplish its purposes.

Obviously one of the concerns of committees such as yours is going to be how efficiently is it doing the job, how good are the administrative and fiscal controls. I am well acquainted with both the partner of the local accounting firm who has done the audit for the last few years, and with the attorney in Boston who organized ABCD 2 years before the Economic Opportunity Act was passed in 1962 as a private enterprise with Ford Fundation funding.

And both from my own observation and from what they have told me, I have become convinced that is a viable, well controlled

organization. The administration is component the financial controls are good at the top level.

I think that it is doing an important job in the community that needs to be done, I would be appalled at the thought of having to see us establish from scratch another organization with a better prospect of doing the job as well, never mind doing it any better.

And I personnaly would view with great misgiving cutting loose from the availability of this source of funding and turning to revenue sharing. The cities in Massachusetts, and the larger cities particularly, such as Boston, and other municipalities and urban centers across the country, face desperate financial problems at the moment. We have been wrestling with some of them in the master tax plan work which has been 2½ years in studying the tax structure and economics and probable demands in Massachusetts at all levels of Government.

And of course revenue sharing is one of the things that is mentioned as a solution to the cities. I have misgivings as to whether it is going to be the answer that some might think it can be.

And I am sure that from the Viewpoint of the disadvantaged in the cities and the poor, it can't possibly deliver the benefits that would be assuredy a continuation of OEO founding for variable organizations that are doing the job well at the moment.

Thank you very much, Mr Chairman.

Senator NELSON. Thank you, Mr. Speers, and Mr. Guscott.

You were commenting in your last remarks respecting the proposal for the so-called manpower revenue sharing program, which has very vague guidelines—I guess would be fair to say. Is that what you were saying?

Mr. SPEERS. Yes, I would say so. As some of the earlier speakers have said, we fear that under any such arrangement there would be an inevitable competition for and siphoning off of funds and it would not be going through the agency in my opinion, in Boston at least, is doing a very good viable job right now in meeting this specific problem.

Senator NELSON. The committee is grateful that you gentlemen would take the time to come here today and present your testimony. We appreciate it very much.

Mr. SPEERS. Thank you, sir.

Mr. GUSCOTT. Thank you, Mr. Chairman.

Senator NELSON. Our next witnesses will appear in panel. Mr. Frank Thomas, and Mr. John Doar, of the Bedford-Stuyvesant Restoration Corp. Mr. Bernard Gifford of Fight, Inc., Rochester, N.Y. Father Michael Groden, Planning Officer for Urban Affairs, Boston, Mass., and DeForrest Brown, of the Hough Area Development Corp., Cleveland, Ohio.

The committee is pleased to welcome you, gentlemen. I am particularly pleased to welcome John Doar. This is the first time we have ever had anyone appear before this committee from New Richmond, Wisc.

How do you wish to proceed, Do you have a prepared statement? Who would like to start?

As each of you speak, please identify yourself for the reporter, so that we are sure that the testimony is correctly reported in the record, or attributed in the record.

STATEMENTS OF FRANK THOMAS AND JOHN DOAR, OF BEDFORD-STUYVESANT RESTORATION CORP., BROOKLYN, N.Y.

Mr. THOMAS. Mr. Chairman, I am Frank Thomas, president of the Bedford-Stuyvesant Restoration Corp. I think you and the committee for asking myself and Mr. Doar, who will speak next, to be here this morning.

Our main focus will be on the special impact program, since that is the area of operation within OEO that we are most familiar with and have worked most closely with over the past 3½ years.

As you know, the special impact program is designed really as a one-stop service center, a place that a community can turn to seek assistance in the implementation of a whole range of programs designed to improve the quality of life in that community.

It mandates that you take a defined geographic area and develop a series of interrelated programs, each tending to reduce dependency and address itself to the chronic problems that affect that particular community, in our case Bedford-Stuyvesant, which is a part of the Borough of Brooklyn, which is itself a part of the city of New York.

Bedford-Stuyvesant is 450,00 people, approximately nine square miles. Its characteristics, as laid out both by the Census Bureau and those of us who were born there, and know the community, are typical of most depressed inner city areas around the country.

All of the problems of unemployment, poverty, poor health conditions, terrible housing, and of the absence of any adequate flow of capital into that community, which will circulate and help rebuild that particular area.

The approach that we have taken in our design of the effort in Bedford-Stuyvesant has been to establish two nonprofit corporations, one of which is made up of local people who live in Bedford-Stuyvesant, know the area, and that corporation's responsibility is to decide what the needs and priorities are in the community, and through its staff to design programs intended to meet those needs and priorities.

The second corporation is made up largely of Manhattan-based businessmen, who jointly with the local group have committed themselves to these programs, and to helping in the finding of resources and implementation of the programs, and John will speak directly about the role of the business corporation in this venture.

We started with the simple and seemingly unequivocal notion that the inner city was a logical place for people to live, in fact people live there, and the process of redevelopment of an inner city area like Bedford-Stuyvesant could itself and should itself confer a benefit upon the community.

That is, in addition to the programs we would design in housing, and business and job development, that how you arrived at the goals those programs set should in itself confer a benefit on the community, a benefit which goes beyond mere participation.

I think we have come to the realization that after self-awareness and

after participation in focusing attention on an area, that you have to then be an integral part of whatever is to happen in your community.

And so, in our housing program, which I will talk just briefly about, you will find that our major focus is not just on how many units of housing we can provide in Bedford-Stuyvesant, but how can we involve local labor in the production of thise units, local architects, local engineers, local skilled and semiskilled and unskilled persons to work in providing that housing.

In the housing field, our approach was the problem into three areas. One was how do you take the housing presently existing, which is in reasonably good shape, and keep it that way. And how could we address ourselves to the rehabilitation of that propert which needed to be rehabilitated. And how do you build new housing all using local people.

On the maintenance side, what we have done is to design two programs. One involves providing mortgage money for people who already own property, but are saddled with heavy debt, and are therefore unable to keep the property up or who desire to purchase property.

And I might take a second to tell you what the problems were in Bedford-Stuyvesant 2½ years ago with respect to mortgage money. Most of the banks and insurance companies had, as they describe it, redlined that area. If you went to a bank to get a mortgage loan, you would be told that that bank was not writing mortgages in Bedford-Stuyvesant.

And if you were a local person who wanted to buy a piece of property, and let's say you had managed to save up the downpayment, and needed a $15,000 mortgage, payable over 20 or 25 years, instead of being able to get that, you would instead find yourself saddled with a first mortgage covering usually $10,000 of the balance, payable in 10 years, and a second mortgage covering the $5,000 remaining, payable usually in 5 years, and you would pay anywhere from 10 to 20 points, or percentages of the debtd in order to get the financing.

The result was that on a two-family house, instead of being able to live in one unit and rent the other unit out to a family at a reasonable rent, you were really forced to divide up that second unit into rooms and rent them on a weekly basis.

This increased the traffic in the building and generated a need for more maintenance and repairs and fewer dollars were available with which to make the repairs.

When the local group focused on this problem, we turned to the business sector and said to them, we want you to design and help us design an effort which will provide mortgage money in Bedford-Stuyvesant at competitive rates, and we turned to FHA and said, you have to change your guidelines so that the properties in our community become eligible for your kinds of insurance.

Over several months of hammering and effort, we managed to establish a $65 million mortgage pool for Bedford-Stuyvesant. In 1968, that mortgage pool provided loans of $700,000 for local people, and in 1969 it provided loans of $3,600,000, and in 1970 is provided $4,900,000.

We anticipate that that operation, which is all run locally by our corporation, will over the next 5 years make a sizable and significant dent in the problem of housing maintenance in Bedford-Stuyvesant.

I might say that the pool covers both refinancing and new purchases, and, on the average refinancing, the person coming in to get a heavy debt consolidated, you find an average reduction of $150 a month in monthly payments. And to a family living at or below the marginal level of subsistance in New York City, this makes a tremendous difference.

It is also an example of how, by approaching the broader business community with a series of coordinated programs, we are able to stimulate them into making the kind of commitment which this mortgage pool represents.

I can say that we went for months talking to the businessmen and only when they came out to the community and saw the tremendous amount of work going on in home improvement, and all of the programs sponsored by OEO, that we managed to get them to move off of dead center.

The question of rehabilitation of property is one that you have heard a lot about. We think there is an opportunity here to develop both jobs and business in our community, and at the same time produce needed, worthwhile, decent housing, and we are on the track towards doing that, again with the support of OEO.

Finally, on the new construction side, we managed in the last 2½ years to acquire the land and design three housing projects, representing upwards of four hundred units of housing, and we have the first of that housing under construction presently. And that construction is being done by a local construction company which is fully bonded and supported by our two nonprofit corporations.

I have taken the time to explain in moderate detail the approach to the housing area, because in a great sense this is our approach both in housing and in business development, as well as other special projects happening in Bedford-Stuyvesant.

Everything I have described to you has been facilitated by the availability of funds, and support through the Special Impact program and OEO. It is to me an opportunity both for the Government and for the community to see how flexible money, administered sensibly by a government agency, in combination with a community and the private sector, can address itself to the problems of a particular inner city area.

On the business development side, I won't go into much detail because I think John will speak specifically about some of that, but I would say to you that we focused on encouraging outside businesses to locate their plants and facilities in Bedford-Stuyvesant, mainly to provide good, meaningful jobs, and secondly we focused on the creation of localy-owned businesses which both provide jobs and provide an opportunity for local people to own and operate activities which are needed in their community.

Finally, we have begun to focus on special projects like small shopping centers and some industrial development, and these are specific programs that John may want to talk about.

I would like to conclude my comments by saying that their is

really a need for continuity in efforts like special impact. Continuity both at the local level and the Federal funding level.

It makes absolutely no sense to us, as we look at it, to support a program for 2 or 3 or 4 years and then, just at it has gotten organized locally and built its base of support and is beginning to draw in resources, to change the guidelines or rules under which you operate that program, for no apparent reason other than just the change itself.

I would urge very strongly that this subcommittee, and the Congress itself, not only continue OEO, but that it continue specifically to keep programs like special impact within OEO buttressed and supported both with dollars and manpower, so that at least one place in the Federal Government you will be able to take the measure of how Federal funds joined with local initiative can work effectively towards improving life in a particular community.

If you disperse this program out throughout the various agencies, my fear and the fear of many who look at it, is that you will have no reasonable yardstick against which to make this measure, and you will just send each of us working on the local level back through the arduous 2 year process of redesign and requalifying and struggle and competition, which we would like to believe is behind us.

Senator NELSON. In what specific ways does the OEO participate or assist in your particular program?

Mr. THOMAS. Well, specifically, the administration of special impact has been very flexible, that is, they have recognized the need to allow us on the local scene to decide what kinds of business ventures we could go into, what form of financing those ventures would take, whether we would simply be creditors to the new entity being created, or would we join and have equity participation.

They have understood the need for us to be able to acquire real estate in order that shopping centers and things like that can take place.

Now I would say that of the special impact programs that I know of across the country, Bedford-Stuyvesant has enjoyed the most support from a dollar standpoint of any other agency, and I would hope that what would happen is that other agencies like Hough—and you will hear from other who will speak for themselves—other agencies across the country would be given the same kind of flexibility and support that we have received in Bedford-Stuyvesant.

And this goes to the program design, to the various means of financing ventures, and to the kinds of activities which OEO will allow the local agency to get involved in through special impact.

Those must be decided locally, and they must be part of the whole web of programs designed at the local level to help in that particular community.

Senator NELSON. How much—what financial support, total, has OEO given to your organization since it has started?

Mr. THOMAS. In 1967, we received our first 2 year grant from OEO of $8.6 million. That is for 2 years. And we matched that with approximately $4 million that we raised in the private sector. This is excluding the mortgage pool I described to you.

Senator NELSON. These were contributions from——

Mr. THOMAS. From foundations and businesses, et cetera. And the present 2 year period, 1969–71, we received $11.9 million of support from OEO, and have approximately $4 to $5 million in private support, which has been pumped into the program, again exclusive of the mortgage pool programs.

I might also say in each of the business ventures we have gotten underway, OEO money has been matched by loans from commercial banks or institutions to those same business ventures, so that in each instance, a dollar of OEO money gets leverage to provide at least 2 dollars of total support for the given business.

Senator NELSON. Mr. Doar?

Mr. DOAR. Mr. Chairman, I'd like to speak for a few minutes on one matter that Mr. Thomas mentioned: the astonishing lack of capital that exists within the city of Bedford-Stuyvesant. It is that lack of capital which the business corporation, of which I am the president, has attempted to address itself to, and is attempted to persuade the Office of Economic Opportunity to address itself to by designing and implementing programs that will lead to the development and growth of capital resources within Bedford-Stuyvesant.

The economic development programs of the Bedford-Stuyvesant corporations, as Mr. Thomas indicated, is a balanced program. It is designed to create job opportunities, good job opportunities, for the residents of Bedford-Stuyvesant. It is designed to develop the growth and development of local businessmen; it is designed to create businesses that will export goods into national markets from Bedford-Stuyvesant. It is designed to stimulate the internal flow of money, to change the situation where the resident of Bedford-Stuyvesant goes out in the morning, works in Manhattan, picks up a check at the end of the week or the second week, comes back home, stays over night and goes out the next day and spends his money outside of Bedford-Stuyvesant.

We seek the deevlopment of markets and market opportunities within Bedford-Stuyvesant so that the residents and the citizens of that area of central Brooklyn can have a healthy place to live, work, and shop, measured from the standpoint of economic vitality.

Finally, we are concentrating on the construction industry, because, our corporations know, that in central Brooklyn over the next 10 years there will be $50 to $100 million of construction projects that will be carried on. And it may well be greater that that once the war is over.

In the past, the citizens of Bedford-Stuyvesant did not participate in any of the economic activities involved in construction. They didn't have any jobs, they didn't have any part in the development, they didn't play any part in the ownership nor in the management of construction projects. Although these projects were termed "nonprofit construction projects," they in fact resulted in substantial profits to people who lived outside of Bedford-Stuyvesant, and who weren't members of the race that the majority of the people are who live in Bedford-Stuyvesant.

And so our program and the businessmen that are connected with the D. & S. and Restoration Corps, are committed to the development and growth of capital within Bedford-Stuyvesant.

To date we have been able to attract one major industry to locate a plant in Bedford-Stuyvesant. That is the IBM Corp. The IBM Corp. now employs 410 people in a plant right in the middle of Bedford-Stuyvesant.

Senator NELSON. How many of those people are residents of the area?

Mr. DOAR. Ninety-two percent live within a mile and a half of the plant, and they are all black or Puerto Rican. These are good jobs. This is a real, honest to goodness manufacturing plant, not a training program, not a temporary program.

IBM is in Bedford-Stuyvesant to stay. And I can tell you that although IBM has had problems in setting up a plant in the inner city, the problems have not concerned themselves with the productivity of the workers.

Productivity of the Bedford-Stuyvesant residents measure up to the productivity of workers throughout the country. There are problems with respect to transportation of freight; there are problems with respect to the slowness of the city to bring about environmental changes in Bedford-Stuyvesant similar to the environment that exists in the suburbs or rural parts of the country.

But it's a very encouraging sign, it seems to me, to have the IBM shield on a building in the center of Bedford-Stuyvesant, creating good jobs for the residents of that city.

Now that is just not the only activity we are concerned with. We are also concerned with the development of local businesses, particularly those businesses that can export goods or compete for and participate in Government business.

And one business that I would like to call your attention to is Barrett Intercommunications, this business is an electronics company started by a black man in Bedford-Stuyvesant, and started with a special impact loan of $104,000, a soft loan, that no bank would have made. But the Office of Economic Opportunity permitted our corporations to make this loan to his young company.

At the present time, Barrett Intercommunications employs 65 people and is moving to 85 people, and has a backlog of approximately $5.5 million in government contracts.

All of the workers in that plant live in Bedford-Stuyvesant.

Another activity where I think our corporations have helped is with respect to the activity of the commercial banks.

Mr. Thomas spoke about the activity on the home owners side, and the home mortgage side. And he has referred to the activity on the commercial credit side.

In the past there was literally no commercial credit in Bedford-Stuyvesant. Through the special impact program, we have loosened up the attitude of the banks and they are now willing to take some of the risk of start-up business in Bedford-Stuyvesant.

We are also trying to concentrate on retail activity, trying to convince the retailers that Bedford-Stuyvesant is a good market. Bedford-Stuyvesant is a growing city. Bedford-Stuyvesant is a place in which a retailer can have confidence. And I can tell you right now that one major retailer is seriously considering expanding his facilities.

I think within the next 2 years, if we continue to get the support of the special impact program, there will be a beginning of a substantial change in commercial activities within Bedford-Stuyvesant, where the retail commercial activity is as sick as any particular place in this country.

Finally, as I see this program, Senator Nelson, it involves bringing together various institutions in the country, including the national Government to take some of the risk through loans and through subsidies, and through helping local Bedford-Stuyvesant businesses secure some of the Government contracts.

It is going to require support from the business community through grants of money, through participation in business risks, and through loan and through stick-to-it-iveness with the vast experience that there businesses have had throughout the years.

And if this program can be continued, and if the country and the Congress have enough faith in this program to continue it, I think what you are going to see and I predict what the country will see will be the development of a new kind of community institution, a community development corporation headed by men like Frank Thomas, that will have real political and economic clout in this country.

I think that is a very good thing. The community development corporation is going to be a new type of institution; it is going to have aspects of a city government, aspects of a development corporation; it is going to have aspects of a chamber of commerce; it is going to have aspects of an educational institution; and yes, it is even going to have aspects of a religious institution.

And those community development corporations, if they are permitted to grow and develop throughoutthe country, will make the special impact that the Congress of the United States decided they wanted to attempt to make when they passed this legislation.

And I would say to you, Snator Nelson, that it is a matter of time and stick-to-it-iveness. And we can't look at this as a short term program. We can't expect results or turn-arounds in 6 months.

You said to me that I was the first witness who ever testified from New Richmond, Wis. And I cite an example from that part of that country that you know as well as I do. You recall the great programs in the 1930's—rural electrification, and the various programs that changed the character of our part of Wisconsin.

And they weren't 2 year programs, or 4 year programs, but they had continuity and stick-to-it-iveness, and the result of that was that the climate and the confidence that people had in that area changed markedly.

And the same thing can and will happend if the country will just stay with these special impact programs that are created and fostered, and I think well administered by the Office of Economic Opportunity.

Thank you.

Senator NELSON. As a matter of fact, the REA program, which probably made the greatest contribution to the development of rural America of any other program in the history of the country, is now in its 37th year.

Mr. DOAR. That's right.

Senator NELSON. Does your corporation engage in housing projects as a corporation, or just in assisting individuals?

Mr. DOAR. We have assisted the Restoration Corp. in organizing a subsidiary corporation owned by Restoration Corp., to serve as a general contractor on new construction projects.

And we are in the ground on the first project—Mr. Thomas is the president of the subsidiary contractor on this million-and-a-half-dollar FHA project.

The business corporation does not get involved directly, in such a project, but supports the community corporation, in any of the phases of construction, contracting, subcontracting, development, financing, where we can.

And in this particular instance, we were right at the place where it was either build or not build, but we needed a construction bond. Seven of the national surety companies turned us down, and finally the eighth said they would give the subsidies construction company the surety bond—provided we would be willing to make a deposit of $200,000 with the surety company pending substantial performance of the contract.

And the special impact program of the Office of Econimic Opportunity, permitted us to use special impact funds for that purpose.

And this has enabled a local Bedford-Stuyversant general contracting firm for the first time to engage in a substantial housing project in central Brooklyn.

Senator NELSON. What funds, again, has the corporation received?

Mr. DOAR. The first year we received $8,600,000.

Senator NELSON. What year was that?

Mr. DOAR. 1967–1969. The second 2 years we received $11.9 million—that is at the present time—which we will have used and spent or loaned or invested up through June 30, 1971.

Senator NELSON. That was $11 million-plus?

Mr. DOAR. $11,900,000.

Senator NELSON. What do you view was the need of the corporation in funds for 1972–73?

Mr. DOAR. We think the needs are around $18 million, of which we would ask that 90 percent of that be funded through the special impact program, and we would, through private sources, be obligated to support that by 10 percent.

But in fact, because of the peculiar position that our corporations are in, we have been able to provide greater support than the 10 percent support that is required by the statute.

Senator NELSON. Your needs are expanding, but the President's request for funds for OEO special impact is contracting.

Last year it was for fiscal 1971, $31 million—or $36 million—and the President is requesting $25.8 million.

Mr. DOAR. We would hope that we could persuade the President to change his mind.

Senator NELSON. Well, I would think it would be important that the Administration and the Appropriations Committees understood the nature of the effort that you are engaged in along with the other organizations that are similar.

Otherwise, if the Congress only appropriates what the administra-

tion is asking for, that will be 10 million less funds available nationally, at a time when the needs for organizations such as yours are increasing.

I would think it would be very important that representatives of organizations such as yours appear at the appropriations level and persuade them of the necessity of that appropriation. I suppose it is quite possible that this committee might grant an adequate authorization, but it is some distance between the authorization and what the Appropriations Committee appropriates, as you well know.

Thank you very much, gentlemen. I think that was very valuable contribution to the hearing record.

Who will we be hearing from next? However you wish to proceed.

STATEMENT OF DEFORREST BROWN, OF THE HOUGH AREA DEVELOPMENT CORP., CLEVELAND, OHIO

Mr. BROWN. I am DeForest Brown from Cleveland, Ohio. I am presently employed by the Hough Area Deevlopment Corp. as executive director. And I am very grateful for the opportunity to speak before your committee again, as I had that opportunity once in Cleveland.

I am particularly interested in trying to illustrate the experiments that have happened under the I–D legislation, which enabled this experiment to take place. Funds that have flowed from OEO to bring about venture capital grants to various community corporations have resulted in hope at the local level. This hope has been growing out of our former community action agencies and community action programs, which have been stimulated by community organization, who have been trying to find a way to change certain things within our society so that many people may benefit as a result of having the kind of resources that we have.

We have an opportunity now, through the enabling legislation of I–D, to change and hopefully suggest change, and make a strategy for change to impact the economic institutions of this country, by building relationships so interaction can take place between poverty residents and leaders of the corporate world.

As you have heard, Bedford-Stuyvesant, where there are two corporations, interaction has taken place, and success seems to be imminent.

In Cleveland, we have had the same kind of growing relationship with our business community, and we have also been trying to develop a relationship with other Government agencies such as SBA and others.

Sometimes we don't have the same kinds of success. Therefore, I would like to suggest that not only the I–D legislation be supported, but there should be some thought for improving it, with OEO being responsible for the program, because even though there is hope at the local level, many times we feel that there should be additional support, because there is certain evidence that indicates that we will be successful. The only problem is we don't know yet how successful we will be, and we think that has to do with the kind of support we can get through OEO and other government agencies.

In Cleveland, the Hough Area Development Corp. has been working primarily on projects that will make for change in the Hough community. We have been planning for several years and are about to begin construction on a shopping plaza named the Martin Luther King, Jr. Plaza, and it will house 20 businesses, and at the same time will provide 26 town houses for low income residents above the commercial facilities.

We have had some problems in getting it off the ground, because some Government agencies don't seem to understand exactly what it means to an area like Hough when we have many problems and we are trying to solve two problems with one piece of land, by providing the needed commercial facilities and at the same time providing the needed housing.

We have begun to solve some of those problems, but at the same time we developed an industry, a rubber industry plant, with the help of McDowell Wellman Co., and it is now doing business with such firms as General Motors, Ford, and Chrysler. And in addition is doing business with GE and IBM.

We also had the opportunity to organize a maintenance firm out of what had been defined as hard-core unemployables, and even though we have had problems, we are beginning to find the ways to solve those problems through our management approach.

We have acquired two McDonald franchises and in addition to that organized and received a charter for a Federal credit union, organized the Creative Youth Corp., which is built on the junior achievement idea.

In addition we have a program which we call Homes for Hough, where we have developed single-family houses under the 235 program, duplexes, and 28 townhouses units that wil receive an FHA-insured mortgage.

In the planning stage are additional housing units and improvement of the industries that we begin so that they will have a far-reaching effect on the community we work in.

This project in Cleveland has captured the imagination of the local residents, and in surrounding communities there has been, since we started, the development of othr community corporations who are now looking at comunity-based economic development as a viable vehicle for improvement in their own community.

And as a result of that, in Cleveland, we have about 12 community development corporations, which are now banding together in an association called the Association of Community Development Corporations.

Since our corporation was funded in 1968, OEO has expanded the I–D impact program to include over 30 CDC's across the country. Since that time we have had an opportunity to have informational exchange with other community development corporations, and have also organized on our own the National Congress for Community Economic Development.

We have had an opportunity to share problems with people in Appalachia who are running the same kind of development corporation, and in other rural areas. We have been in touch with people who have run corporations out in the southwest territory, and we have here

today a lot of people who are activists in this community development corporation movement, which means that the enabling legislation under title I–D which allows for the venture capital grants that come through OEO, needs to be looked at, improved, so that there can be better coordination with other Federal agencies and a serious look at improving the management capability so that the expansion of the program can be realized so that not only the hope that has been generated at the local level, but a national impact can be felt as a result of giving an opportunity to many people to begin to plan their own destiny and not accept their fate.

Senator NELSON. Thank you very much.

STATEMENT OF DE LEON McEWEN, JR., OF FIGHT, INC., OF ROCHESTER, N.Y.

Mr. McEWEN. I am DeLeon McEwen, Jr., from Rochester, N.Y., the Fight organization, and I am filling in for Bernard Gifford, who just became the past-president of Fight, Inc. Unfortunately he could not make it, but I am appreciative to be able to speak for him.

And I would like to address my remarks to some of Fight's experiences as an indication of the potentialities of a CDC and what they can become.

Senator Javits was kind enough to mention Fight's experience in Rochester with the Eastman Kodak Co., when we raised the issue of jobs for the poor. I was a part of that experience, and the community of Rochester, specifically the black community, was also part of that experience.

Since that time we have established a manufacturing company known as Fight On, which employs 89 people on a full-time basis, has a gross revenue in excess of a million dollars, will have for this fiscal year ending in June, and some 33,000 square feet of building space, and is producing a sophisticated electronics product. It is doing business with General Motors, Eastman Kodak, Xerox Corp., Burroughs, IBM, and others.

We have also planned a shopping plaza which will house some 14 businesses in the inner city of Rochester. We have under construction, and it will be completed in part by the first of April, a housing project of some 149 units in the city of Rochester.

Also planned is a commercial and housing development area in the model cities area known as Fight Village. We will be constructing some 283 housing units.

Along with that we have other special programs such as technical assistance in housing; we have banking feasibility proposal under study, health care, and other various developments.

We have also a drug program dealing with drug addicts.

Some cooperation from the city of Rochester, the Rochester Housing Authority, UDC, and Fight, is now in process and some habitat houses are being considered for what is known as the Gennessee River project, that will be low, middle, and some luxury apartment units.

I say all that to demonstrate some of the things we have done and only have received $625,000 in grant moneys from OEO. We have received, we did receive $44,000 some 3 years ago from the Labor

Department. The injection of these Federal moneys enabled us to solicit the support of industrial and financial community of Rochester.

I think it is very important to note that those communities will participate when they have some confidence that the Government is really going to play a significant role as pointed out by CDC.

When they feel that there is not going to be a reneging on promises, when they feel that a plan is going to go forth that will be financially supported at a level sufficient to carry out that program, they will participate.

For example, RJI purchased a building, facilities. in which the manufacturing company is now doing business on a lease-buy arragnement, back to Fight, of some $335,000. I think that is very important.

Not only has Fight had some negative experiences in approaching the financial and industrial communities, but other CDC's have had the same experience, partly because they are saying to CDC's like us, how can you come to me with a plan saying what the Government is going to do when I read in the paper that they are cutting the budgets.

I think this is very significant.

In adidtion to that, the confidence of the residents in the area of CDC to deliever services, the ability to solicit their participation, and to try and eliminate some of the dependency and try and restore some confidence in what can be done, is predicated upon the leadership at the Federal level.

Leadership comes from the top, and its essential that the Government take the lead in this area. And we are fearful that we will not be able to continue to get the kinds of support from the banking communities and the industrial communities and other private sectors unless the Government not only maintains the level of support but increases the support.

I dont see how the 1-year appropriations can remain where they are without taking a backward step, for we move forward, and those appropriations must be increased.

Thank you.

Senator NELSON. Thank you very much.

STATEMENT OF FATHER MICHAEL GRODEN, PLANNING OFFICER FOR URBAN AFFAIRS, ARCHDIOCESE OF BOSTON, MASS.

Father GRODEN. I am Michael Groden, director of planning for urban affairs for the archdiocese of Boston.

Title I grants through my office have been initiated in the East Boston community. It's a rather new program to us; it's been in operation just slightly less than a year. We are completing our first year of planning.

We have brought down with us to OEO this week our actual proposal for venture capital, and will be asking for $1.4 million worth of venture capital for basically the following categories:

One of the largest assets that East Boston has, although it is presently unused, is its waterfront. East Boston is almost an island. Its waterfront properties, as the whole of the Port of Boston, have gone down over the last many years. And so a significant part of the

enterprise that will be attempting to establish over the next several years will be the redevelopment of the waterfront properties by the Community Development Corp. that has been established during this planning year.

One of the chronic problems in so many inner-city communities, including East Boston, is the quality of the housing stock and the availability of new housing, as well as rehabilitated housing.

And one of the other major projects that the Community Development Corp. will be working on will be on a large-scale redevelopment of the stock in East Boston, starting with 100 units of new rehab housing that will be initiated in the spring of this year.

The other major project that has been formulated during this year has been a proposal grant for an economic development foundation which would provide for present local businesses the loan capability to expand their own enterprises, as well as to get new ones established.

I think the significance of the East Boston project is not so much in the kinds of technical expertise at this time that we can bring to you to demonstrate the value of the impact program. I think the gentlemen here at the table are men who have had several years at least, if not many more, of first class, professional kind of business experience.

And I think the significance of their testimony before you is in the quality and the depth and penertation of the kind of significance that this program really has.

I do think there is one aspect of the East Boston project that might be important for the committee to hear. And that is that it is the only white, blue-collar, urban project in the country.

I think the significance of that is important in two ways. As I have listened to the presentations of the other gentlemen and the work that I know they are doing, some of the problems that they raise, the fact that the dollar goes through the inner-city communities but once, and then goes out; the fact the quality of the housing stock is deteriorated seriously without the kind of local capital to do anything about it; the fact that profits from the commercial and industrial enterprises that do exist in the cities are profit that local residents never see; the kinds of distances that local inner-city community residents, white or black, feel; the remoteness of the political structure from them; the remoteness of their ability to use the economic communtiy to their own advantage, is as stunningly true in an East Boston community as it is in the black and brown communities.

There is almost one added disadvantage some of the blue-collar, white communities have, and that is that they have not in a way developed the self-awareness and determination that we begin to see developing across the Nation in the black and brown communities.

The feeling of impotence, the feeling of having so little control over their own community, the fact that these communities can almost be called quite literally colonies of explotation, is very real.

I think the value of seeing the Impact program—certainly to even consider its being in some way demoted is intolerable—but to see that its level of support would only be maintained and not tripled many times is the fact that communities such as East Boston, when they work in close cooperation with black and brown commu-

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nities, can in many ways begin to change that polarization that so seriously wracks our Nation.

And so my emphasis in the presentation of East Boston—which is a new Impact program and is just learning and growing—is not so much the kind of technical success and business that the other gentlemen at the table represent, but sort of a new direction that I hope to see continued and expanded in the Nation, where communities like East Boston cannot only grow in the sense of their own strength and potential strength, but also develop the alliances—ethnic alliances and minority alliances—so that the division doesn't continue and a new kind of viable community in the city grows in the Nation.

Senator NELSON. Thank you very much.

Mr. SCALES. The President. in his state of the Union message, emphasized the need for local decisionmaking in bringing Government closer to the people, and I gather that you feel that special impact program is an application of that basic concept to local initiative.

All of you mentioned the need for additional funds, or at least to maintain funds just to keep up the number of CDC's presently funded.

But do you also have an idea of what the potential would be in terms of fundings? No doubt people from other areas come to you to look at your experience and see what might be applied in other cities. Do you think there is a basis in time for maybe multiplying the funds 10 times, or something, to take this into account?

Mr. BROWN. Not only 10 times, but as I indicated earlier, there are over 30 CDC's now funded by OEO, and every day we get requests from other community groups who are considering developing their own economic program or their own approach in improving their own communities.

It would seem to me that at this point this kind of program, which has captured the local initiative to begin to do their own planning, has captured the imagination of a number of communities, and the people who live within those communities, and they are now making inquiries about how they can, too, begin to plan so that their communities can undergo the kinds of change they envision with the kinds of improvements they dream about.

This program should be considered for expansion, because it is now proven that people can use the tools that the I–D legislation has enabled them to begin to plan and use.

There is a growing kind of capacity and capability on the part of local people to begin to make their own plans, manage their own enterprises, and hopefully they will make the kind of contribution to this effort that will begin to solve many of the social problems that we now have.

In places where there are I–D impact programs, even the community action agencies seem to take on new meaning for the social support programs, they seem to have added meaning when there are opportunities open through the initiative of the local people under the title I–D program.

Here in Washington, there is an I–D grantee and I would like to have the committee look at some of the recommendations that they have drawn together about special impact programs.

Senator NELSON. It will be received by the subcommittee.

Mr. BROWN. In addition, I would like for you, Senator Nelson, to realize that there are a number of people here who are active in the economic development approach, especially related to community basic economic development, and many people here are actively involved in community development corporations.

I would like for them to stand so you can get an idea of the commitment that is being generated throughout the program through special impact programs.

Senator NELSON. You brought your own audience.

Thank you very much, gentlemen. This has been a very useful contribution to these hearings, and I am sure the committee will be interested in your testimony as we proceed to mark up a bill which involves the extension of the OEO program.

Thank you.

(Brief pause.)

Senator NELSON. We will now resume the hearing. Our final witness today is Mrs. Pearlie Evans, vice president, National Association of Social Workers, Washington, D.C.

We regret that you had to be delayed so long in presenting your testimony. Usually our hearings don't exceed past the noon hour.

Do you have a prepared statement?

Mrs. EVANS. Yes, I do, Mr. Chairman, and it has been submitted.

Senator NELSON. Your statement will be printed in full in the record and you may present it any way you desire.

Mrs. EVANS. The thing that I would like to do would be to go through some of the points that we want to reinforce and reemphasize.

Senator NELSON. All right. We will print the statement in full in the record, and you will emphasize the particular points. You go ahead.

STATEMENT OF MRS. PEARLIE EVANS, VICE PRESIDENT, NATIONAL ASSOCIATION OF SOCIAL WORKERS, WASHINGTON, D.C.

Mrs. EVANS. My name is Pearlie Evans, and I am vice president of the National Association of Social Workers, a member of the steering committee of the National Association of Black Social Workers, and commissioner of the division of community services for the city of St. Louis.

The untimely death of our president, Mr. Whitney M. Young, has precipitated my presence here today.

By way of background, the National Association of Social Workers is a voluntary organization of more than 52,000 members, and we have been organized into 172 chapters.

Therefore, our membership for many years has worked very hard with the problems of poverty and has contributed directly in the communities throughout the Nation. Therefore, our interest in appearing here today before this committee.

Mr. Chairman, as we understand the position of the administration, it is to request this 2 year extension. These poverty programs are to be financed at the local level by the President's proposals for both general and special revenue sharing. We don't pass judgment on that.

However, we believe that the steps the administration proposes to take will destroy the essential characteristics that have made the Office of Economic Opportunity a unique and innovative program in Government.

We hope that this committee will recommend, and the Congress will adopt, amendments that will maintain the balance of programs and integrity of purpose which have made the OEO an effective instrument of public policy.

At this time, Mr. Chairman, I would like to move directly to the recommendations that should be reemphasized by the National Association of Social Workers.

First, we believe that a single agency at the executive level charged with advocacy for the poor and having a variety of programs to make that advocacy a reality must be maintained.

We recommend that an amendment be made that no program be transferred or otherwise spun off without a return for congressional approval, rather than subject to executive reorganization only.

Second, we strongly urge that the direct Federal funding principle be retained. We believe that a federally funded and administered program operating in the local community has a place in American life in relation to a national priority problem such as povert.

Third, that the principle of participation of the poor in programs which affect their lives should be furthered and strengthened at all levels. One of our reservations about the transfer of legal services—which has been under attack all over the country, because it has been an effective instrument within the Office of Economic Opportunity; it has been engaged in changing, working toward changing systems, as well as solving problems, and that is the kind of commitment that we have, to basic institutional change as well as dealing with the problems that the people have—we would like to see no transfer of legal services to an independent agency to which poor people will be represented on the boards which make policy and administer such programs. There is a strong possibility that this might become an exclusively lawyers' program, whereas we think it should be interdisciplinary and have broad citizen participation, including the people from the poor communities.

Fourth, we question a number of the assumptions made by the administration as to the strength and viability of many of these programs, if they must compete for local resources. Our experience leads us to oppose the reorganization efforts which would disperse the programs of OEO among a variety of newly created and reorganized executive departments.

Rationale and digression—it is our belief that many of the people who would be administering the program would in fact be the same people who are now administering the programs, and therefore there would be little innovation even though it may be transferred

to some of the reorganized departments, and we are seriously questioning that.

To leave the primary and major function of the Office of Economic Opportunity as that of conducting research and development seems to us to strain all credulity as to how such an office can remain an effective advocate on behalf of the poor.

Five, we think that many of the OEO programs which have paralleled those of existing agencies, such as feeding programs, health programs, educational and manpower programs, have all had a salutary effect on the old line agencies and have spurred them to better performance and led them to new ways to deliver their services to the community.

To again depart briefly from the text, historically what has happened since 1964 has been that the OEO activity from citizen participation has in fact mandated these agencies to be more responsive to the needs of the people from the poor communities.

Many of these agencies, at differing times were totally unresponsive because it was felt that there was no real commitment to the poor. The poor had no voice. Therefore, since OEO, and particularly the CAP programs, the community action aspects, we have seen changes. We have seen cities enforcing cord enforcement laws they never did before. We are seeing public health departments looking at the whole question of lead poisoning which they had not done before, prior to the action taken by citizens from the OEO neighborhood centers.

We have also seen new ways of looking at employment for those people who are found on the corners and nobody was able to reach them, many of the institutional people did not have that kind of, shall I say, capability of even communicating with the people.

So we are very concerned about the extent to which these traditional agencies have had to respond. I am including city governments, social work institutions, the lawyers, doctors, and many of the other professions.

And we would like to see that kind of activity continue, and see boards change as well.

We are now discussing the whole concept of 51—49. Fifty-one percent of the people could be either way, citizens of the community or from the professional community. The significant fact is that the disadvantaged are represented in a substantial way.

This innovation of varieties of watchdog function would be lost if these programs were turned over to other agencies whose functions are more broadly focused than the OEO as spokesman for the poor.

Mr. Chairman, I would like to skip over No. 6, except for one part that has some concern for us in the association. That is our concern about the $37 million that was unexpended and carried over to this year. That kind of return where the needs have been so tantamount, seems to me incredible.

Finally, I just would like to conclude, Mr. Chairman, by saying that we do not perceive that there are any established institutions at this particular time who have not been shaken by the action of

the people from the OEO program. For many social workers are looking at it from the point of view of advocates.

I am talking about the sounds and voices of the people who didn't have sound and had no voice before. I strongly believe, and I will say many of my colleagues around the country would concur with me, that were we to—what I call scatterate—the Office of Economic Opportunity. I do not believe that the sounds and voices of the poor will continue to be heard.

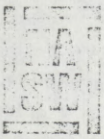
I want to thank you very much.

Senator NELSON. Thank you very much. We appreciate your taking the time to come here today and present your views.

Thank you.

Mrs. EVANS. Thank you.

(The prepared statement of Mrs. Evans follows:)



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TESTIMONY OF

THE NATIONAL ASSOCIATION OF SOCIAL WORKERS

IN SUPPORT OF

A TWO-YEAR EXTENSION FOR

THE ECONOMIC OPPORTUNITY ACT

SUBMITTED TO

THE SENATE SUBCOMMITTEE ON

EMPLOYMENT, MANPOWER AND POVERTY

March 25, 1971

Mr. Chairman and Members of the Committee:

My name is Pearlie Evans and I am Vice-President of the National Association of Social Workers. I am also the Commissioner of Community Services in St.Louis, Missouri, and in that position I have had first-hand experience with the impact of programs conducted by the Office of Economic Opportunity. Appearing with me is Glenn Allison, Director of our Washington Office. We consider it a privilege to be able to present the views of the Association on the important matter of the extension of the authorization for the Economic Opportunity Act.

By way of background, the National Association of Social Workers is a voluntary organization of more than 52,000 members organized in 172 Chapters in every State and territory. Our membership has for many years worked with the problems of poverty and has contributed directly in communities on services, program planning, administration and policy formation. It is from this experience that we wish to address ourselves to the purposes of this Act and the mission of the Office of Economic Opportunity. When this legislation was initially considered our Association welcomed national attention to combating poverty and we testified in support and worked for passage of the original bill. From then until now our membership has taken an active role in the implementation of O.E.O. programs and the completion of its purposes.

Mr. Chairman, as we understand the position of the Administration it is to request a two-year extension to allow sufficient time to incorporate the major operating programs and services into their Master Plan for reorganization of existing executive departments. These Poverty Programs are then to be financed at the local level by the President's proposals for both general and special revenue sharing.

Without passing judgment on the merits of departmental reorganization or either general or special revenue sharing, we believe the steps the Administration proposes to take will destroy the essential characteristics that have made the Office of Economic Opportunity a unique and innovative program in Government. We hope that this Committee will recommend and the Congress will adopt amendments that will maintain the balance of programs and integrity of purpose which have made the O.E.O. an effective instrument of public policy.

The ideological differences which separate us and the Administration center around the essential mission of the Office of Economic Opportunity and whether this mission can be accomplished under the auspices of one agency or many separate agencies or departments. I would like to briefly state what our understanding is of the basic mission and purpose as established by the Economic Opportunity Act.

First, it is to place at the executive level in the Federal Government an agency with prominence and visibility which gives concrete evidence of the national concern, dedication and commitment to ending poverty in this affluent society.

Second, is to assign to this agency an activist role--not another study or research group--but an agency with an avowed advocacy role to bring change in society on behalf of poor people.

Third, this agency is charged with developing program innovation which would challenge the existing agencies and their customary methods of service delivery. I might add this included shaking up social workers, lawyers, health personnel and, yes, even public officials. Experimentation was to be the rule rather than the exception with the risk that some efforts would fail.

Fourth, is the bold idea to assure participation of poor people in running programs and involving the community to be served. Much sport has been made of the problems encountered in trying to bring about "maximum feasible participation" but in our judgment and experience such participation is and will continue to be a vital and key element of any program which is going to overcome the problem of poverty.

Fifth is the idea of federal resources going directly to local communities for programs of their own choosing, design and administration. There is no doubting that this has made programs possible which would have never been created otherwise.

Sixth and finally, the most important mission of the Economic Opportunity Act is to bring hope where none existed before. It is to open the way to the mainstream of our society.

We view each of these six points of the mission of O.E.O. as an inseparable component and in combination they constitute the unique nature of the agency which gives it creditability for the poor.

The Administration proposes to distribute these functions among several departments and levels of Government, leaving as a residual the Research and Development activities.

Members of the Committee, I work at the community level and I can tell you that

there is great interest there in what is going to be the fate of the Office of Economic Opportunity and particularly the Community Action Agencies. This program has now taken on great symbolic significance as to where this country places its priorities and where it intends to go in relation to the poor, the minorities and to all races, ages and beliefs. There is a growing cynicism, a credibility gap of major proportions. Those who have made up their minds already believe that this country is turning its back on the poor.

- To the people in my community talk of further "spin-off" of programs means that they will be put in an orbit far outside the reach of the poor.
- The use of revenue sharing to bring power back to the local communities means that money and programs are going to be taken from the poor and given back to the man downtown.
- The special revenue sharing block grants seem to insure that poor people will again have to vie for their programs against the contractors who build sewers and roads. Poor prople have been losing that battle for many years.
- The idea of taking the Community Action programs out of the O.E.O. and putting them into new combined super-agencies means that they will have a super-burial. We will have no action, just more rhetoric and red tape.
- Making the O.E.O. into the "cutting edge" of Research and Development is one thing poor people will not accept. In the War on Poverty the poor have learned to be able to articulate one thing well and that is that they believe they have been researched too much and developed too little and they will allow it no more.

The poor people of my community want a strong single Central Agency that they can turn to for support of the programs they need and which will stand up for poor people even against established agencies and institutions.

Mr. Chairman, let me address myself briefly to some of the specific programs in which members of our Association have had direct and extensive experience and which we want to have continue as part of O.E.O.

The Community Action Agencies have become the center around which many poor communities have been able to find a new identity and sense of purpose. To be able to function, they need an array of programs available to them which they can choose and tailor to their own needs. They do not want to become simply another information and referral center which sends people elsewhere. When the history of this century is written, one of the developments of lasting consequence will be the many ways poor people have organized themselves to influence public policy. The groups which have grown strong around Welfare Rights, Adequate Income, Day Care, Hunger and Health, and Community Schools are but the beginnings of forces that will shape the next several generations in our society. The Community Action Agencies are trying to build these forces into effective and constructive experiences of change.

Other programs about which I want to speak are the manpower services with which I have almost daily contact. By being organized directly in the community with people from the community they have gained an acceptance and believability unknown to the established public employment services. New resources have been developed, new ways of reaching the unemployed poor have been found and the desire of the poor to work has been amply validated. This approach recognizes the multiplicity of problems which stand in the way of getting employment for poor, uneducated, unskilled and disheartened people. The O.E.O. manpower programs have discovered a new cadre of helping people in the community who regard these obstacles as challenges to be overcome. They have done so in great numbers with amazing inventiveness and native skill. I have hundreds of case histories of such successes which show both the nature of the problem and variety of solutions. If there is interest, I will certainly make them available to members of the Committee. I want to speak especially about the difficulty of finding employment for young people and urge as strongly as possible that more resources and more programs be developed to help them enter the world of work.

In my community at least, and I think others, the emergency food and medical programs have touched upon one distinguishing feature of the everyday life pattern of many poor people. Crisis is commonplace, hunger often is a familiar problem and poor health and sparse medical resources are the rule. The old programs have made a significant contribution in new patterns of delivery, more positive attitudes by providers and greater sensitivity to the health and

nutrition needs of the poor.

Another program with which we have had extensive experience is that of older citizens, especially older poor citizens. Everyone knows of the correlation between poverty and age and that this is the most rapidly expanding segment of our poverty population. Yet these programs have always been under-funded and inadequately staffed. This is an area of great fragmentation of effort and the O.E.O. programs have done much to coordinate and bring about continuity.

Legal services have been one of the most successful of the O.E.O. programs and in many areas an integral part of the program has been the inclusion of social work personnel to deal with the many social problems which often accompany the legal one. This multi-discipline approach has, we think, been beneficial to both professions and is another example of the distinctive contributions of the O.E.O. program. Legislation has been introduced that would create an independent non-profit public corporation to take over O.E.O. legal services. Our reservations about this development will be commented upon later.

Finally, I want to mention the VISTA program, since many of these volunteers are sponsored by and live and work in the settlement houses and community centers long manned by social work personnel. These volunteers of all ages and a variety of skills have done much of the nitty gritty work at the community level, especially to involve the poor themselves in planning and carrying out those programs which the community favors. To us it is important that this program retain its unique and individual identity and not be lost in the larger volunteer agency which the Administration has proposed.

Mr. Chairman, because of our experience with these programs, the National Association of Social Workers takes the following position and makes these recommendations on the two-year extension of the Office of Economic Opportunity:

1. We believe that a single agency at the executive level charged with advocacy for the poor and having a variety of programs to make that advocacy a reality must be maintained.

We recommend that an amendment be made that no program be transferred or otherwise "spun off" without a return for Congressional approval, rather than subject to Executive reorganization only.

2. We strongly urge that the direct federal funding principle be retained. We believe that a federally funded and administered program operating in the local community has a place in American life in relation to a national priority problem such as poverty. In this way the ombudsman function can best be carried out to insure that national and local governmental efforts achieve their purpose.

3. That the principle of participation of the poor in programs which affect their lives should be furthered and strengthened at all levels. One of our reservations about the transfer of legal services to an independent agency arises around the degree to which poor people will be represented on the boards which make policy and administer such programs. There is a strong possibility that this might become an exclusively lawyers' program whereas we think it should be interdisciplinary and have broad citizen participation, including the poor.

4. We question a number of the assumptions made by the Administration as to the strength and viability of many of these programs if they must compete for local resources. Our experience leads us to oppose the reorganization efforts which would disperse the programs of O.E.O. among a variety of newly created and reorganized executive departments. To leave the primary and major function of the Office of Economic Opportunity as that of conducting research and development seems to us to strain all credulity as to how such an office can remain an effective advocate on behalf of the poor.

5. We think that many of the O.E.O. programs which have paralleled those of existing agencies, such as feeding programs, health programs, educational programs and manpower programs have all had a salutary effect on the old line agencies and have spurred them to better performance and led them to new ways to deliver their services to the community. This innovation, variety and watchdog function would be lost if these programs were turned over to these other agencies whose purpose is more broadly focused than the O.E.O. as spokesman for the poor.

6. We would strongly recommend that the funding of these programs be at a higher level than the current Administration requests. In the education program there can be no doubt that many young children who meet all criteria of need cannot be served because funds are not available. In the manpower programs, especially for youth and in the programs for the elderly and in the specialized areas such as Indians, Migrants, and Spanish-speaking, there is a pressing need for more resources and more personnel. In a time of rising costs to hold funding

levels constant is in effect a cut-back and in many programs the Administration request is the same or is less than last year. We note with some dismay that 37 million dollars was unexpended and "carried over" to this year.

7. We firmly oppose the Administration's request to require an increase in the local share from 20% to 25% whether this be required in cash or in kind. There is a notable inconsistency in the President pressing hard for revenue sharing because of the need for fiscal relief at the local level and because of the fiscal crisis in the cities. Yet at the same time, this Administration is to require these same communities to increase their contribution to maintain poverty programs. Since only 3% of the present programs are now met by a matching cash contribution it seems nothing short of incredible that the Director of O.E.O. should spend even one minute deliberating whether the increase should be required in cash. In many areas any increase at all would have an adverse effect.

8. In specific programs we think it is in error to curtail technical assistance, especially to the Community Action Agencies. Transmission of the expertise necessary to plan, administer, evaluate and make accountability for funds and programs is one of the most significant and vital aspects of making poor people independent. Lacking these skills has made many programs falter and die. Part of getting into the mainstream is having the tools to navigate the hazards.

VISTA Programs in our view ought to remain an integral part of O.E.O., having its own legislative mandate rather than be lost by being absorbed through reorganization.

We favor legal services being under whatever auspice best enables them to be strong, independent of political pressure and influence, and broadly representative of the communities' interests.

The Economic Opportunity Act has had a difficult course. There have been major obstacles in the funding process. There has been treading on the tails of diverse political tigers. There have been the pangs of change and pains of growth. But in the process we have all come to know the poor as individuals, living in diverse communities, and having hopes and dreams much like our own. Legislation which has accomplished this much must be counted as significant and successful.

In conclusion, Mr. Chairman, let me say that we view the ideological struggle which now surrounds this two-year extension to be of major import to the future of the poor and the direction of this society. If we falter now and allow the O.E.O. to be cut down in its role as advocate for the poor--where they now have a place, a voice and a hope--we will have abandoned the challenge which has called us to bring our society together.

Thank you, Mr. Chairman, for this opportunity to be heard and we will try to be responsive to any questions you might have.

Senator NELSON. That will conclude our hearing for today. Thank you very much for your attendance and interest.

(Whereupon, at 1:08 p.m., the hearing was adjourned.)

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