Y4.L 11/2: Ec 7/971/PT.4
1043
92/4
L 11/2
Ec 7/971/pt 4
GOVERNMENT
Storage
DOCUMENT
AUG 4 1971
THE LIBRARY
KANSAS STATE UNIVERSITY

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

HEARING

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 1964, 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

MAY 5, 6, AND 11, 1971

PART 4

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

A11600 682857
AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

HEARING

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 1964, 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

MAY 5, 6, AND 11, 1971

PART 4

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

U.S. GOVERNMENT PRINTING OFFICE

62-792 0 WASHINGTON : 1971

COMMITTEE ON LABOR AND PUBLIC WELFARE

HARRISON A. WILLIAMS, JR., New Jersey, *Chairman*

JENNINGS RANDOLPH, West Virginia
CLAIBORNE PELL, Rhode Island
EDWARD M. KENNEDY, Massachusetts
GAYLORD NELSON, Wisconsin
WALTER F. MONDALE, Minnesota
THOMAS F. EAGLETON, Missouri
ALAN CRANSTON, California
HAROLD E. HUGHES, Iowa
ADLAI E. STEVENSON III, Illinois

JACOB K. JAVITS, New York
WINSTON L. PROUTY, Vermont
PETER H. DOMINICK, Colorado
RICHARD S. SCHWEIKER, Pennsylvania
BOB PACKWOOD, Oregon
ROBERT TAFT, JR., Ohio
J. GLENN BEALL, JR., Maryland

STEWART E. MCCLURE, *Staff Director*
ROBERT E. NAGLE, *General Counsel*
ROY H. MILLENSON, *Minority Staff Director*
EUGENE MITTELMAN, *Minority Counsel*

SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY

GAYLORD NELSON, Wisconsin, *Chairman*

EDWARD M. KENNEDY, Massachusetts
WALTER F. MONDALE, Minnesota
ALAN CRANSTON, California
HAROLD E. HUGHES, Iowa
ADLAI E. STEVENSON III, Illinois
JENNINGS RANDOLPH, West Virginia

RICHARD S. SCHWEIKER, Pennsylvania
JACOB K. JAVITS, New York
WINSTON L. PROUTY, Vermont
PETER H. DOMINICK, Colorado
ROBERT TAFT, JR., Ohio

WILLIAM R. BECHTEL, *Professional Staff Member*
JOHN K. SCALES, *Minority Counsel*

CONTENTS

CHRONOGICAL LIST OF WITNESSES

WEDNESDAY, MAY 5, 1971

Page

Miller, Mrs. Richard, of the National League of Women Voters; accompanied by Mrs. Theodore Wedel, president of the National Council of Churches; Mr. Pablo Eisenberg, National Urban Coalition; Rabbi Richard Hirsch, Synagogue Council of America. Union of American Hebrew Congregations, and Central Conference of American Rabbis; Mr. William Lunsford, Friends Committee on National Legislation; Mr. James Sills, National Federation of Settlements and Neighborhood Centers---- 1245

Wedel, Cynthia, president, National Council of Churches---------- 1352

Lunsford, William G., program secretary for Human Rights, the Friends Committee on National Legislation---------- 1357

Sills, James H. representative, National Federation of Settlements and Neighborhood Centers---------- 1361

Hirsch, Rabbi Richard G., representative, Synagogue Council of America, Union of American Hebrew Congregation, and Central Conference of American Rabbis---------- 1362

Eisenberg, Pablo, representative, National Urban Coalition---------- 1363

James, Rev. Frederick C., National Social Action consultant, the African Methodist Episcopal Church, minister, Mount Pisgah African Methodist Episcopal Church, Sumter, S.C---------- 1374

THURSDAY, MAY 6, 1971

Hodgson, Hon. James D., Secretary of Labor, accompanied by Assistant Secretary Malcolm Lovell---------- 1428

TUESDAY, MAY 11, 1971

Wright, Edward, president, American Bar Association; accompanied by John D. Robb, chairman standing committee on legal aid and indigent defendants; Jacob D. Fuchsberg, American trial lawyers association; John C. Douglas, National legal aid and defenders association; and James W. Cobb, president-elect, National bar association---------- 1459

Fuchsberg, Jacob D., member, executive committee of National Advisory Committee for Legal Services Program of the Office of Economic Opportunity ---------- 1476

Douglas, John W., president, National Legal Aid and Defender Association 1487

Cobb, James W., president-elect, National Bar Association---------- 1491

Hamilton, Mrs. Maryellen, president, National Clients Council, Inc------ 1524

Spangenberg, Robert, Boston Legal Assistance Project; David Dugan, Camden, N.J., Regional Legal Services; Glenn Carr; Reginald Heber Smith Program, Howard University, accompanied by Alfonso Gonzalez, Deputy Director, panel representing legal services attorneys---------- 1542

Dugan, David, representative, Camden, New Jersey, Regional Legal Services ---------- 1567

Carr, Glenn E., executive director, Reginald Heber Smith Community Lawyer Fellowship Program, Howard University---------- 1571

Gonzalez, Alfonso, deputy director, Reginald Heber Smith Program at Howard University---------- 1580

STATEMENTS

	Page
American Bar Association, prepared statement	1464
American Friends Service Committee, Philadelphia, Pa., and Friends Committee on National Legislation, Washington, D.C., combined prepared statement	1405
Brody, David A., director, Washington office, Anti-Defamation League of B'nai B'rith, prepared statement	1303
Callahan, John, legislative director, International Union of Electrical Workers, AFL–CIO, prepared statement	1255
Carr, Glenn E., executive director, Reginald Heber Smith Community Lawyer Fellowship Program, Howard University	1571
Prepared statement	1573
Cobb, James W., president-elect, National Bar Association	1491
Prepared statement	1493
Douglas, John W., president, National Legal Aid and Defender Association	1487
Duffy, Joseph, vice chairman, Americans for Democratic Action, prepared statement	1290
Dugan, David, representative, Camden, New Jersey, Regional Legal Services	1567
Prepared statement	1568
Eisenberg, Pablo, representative, National Urban Coalition	1363
Prepared statement	1366
Farrell, Mrs. Odessa W., president, National Association of College Women, prepared statement	1274
Fitch, William C., executive director, the National Council on the Aging, prepared statement	1323
Frisk, John, executive secretary, National Rural Housing Coalition, prepared statement	1278
Fuchsberg, Jacob D., member, executive committee of National Advisory Committee for Legal Services Program of the Office of Economic Opportunity	1476
Prepared statement	1482
Gonzalez, Alfonso, deputy director, Reginald Heber Smith Program at Howard University	1580
Haber, Edward A., vice chairman, National Vista Alliance, prepared statement	1297
Hamilton, Mrs. Maryellen, president, National Clients Council, Inc	1524
Prepared statement	1531
Hamlin, Joyce V., secretary, Women's Division, Board of Missions, United Methodist Church, prepared statement	1293
Hirsch, Rabbi Richard G., representative, Synagogue Council of America, Union of American Hebrew Congregations, and Central Conference of American Rabbis	1326
Hodgson, Hon. James D., Secretary of Labor, accompanied by Assistant Secretary Malcolm Lovell	1428
James, Rev. Frederick C., National Social Action consultant, the African Methodist Episcopal Ccurch, minister, Mount Pisgah African Methodist Episcopal Church, Sumter S.C	1374
Prepared statement	1314
Japanese Americans Citizens League, prepared statement	1262
Jones, Frank, assistant director, National Legal Aid and Defender Association, prepared statement	1349
Kantor, Michael, executive director, Action for Legal Rights, Inc., prepared statement	1342
Lunsford, William G., program secretary for Human Rights, the Friends Committee on National Legislation	1357
Prepared statement	1359

Page

Miller, Mrs. Richard, of the National League of Women Voters; accompanied by Mr. Theodore Wedel, president of the National Council of Churches; Mrs. Pablo Eisenberg, National Urban Coalition; Rabbi Richard Hirsch, Synagogue Council of America, Union of American Hebrew Congregations, and Central Conference of American Rabbis; Mr. William Lunsford, Friends Committee on National Legislation; Mrs. James Sills, National Federation of Settlements and Neighborhood Centers ---- 1245
Prepared statement ---- 1382
National Association of Market Developers, prepared statement ---- 1300
National Board of the Young Men's Christian Association, prepared statement ---- 1269
National Tenants Organization, Inc., prepared statement ---- 1400
Neier, Aryeh, executive director, American Civil Liberties Union, prepared statement ---- 1585
Pagano, Jules, executive director, Adult Education Association of the United States, prepared statement ---- 1394
Poulard, Grady E., administrator, department of community services, the American Institute of Architects, prepared statement ---- 1394
Rosoff, Mrs. Jeannie, director Washington office, Planned Parenthood—World Population, prepared statement ---- 1319
Shapiro, Mrs. Michael, past president, B'nai B'rith Women, prepared statement ---- 1271
Sills, James H., representative, National Federation of Settlements and Neighborhood Centers ---- 1361
Smaltz, Miss Rebecca G., member, National Board of the YWCA of the United States of America, prepared statement ---- 1267
Smith, Eddie G., Jr., D.D.S., vice president, National Dental Association, prepared statement ---- 1309
Spangenberg, Robert, Boston Legal Assistance Project; David Dugan, Camden, N.J., Regional Legal Services; Glenn Carr, Reginald Heber Smith Program, Howard University, accompanied by Alfonso Gonzalez, Deputy Director; panel representing legal services attorneys ---- 1542
Prepared statement ---- 1545
Statement on The Future of OEO, National League of Women Voters ---- 1246
Watts, Roland, president, Workers Defense League, prepared statement ---- 1404
Wedel, Cynthia, president, National Council of Churches ---- 1352
Prepared statement ---- 1353
Wilson, John A., legislative director, National Sharecroppers Fund, prepared statement ---- 1336
Wright, Edward L., president, American Bar Association; accompanied by John D. Robb, chairman, Standing Committee on Legal Aid and Indigent Defendants; Jacob D. Fuchsberg, American Trial Lawyers Association; John C. Douglas, National Legal Aid and Defenders Association; and James W. Cobb, president-elect, National Bar Association ---- 1459

ADDITIONAL INFORMATION

Articles, publications, etc.:
Legal Services Corporation Act, from the Congressional Record—House, May 6, 1971 ---- 1592
Pertinent excerpts from the Code of Professional Responsibility, submitted by Edward L. Wright, president, American Bar Association ---- 1504
Communications to:
Community Action Agency board chairmen from Frank Carlucci, Director, Office of Economic Opportunity, outlining changes proposed by the Administration in future OEO programs, February 13, 1971 ---- 1227

Communications to—Continued Page
Carlucci, Frank, Director, Office of Economic Opportunity, from William R. Bechtel, professional staff member, Senate Subcommittee on Employment, Manpower, and Poverty, April 5, 1971 1233
Nelson, Gaylord, a U.S. Senator from Wisconsin, Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, Washington, D.C., from:
Addis, Michael, staff attorney, Legal Aid Society, Pima County Bar Association, Tucson, Ariz., May 4, 1971 1589
Alberg, Thomas A., chairman, Seattle-King County Bar Association, Seattle, Wash., April 26, 1971 1591
Carlucci, Frank, Director, Office of Economic Opportunity, Washington, D.C., May 4, 1971 1236
Fitzpatrick, William G., DNA board member, Bernalillo County Courthouse, Albuquerque, N. Mex., May 4, 1971 1590
Stennis, John C., a U.S. Senator from Mississippi, U.S. Senate, Washington, D.C., March 15, 1971 1421
Wright, Edward L., president, American Bar Association, June 3, 1971, with enclosure 1502
Questions and Answers:
Questions submitted to Labor Department for manpower hearing by Senate Subcommittee on Employment, Manpower, and Poverty, Senator Gaylord Nelson, chairman 1415

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

WEDNESDAY, MAY 5, 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 4232, New Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senators Nelson (presiding) and Schweiker.

Committee staff members present: William R. Bechtel, professional staff member.

Senator NELSON. This is a hearing to hear testimony on the legislation to extend the Economic Opportunity Act for 2 years.

The committee welcomes your presence here today.

It has been necessary for me to arbitrarily select dates to schedule hearings and attempt in a very brief period of time to get into the record the testimony of all the interested individuals and organizations respecting the extension of the OEO legislation for another 2 years. Therefore, since I selected the time for the hearings, most of the rest of the subcommittee is occupied with other subcommittee hearings of their own.

However, the testimony will be printed in full in the record, and the record will be published and distributed to each member of the subcommittee. Then when we conclude the hearings we will have markup session with the members of the subcommittee present who will have had an opportunity to review the record, most of which they are familiar with as members of this committee.

Our objective is to attempt to get this bill out and passed before the expiration date, which is the last day in June. That will take considerable effort because it not only has to come out of this subcommittee but out of the full committee, and from the full committee to the floor, and then it must also pass the House of Representatives. It is possible that we will be a little late on that, but that will not cause the program to expire—it can continue temporarily on a resolution.

Because of the large number of people and organizations who wished to appear at these hearings, it has been necessary to limit the time for each group or each individual before the committee, but your statements will be printed in full in the record and published as the hearing document for these hearings.

Today's hearing will be devoted to testimony and the filing of statements on behalf of an impressive list of approximately 90 national organizations which are supporting a continuation of the war on

poverty. For the most part this coalition of organizations was put together by a steering committee involving representatives of the League of Women Voters and a number of other public interest organizations.

A panel of witnesses arranged by the steering committee will testify and outline a joint statement on the future of the Office of Economic Opportunity which is subscribed to by many of the organizations.

There will be an opportunity for a few organizational representatives to testify briefly and to file detailed statements.

For the most part, however, it is anticipated that representatives of these participating organizations will merely identify themselves and file a statement for the record.

I am sure you all realize that with the unusually large number of organizations who wish to participate here today that it is simply not possible to accommodate testimony by all.

We sincerely believe that the weight of the testimony assembled here today on behalf of the war on poverty when printed as a part of our official hearing record and distributed to all the members of this subcommittee and the Senate as a whole will have a major impact on the Congress, on the administration, and on public opinion as a whole. The strength of the testimony is in the broad-based, nonpartisan nature of the organizations represented here today. This is what will have an impact rather than the precise amount of time which any individual witness has before the microphone.

The testimony of these public spirited national organizations is especially crucial at this time because our war on poverty faces a very uncertain future.

We are pleased that the administration has joined with Congressmen and Senators in both parties in supporting a 2-year extension of the Office of Economic Opportunity. We hope that we can complete action on legislation to extend OEO in both Houses of the Congress not too long after the June 30 expiration date so that OEO does not have to operate for an extended period of time on a continuing resolution.

However, the issue before us—before the Congress and before the Nation—is not merely whether OEO should be extended for 2 more years, as much as we might wish that the issue were that simple.

For the fact is that within the proposed 2-year extension period, the administration has proposed a series of successive changes in OEO and its related programs which would transform the agency from the very center of the Government-wide war on poverty to a rather minor research agency.

Along with the proposed 2-year extension these changes are being proposed, some of them in separate legislation, some of them in budgetary proposals and some of them through executive orders:

1. An OEO budget reduction of about 10 percent.

2. A requirement that communities pay 25 percent of the cost of Community Action programs, rather than 20 percent.

3. Elimination of funds for the Emergency Food and Medical Services program.

4. A sharp cut in funds for the Special Impact Economic Development program.

5. Transfer of VISTA to a separate agency.
6. Termination of the rural loan program.
7. Transfer of all manpoyer training programs to mayors and Governors, first through delegation agreements, and secondly, through proposed legislation—the Manpower Revenue Sharing Act.
8. Transfer of Community Action Agencies from OEO to the Department of Housing and Urban Development.
9. Transfer of Community Action Agency funds to mayors and Governors through revenue sharing.

Many of these proposals are quite complex. They will be dealt with by this committee and other committees of the Congress throughout much of this session of the Congress. The issues raised in these many changes are so complex that we have found it is difficult for public witnesses to deal with them. On many of them, we need more information before their full impact can be assessed. However, to the extent that witnesses here today are familiar enough with these various proposals which vitally affect the war on poverty, we invite your testimony on them as well as on the basic question of whether OEO should be continued for 2 more years.

After having served as chairman of this subcommittee for more than 2 years, I have reached some conclusions of my own in regard to OEO programs.

I am continually impressed by the caliber of the witnesses who come before us as spokesmen for OEO programs which are operating in the field. The Community Action directors, Headstart directors, Neighborhood Youth Corps directors, Legal Services attorneys, the doctors involved in OEO health programs, and the poor people themselves—especially the young people who have completed the various OEO training programs—are some of the most impressive witnesses I have listened to in close to 25 years' experience in public affairs. I think these people alone are impressive evidence that OEO has accomplished something since its birth in 1964.

I think if the members of this subcommittee had to make one overall conclusion it would be that we cannot turn the clock back, we cannot break faith with people who have answered the call to wage a war on poverty, we cannot wipe out the experience and the expertise that we have gained in the difficult years behind us.

We retain an open mind as to the future of the war on poverty but that future course must point us forward rather than backward. If there is a way in which we can make this program more effective, if we can reach more people and do more for them, if we can persuade the Congress and the public generally to make a broader and deeper commitment to eradicate poverty and its root causes, then we want those suggestions.

But we do not intend to stand by and watch while this program is liquidated, either directly or indirectly. The fact that there is such broad-based support registered here today shows that we do not need to take a defeatist attitude toward preserving and strengthening our antipoverty programs. The votes on the floor of the Senate and House in the past 2 years, particularly the impressive margins by which the Employment and Manpower Act passed last fall, show that Congress

is ready and willing to support meaningful, effective antipoverty programs if they are soundly conceived and if we can organize strong public and organizational support for them.

Editor's Note: On February 13, 1971, OEO Director Frank Carlucci sent a letter to all Community Action Agency board chairmen outlining the various changes which the Administration proposed to make in OEO programs in the future. The text of that letter follows.

On April 5, 1971, the staff of the Senate Subcommittee on Employment, Manpower and Poverty addressed a letter to Mr. Carlucci asking him to outline for this subcommittee the specific changes in OEO programs which were being advocated by the Administration. The April 5 letter and Mr. Carlucci's reply of May 4, 1971, are also printed herewith in the record.

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

HARRISON A. WILLIAMS, JR., N.J., CHAIRMAN
JENNINGS RANDOLPH, W. VA.
CLAIBORNE PELL, R.I.
EDWARD M. KENNEDY, MASS.
GAYLORD NELSON, WIS.
WALTER F. MONDALE, MINN.
THOMAS F. EAGLETON, MO.
ALAN CRANSTON, CALIF.
HAROLD E. HUGHES, IOWA
ADLAI E. STEVENSON III, ILL.
JACOB K. JAVITS, N.Y.
WINSTON PROUTY, VT.
PETER H. DOMINICK, COLO.
RICHARD S. SCHWEIKER, PA.
BOB PACKWOOD, OREG.
ROBERT TAFT, JR., OHIO
J. GLENN BEALL, JR., MD.

STEWART E. MCCLURE, STAFF DIRECTOR
ROBERT E. NAGLE, GENERAL COUNSEL

United States Senate
COMMITTEE ON
LABOR AND PUBLIC WELFARE
WASHINGTON, D.C. 20510

April 5, 1971

Mr. Frank C. Carlucci
Director
Office of Economic Opportunity
1200 19th Street, N. W.
Washington, D. C. 20506

Dear Mr. Carlucci:

Following your testimony before this Subcommittee on March 24, some members of the Subcommittee expressed a degree of confusion about the various Administration proposals which have an effect on programs involving the Office of Economic Opportunity. Although the Administration has proposed a two-year extension of the Economic Opportunity Act in its present form, the Administration has proposed a number of changes for the manner in which programs within the Economic Opportunity Act will be administered. Also, in addition to its proposed legislation to extend the Economic Opportunity Act, the Administration is proposing other legislation which will greatly affect OEO programs.

For the use of members of this Subcommittee, I would appreciate it if you would provide us a single letter outlining these various changes and; wherever possible, identifying the specific legislation or proposed reorganization order which would implement them.

I will list those changes of which I am presently aware of serve as an example of the kind of format we have in mind. However, it may be there are further proposed changes which you will want to include in your response.

1. OEO budget -- The Administration has requested appropriations of $808 million for fiscal year 1972 compared with $894 million for fiscal year 1971, a reduction of $86 million. Please briefly explain the rationale for this reduction. (This budget figure does not include funds for manpower programs delegated to the Department of Labor and the Head Start program delegated to the Department of HEW.)

2. Community Action Local Initiative funds -- The Administration has proposed to reduce appropriation from $368 million to $346 million and to increase the matching share by sponsoring communities from 20 percent to 25 percent. Please explain the rationale for this change,

the date when the increased local share would be required, and outline the present and future requirements as to whether this share need be in cash or "in kind."

3. Emergency Food and Medical Services Program -- The Administration proposes that this program, presently receiving about $45 million per year, receive no further funding.

4. Special Impact and Economic Development Program -- The Administration proposes that funding for this program be cut back from $36.1 million to $25.8 million.

5. Legal Services -- The Administration intends to sponsor legislation to transfer Legal Services to an outside corporation.

6. VISTA -- The Administration proposes to delegate VISTA to a new agency, apparently with substantial differences in its basic mission.

7. Rural Loan Program -- The Administration proposes no further funding for this program.

8. Manpower Training Programs -- OEO and the Labor Department are negotiating new delegation agreements under which manpower training programs, many of which are presently operated by Community Action Agencies, will be transferred directly to the sponsorship of mayors.

9. Manpower Revenue Sharing Act -- The Administration has proposed legislation which would terminate existing manpower programs effective December 31, 1971, at the option of governors and mayors of cities of 100,000 and larger, and transfer present manpower training funds in the Economic Opportunity Act and the Manpower Development and Training Act to mayors and governors to spend for manpower programs as they desire.

10. Transfer of CAA's -- The Administration's government reorganization plan contemplates transfer of CAA's from OEO to the Department of Housing and Urban Development effective June 30, 1972.

11. Transfer of CAA funds to "revenue sharing" -- The Administration proposes to transfer funds which now go to Community Action Agencies to mayors and governors as a part of "special revenue sharing" effective January 1, 1973.

12. Programs left to OEO -- It is understood that at the completion of these various steps OEO would be shorn of all operating programs and would be responsible only for "research and demonstration programs." Please indicate what the remaining budget for OEO would be at that point and outline purposes for which these funds would be used.

If I have in any way misstated the various Administration proposals in the above list, I am sure that you will restate the proposal accurately in your response.

It is hoped that your response will be of great assistance to members of this Subcommittee in understanding the Administration's short-term and long-range plans involving OEO and its anti-poverty programs.

Sincerely yours,

WILLIAM R. BECHTEL
Staff Director
Senate Subcommittee on
Employment, Manpower
and Poverty

WRB:cw

OFFICE OF ECONOMIC
OPPORTUNITY

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

May 4, 1971

Senator Gaylord Nelson
Chairman, Subcommittee on
Employment, Manpower and Poverty
Committee on Labor and Public Welfare
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This replies to Mr. Bechtel's letter of April 5, 1971, requesting an outline of Administration proposals in the FY 1972 budget, new legislation, and reorganization orders as they relate to the Office of Economic Opportunity. His inquiry appeared of sufficient breadth and scope as to warrant a direct reply to you.

Our response has been delayed until this date because of certain pending decisions concerning FY 1971 funds which I had reserved from the Research and Development program. Funds have now been released which strengthen CAA Local Initiative and Manpower activities, discussed below.

The President has proposed changes in government operations which are significant and complex, and it is precisely for that reason the Administration seeks an immediate, simple two year extension of the Economic Opportunity Act. Early congressional action to extend this basic charter intact will protect the President's commitment to the poor by continuing anti-poverty operations, and allow time for full consideration of the fundamental changes sought in his legislative program.

I hope a simple EOA extension can be enacted in advance of the long-term proposals.

The following are summary replies to Mr. Bechtel's specific inquiries:

1. OEO Budget: The OEO budget request for FY 1972 is $778 million -- in addition, $30 million is being requested by HEW to continue the practice of picking up mature health projects established by OEO. Thus the Administration total request for what are currently OEO activities is the $808 million cited in his letter -- $778 million appropriated directly to OEO, plus $30 million for HEW to fund spin-off of mature health projects.

You are therefore correct in comparing $808 million with the FY 1971 appropriation of $894 million, suggesting a $86 million program reduction. There is admittedly such a reduction in New Obligation Authority (NOA). However, due to the late enactment of the FY 1971 appropriation last December, I found it necessary to delay much of the planned expansion of the R&D program, and place $40 million in reserve. We thereby held the OEO program to the $854 million reported in the President's budget last January. More than half of the $40 million reserve has now been released, and possibly more may be. This money is being used substantially to equalize the Fiscal Year 1971 and 1972 Federal funding levels. Thus, while there is a reduction of $86 million between the two years' appropriations, the lag in the FY 1971 R&D program provides money to eliminate much of the "effective gap" in the two years' funding. To be sure, there are offsetting increases and decreases between one program and another. Specifics are discussed in relation to your other questions, namely those on Local Initiative, Emergency Food and Medical Services, Special Impact, and Rural Loans programs. In addition, the enclosed table provides a comparison of FY 1971 and FY 1972 program funding levels.

2. Community Action Local Initiative Funds - The NOA cited in your letter of $368 million and $346 million for FY 1971 and 1972 appeared in the Justification Book published six weeks ago. They represent totals for all Community Action Operations (less Indians), and include Training and Technical Assistance, Senior Opportunities and Services, State Economic Opportunity Offices, and Program Direction costs in addition to Local Initiative. The reduction in Local Initiative NOA is rather from $315 million to $296 million (or $19 million). It is this particular reduction which we originally anticipated would be offset by an increase in local share from 20% to 25%. Such an increase in local share would be consistent with the original intent of the Economic Opportunity Act that OEO funds be used as "seed money" to mobilize other resources to combat poverty. This intent was reaffirmed in the 1967 EOA Amendment in which the minimum non-Federal share requirement was raised by Congress from 10% to 20%. OEO continues to believe that Community Action's continued success depends upon expanding communities' commitments to assisting poor people and to attacking the causes and conditions of poverty at the local level. Many communities are already providing support at or near this 25% level.

Whenever possible, FY 1972 Local Initiative grants will therefore require a 25% non-Federal share. However, we have decided that this requirement should be used to expand local programs, not just to replace Federal dollars. Accordingly, $17 million of the released

FY 1971 reserves will insure maintenance of the present Federal funding contribution in FY 1972, avoid the possible inequities of a rigid 25% sharing requirement, and yet pursue the policy of increased local control and support for community action, both in kind and in cash as available. No specific cash requirement will be imposed.

3. Emergency Food and Medical Services - The Emergency Food and Medical Services (EFMS) program was established in the 1967 Amendments as a special effort to provide temporary assistance to meet severe hunger problems. At that time, only about 1,200 of 3,200 U.S. counties participated in Federal Family Feeding programs, reaching 6.9 million people at annual cost of $369 million. Today, these programs are active in all but 10 counties, reaching 13 million people, with a combined FY 1972 budget request of over $2.3 billion. Furthermore, recent reforms in the Food Stamp program will broaden its coverage and alleviate some past operational problems. Thus the Administration now intends to rely more heavily upon Food Stamps to fill gaps which in the past have been the targets of EFMS projects. In addition, the Family Assistance Plan will have greatest effect in precisely those communities with greatest need for food assistance and where EFMS has been a stop-gap measure.

While we ask FY 1972 EFMS funds for only Migrants and Indians, FY 1971 funds have been programmed to maintain a substantial nationwide level of activity through FY 1972 and into FY 1973. This provides adequate time for the Food Stamp reforms to be implemented at the local level. Also, OEO and the Department of Agriculture have taken the initiative in assuring that necessary EFMS functions will continue beyond that time under the latter's Food Stamp authority. Finally, OEO retains EFMS authority to meet conditions of special need not otherwise covered, as they may be determined locally.

In summary, no FY 1972 NOA is being requested for the basic EFMS program because of (a) the growth and increased flexibility in the Food Stamp program, (b) the proposal for FAP, and (c) the ability to continue EFMS activity into FY 1973 through use of prior year funds during transition to other assistance. In addition to retaining emergency authority, we are requesting $3.5 million in FY 1972 for projects serving Migrants and Indians, assuring nutrition assistance to two groups hard to reach through other programs.

4. Special Impact and Economic Development Program - The FY 1972 request for NOA for the Special Impact Program is $10.3 million below the FY 1971 level of $36.1 million. On-going projects, however, are not

being cut. The reduction in NOA reflects the fact that on-going projects of the present 36 Community Development Corporations (CDC) will obtain much of their additional investment capital for FY 1972 with prior year funds already in the pipeline. The request for Fiscal Year 1972 is thus adequate to continue the present CDC program, and even permit establishing several new projects. However, it is not expected that the total number of projects will differ substantially from the 36 now in existence.

5. Legal Services - The Administration intends to present legislation establishing an independent Legal Services Corporation. The legislation is now being prepared. While I anticipate a proposal to be sent up very shortly, it would not be appropriate for me to comment on the specifics of it until it has been completed. Suffice to say that such legislation will maintain and strengthen a very positive legal services program, and assure its continued integrity.

6. VISTA - Reorganization Plan No. 1 of 1971, proposing the merger of several volunteer agencies (including VISTA) into ACTION, does not signify a change in the basic VISTA mission which is clearly mandated in Title VIII of the Economic Opportunity Act. The reorganization is intended to streamline Federally-supported volunteer effort. Consolidation of the array of volunteer programs into ACTION will provide the American volunteer with a broader scope than the alleviation of poverty, and the anti-poverty effort with a wider selection of volunteer skills. The President is requesting an increase of $20 million for ACTION in FY 1972. This additional sum of money will be used in the domestic area, largely for poverty projects. Thus, an expanded anti-poverty volunteer effort should be made possible under the Administration proposal, not a decrease.

7. Rural Loan Program - The Administration is phasing out this program beginning in the current fiscal year, primarily because of lack of evidence that these small loans were significantly increasing the incomes of the rural poor. Funds appropriated in FY 1971 are expected to provide for continued servicing of outstanding loans at least through FY 1972. Arrangements for funding the phase-out beyond FY 1972 are now under consideration.

8. & 9. Manpower Revenue Sharing Act and Manpower Training - The record indicates a mutual interest on the part of the Administration and the Congress in increasing the State and local government role in

planning and operating comprenensive manpower programs. Consolidation of existing EOA and MDTA work and training authorities under the proposed legislation does not intend or anticipate demise of existing programs, but rather their rationalization into comprehensive local programs designed for particular local problems. National categorization and fragmentation of manpower efforts have worked to the contrary.

As an interim measure, prior to passage of new Manpower legislation, OEO and DOL are exploring possible revisions of the delegation agreement for the work and training programs authorized by Title I of the Economic Opportunity Act. We are considering an experimental plan for designating certain selected State and local governments for prime sponsorship of Title IB and IE programs. This would permit them to develop comprehensive plans in conjunction with CAMPS committees and consolidate all existing EOA work and training programs under one prime sponsorship. Such designation would be confined to localities where government and CAA agree to the arrangement.

The Community Action Agencies' record in manpower service delivery will insure them a continuing role in the operation of manpower programs at the local level under Manpower Revenue Sharing or under any revised delegation arrangement which involves State and local governments in manpower programming. Certainly prior to Manpower Revenue Sharing, I anticipate prime sponsorship to continue with CAAs in the majority of cases. However, to place CAAs in a better position to help mayors prepare for their expanded roles in manpower, OEO plans to fund selected CAA's in major urban areas to work with mayors and the CAMPS committees on comprehensive planning and programming.

10. Transfer of CAA's - The Administration has proposed that Community Action be administered at the Federal level with such other operational efforts as Model Cities in a new Department of Community Development. The date for such reorganization is of course related to the progress of proposed legislation. Hopefully, it would take place as early as possible to eliminate much of the overlap and duplication of effort among individual programs and provide a more effective approach toward meeting overall community development needs. OEO's experience to date has shown that to eliminate the causes of poverty, not simply alleviate its conditions, healthy development of multiple aspects of a community is required.

The Special Impact Program funded under Title I-D, as well as the following Community Action Programs would be placed in the new department - Local Initiative Programs, State Economic Opportunity Offices Programs, Community Action Training and Technical Assistance, and Senior Opportunities and Services. These programs, when transferred,

would remain under their existing statutory authority initially, until new legislation could be enacted that would more appropriately align them with other related programs. Prior to reorganization OEO will continue to support CAAs.

11. Transfer of CAA funds to "Revenue Sharing" - The President's proposals for revenue sharing are an attempt to move decision-making power closer to the people through their directly elected officials. They are thus consistent with Community Actions emphases on local initiative and local control. In fact, revenue sharing represents a logical next step closer to the local community by removing Federal review of, and intervention in a local community's programs and priorities. Elaborate Federal guidelines and monitoring activities have frequently frustrated programming for local needs. Community support and cooperation have furthermore been demonstrated to be essential ingredients of effective community action. January 1, 1973, has been set as the target date for completion of the transition, allowing a full 18 months to smooth the process of transition and allow time for adequate preparation of all the parties involved. Separate legislative action will be proposed subsequent to enactment of the basic Community Development Special Revenue Sharing.

Over the past two years OEO has placed particular emphasis upon improving CAA relationships with local governments. This has resulted in a new level of effective cooperation on behalf of the poor. It has also strengthened the CAA's position in negotiating with mayors to continue or expand their existing role in outreach, operation of manpower programs, etc. under revenue sharing. Similarly, OEO has under development a greater role for state governments in community action (particularly in rural areas), by increasing general staff capability, providing special program development grants, and expanding the state Special Technical Assistance Program. We anticipate that the SEOO's and CAAs together will play a significant role in revenue sharing for rural areas. In summary, the capability of CAAs and their broad base of community support will insure a vital role under revenue sharing.

12. Continuing Function of OEO - Upon enactment of the President's proposals, OEO would continue in the Executive Office of the President as an independent agency. As such it has three distinct functions affecting anti-poverty policy and programming in the Federal Government. The first is to continue on the cutting edge of social R&D. OEO provides an independent base from which objective near and long-term research, experimentation, demonstration and pilot programs can be carried out across disciplines and functional areas.

Presently all major offices in OEO have some form of R&D and the Agency's annual R&D budget runs about $75 million, plus a $160 million Health program that is largely developmental. The Nation's social problems require increased R&D support. Under revenue sharing the Federal Government will increasingly need to test and prove operational value of proposed programs before state and local governments will invest their newly-controlled funds. OEO must develop a new institutional framework for formulation, conduct, and utilization of social R&D.

The second critical function which would continue is that of program and policy evaluation and analysis of anti-poverty and related efforts across-the-board. As an arm of the Executive Office of the President, OEO serves as an effective advisor on the impact and implications of alternative social policies and programs on the poor.

Finally, the third function is to continue as an independent spokesman for the poor at the Federal level. Continuance as an agency in the Executive Office of the President provides proximity to vital points of decision, as well as access to the Congress. Effective R&D, Pilot programs, and Evaluation thus assure the poor an effective spokesman in the highest councils of the Federal Government. While this advocacy will not involve large sums of money, it will continue to have great benefit for the poor.

Sincerely,

Frank Carlucci
Director

JUSTIFICATION OF FY '72 ECONOMIC OPPORTUNITY ACT AUTHORIZATIONS
FINANCIAL SUMMARY

(In Thousands)

Title and Program	FY 1971	FY 1972
Title I		
Job Corps	$ 170,200	$ 210,287
Job Opportunities in the Business Sector	-0-	-0-
Concentrated Employment	116,400	120,800
Neighborhood Youth Corps	324,800	362,500
Public Service Careers	91,400	90,400
Operation Mainstream	38,800	38,800
Program Support	18,500	18,779
Special Impact	36,000	25,800
Title II		
Local Initiative	332,508	296,400
Special Programs for American Indians	21,297	22,600
Head Start	360,000	376,500
Follow Through	69,000	60,000
Legal Services	61,100	61,000
Comprehensive Health Services	99,000	114,000
Emergency Food and Medical Services	45,200	-0-
Family Planning Services	18,600	25,000
Senior Opportunities and Services	8,000	8,000
Alcoholic Counsel and Recovery	10,800	-0-
Drug Rehabilitation	12,800	18,000
Training and Technical Assistance	14,666	13,500
State Economic Opportunity Offices	12,500	13,000
Research, Development Demonstration and Evaluation	83,229	72,600
Title III		
Rural Loan Program	6,000	-0-
Migrant Programs	37,000	38,000
Title VI - General Direction and Administration		
Community Action	16,300	16,600
Legal Services	(2,200)	(2,200)
Health and Nutrition	2,800	2,500
Spec. Indian Programs	(600)	(600)
Research, Demonstration and Evaluation	(5,700)	(7,200)
Migrant Programs	(1,000)	(1,000)
General Direction and Administration	18,300	18,000
VISTA	(7,400)	(7,300)
Special Impact	(700)	(800)
Federal Pay Increase (supplemental)	-0-	2,410

JUSTIFICATION OF FY '72 ECONOMIC OPPORTUNITY ACT AUTHORIZATIONS
FINANCIAL SUMMARY

(In Thousands)

Title and Program	FY 1971	FY 1972
Title VIII - Volunteers in Service to America (VISTA)	$ 36,400	$ 33,000
Subtotal	$2,061,600	$2,058,476
Less Direct Appropriation to:		
Department of Labor	- 760,100	- 841,566
Department of Health, Education and Welfare		- 436,500
NCAA Summer Programs	3,000	
Community Relations Service	625	-0-
National Credit Union Association	500	-0-
Reserve	17,775	-0-
Total Appropriation, OEO	$1,323,400	$ 780,410

* The above values do not include $50 million appropriated to HEW by P.L. 91-380, 91st Congress, for a Special Program under EOA Section 222(a) for "Emergency School Assistance."

STATEMENT OF MRS. RICHARD MILLER OF THE NATIONAL LEAGUE OF WOMEN VOTERS; ACCOMPANIED BY MRS. THEODORE WEDEL, PRESIDENT OF THE NATIONAL COUNCIL OF CHURCHES; PABLO EISENBERG, NATIONAL URBAN COALITION; RABBI RICHARD HIRSCH, SYNAGOGUE COUNCIL OF AMERICA, UNION OF AMERICAN HEBREW CONGREGATIONS, AND CENTRAL CONFERENCE OF AMERICAN RABBIS; WILLIAM LUNSFORD, FRIENDS COMMITTEE ON NATIONAL LEGISLATION; JAMES SILLS, NATIONAL FEDERATION OF SETTLEMENTS AND NEIGHBORHOOD CENTERS

Senator NELSON. The panel before us includes Mrs. Richard Miller of the National League of Women Voters; Mrs. Theodore Wedel, president of the National Council of Churches; Mr. Pablo Eisenberg, National Urban Coalition; Rabbi Richard Hirsch, Synagogue Council of America. Union of American Hebrew Congregations, and Central Conference of American Rabbis; Mr. William Lunsford, Friends Committee on National Legislation; Mr. James Sills, National Federation of Settlements and Neighborhood Centers.

We are very pleased to have you here today. As I said, previously, your statements will be printed in full in the record. I have to complete these hearings by 12:30 so I hope you will attempt to abide by the time limitations or else we will have to postpone the balance until a later hour.

Are you leading off, Mrs. Miller?

Mrs. MILLER. Yes, I am. Thank you.

Mr. Chairman, the panel presented to you this morning wants to bring to the attention of the committee a public statement issued recently and signed by more than 90 organizations and individuals. We are offering this for the record.

Senator NELSON. That will be received for the record.

(The information referred to follows:)

March 19, 1971

STATEMENT ON THE FUTURE OF OEO

The Office of Economic Opportunity is the only federal agency whose primary mission is "to strengthen, supplement and coordinate efforts in the furtherance" of a policy to "eliminate the paradox of poverty in the midst of plenty." Its continued, strengthened existence is crucial to anti-poverty efforts, both as a symbol of the federal government's lasting commitment to the war on poverty and as a federal rallying point around which poor and disadvantaged people can command attention and assistance.

At the local level, through community action and other related programs, OEO has helped poor people to share in the planning and decision-making processes of their communities. They, as well as others, serve on the boards of neighborhood councils, community action agencies and delegate social agencies, thereby constituting one of the largest voluntary action efforts in the country. Their participation has helped make social services and agencies, both public and private, more relevant to the needs of poor people, and therefore more efficient and economical. In helping to determine the use and allocation of significant sums of money, they and their community action agencies have exercised an impressive degree of sound judgment and responsibility. This unique and successful effort in citizen participation is the heart of the OEO anti-poverty program.

Through its research and demonstration activities, OEO has initiated and supported innovative projects that are gradually becoming an accepted part of public and private social and economic policy. Through VISTA it has afforded young Americans the opportunity to help bring about necessary changes within the system. It has performed and still performs functions as an advocate of the poor and institutional gadfly that other agencies, public or private, cannot implement or duplicate. No other organization has done more to champion the importance of the non-professional in our society. It has generated leadership opportunities for minority representatives and poor people unmatched by any other agency or institution.

We believe that the Office of Economic Opportunity must be permitted to build on this impressive record. It must continue to focus national attention on the needs of the poor. The lessons of the past should be used to give OEO a new vitality.

Will OEO be able to carry out its mission under the structural and fiscal changes that are currently being proposed?

Administration Plans

The Administration plans to relegate OEO to a poverty research and evaluation organization by spinning off all operational programs to other federal agencies. These include community action agencies, Indian and migrant programs, comprehensive medical centers, special impact economic development projects, and VISTA programs. The Emergency Food and Medical program will be terminated after FY 1972. The management of community action agencies will be transferred to the proposed Department of Community Development. By January 1973 community action agencies will become entirely dependent for their existence on local political jurisdictions through revenue sharing. They will have to compete with other programs in the local market place. Federal guidelines and monitoring would be eliminated.

The FY 1972 budget reflects a diminished concern for current anti-poverty needs and the demand for community action at the local level. The request for FY 1972 is $116 million less than this year's appropriation. Community action agencies will receive approximately $22 million less than last year, though inflation and traditional salary and other increases have considerably raised the cost of CAP operations. The special impact program for economic development corporations has been reduced about $10 million. Research, demonstration and evaluation activities will get only $70-80 million, some $40 million less than that appropriated last year. This latter allocation is not consistent with the President's call two years ago for a major poverty innovation program.

Implications of the Administration's Plans

The above proposals and the limited budget strike at the core of OEO's mission. They question and threaten four of the Agency's major functions.

1. OEO as an Advocate Agency for the Poor

   OEO is currently the only identifiable federal vehicle through which the poor can express their concerns and needs. To deprive them now of this focus and rallying point would be both irresponsible and a retrogressive step in the war on poverty.

   The conversion of the agency into a poverty research and evaluation organization means abandoning the concept of an active advocacy structure for the poor within the federal government. The strength of OEO lies in its broad strategic approach, combining national with local initiative programs, research and demonstration with operational projects, public with private sector efforts and professional with non-professional personnel. A research, demonstration and evaluation unit, without operational programs and without a local outreach and constituency, cannot be a strong advocate. Its mission would, to a great extent, preclude advocacy.

   Nor can effective advocacy come from a community action bureau buried within a huge new department or a traditional agency for whom poverty problems could not be the major concern.

2. National Responsibility for Community Action at the Local Level

The Office of Economic Opportunity and its anti-poverty programs were created precisely because local political jurisdictions were not sensitive or responsive to the needs of their poor and minority populations. Local sensitivity has not improved significantly enough to warrant shifting total responsibility back to local jurisdictions.

We contend that community action agencies in a large majority of areas will not be able to compete in the local market place for funds and still retain those elements of citizen participation, independence and advocacy that have made them more than just another social agency or local government arm. The dominant public or factional pressures generally argue for programs and processes unrelated to anti-poverty projects and poor people.

We believe that a national anti-poverty effort should not be tied to special revenue sharing proposals. As long as there is a critical, national poverty problem, there will be a compelling need for federal funding, federal guidelines and federal monitoring. No less an assurance to our poor and minority populations should be made.

3. OEO as an Instrument to Strengthen Community Action and Citizen Participation Programs

We believe that the transfer of OEO operational programs to other agencies will adversely affect citizen participation thrusts in more than just community action programs. Citizen participation in Indian and migrant programs, the economic development corporations and certain health projects will also suffer. Their operation in less sensitive bureaucracies and probable ultimate dependence on local jurisdictions place their future in serious doubt. Administrative fragmentation of these programs and the weakening of OEO as a national agency mean that less pressure will be exerted on other federal agencies to preserve and enlarge their citizen participation and innovative anti-poverty activities.

Community action agencies serve as vehicles for other federal and private programs to aid and involve the poor in health, manpower, housing, economic development, day care, youth development, education and other areas. Any weakening of the community action structure therefore can only have a disastrous impact on the efforts of other public and private organizations at the local level.

At a time when the national and local community action network should be expanded, it is in fact under pressure to retrench. It is ironic that at a time when the President has called for revenue sharing because of the fiscal incapacity of local communities, OEO plans to increase the local share for community action agencies from 20% to 25%, the difference to be paid possibly in cash. This will weaken community action agencies and probably eliminate many from the local scene. We suggest that an adjustment in the local share is an item which merits Congressional review.

4. The Provision of Adequate Funds for the War on Poverty

We view the budget as totally inadequate to meet the Agency's mission and the national commitment to eradicate poverty. One of the reasons community action programs have had serious difficulties is that they have been financially starved. More, not less, money for community action and other programs is urgently needed.

Recommendations

1. It is in the national interest that OEO, community action and related anti-poverty programs be strengthened and expanded. For this reason we recommend the extension of the EOA Act for at least two years with whatever amendments may be needed to fortify the agency's original mission and current requirements.

2. In view of the need for a strong, diversified central agency that can effectively serve as an advocate for the poor and the need for strengthened local initiative programs, we advocate that no OEO program component, especially community action programs, should be either terminated or transferred to another agency without prior Congressional approval.

3. OEO's budget should reflect a much higher level of funding, particularly for community action, special impact and innovation programs that have been severely cut in the Administration's FY 1972 budget.

4. The legal services program should be strengthened and expanded within the EOA Act. Its integrity and non-political character must be preserved through the joint efforts and administration of the legal profession and community people who are its beneficiaries. Legal services programs should be inexorably tied to community action at the local level.

5. The VISTA program should be preserved and maintained as an integral part of the Office of Economic Opportunity.

6. The local share for community action and other OEO programs should not be raised to 25%. Such action can only endanger the development of local initiative programs.

THE FOLLOWING ORGANIZATIONS AND INDIVIDUALS HAVE JOINED IN SIGNING THE MARCH 19 STATEMENT ON THE FUTURE OF OEO (as of May 5, 1971)

Action for Legal Rights
Actors Equity Association
Adult Education Association of the U.S.A.
African Methodist Episcopal Church
Alliance for Labor Action
American Association of University Women
American Baptist Convention
American Ethical Union - Washington Office
AFL-CIO Industrial Union Department
American Humanist Association - Washington Office
American Institute of Architects
American Institute of Planners
Hyman Bookbinder, American Jewish Committee
American Jewish Congress
American Veterans Committee
Americans for Democratic Action
Americans for Indian Opportunity Action Council
Anti-Defamation League of B'nai B'rith
B'nai B'rith Women
Central Conference of American Rabbis
Center for Community Affairs
Church Women United - Greater Washington
City Wide Tenants Union
Common Cause
Council for Christian Social Action, United Church of Christ
Day Care and Child Development Council of America
Delta Sigma Theta Sorority
Environmental Action, Inc.
Friends Committee on National Legislation
G. I. Forum
Hadassah
The Independent Foundation
International Union of District 50, Allied and Technical Workers
International Union of Electrical, Radio and Machine Workers, AFL-CIO
Japanese American Citizens League
Jewish War Veterans
League of Women Voters of the U.S.
Mennonite Central Committee - Peace Section
Nash United Methodist Church
National Assembly for Social Policy and Development
National Association for the Advancement of Colored People
National Association of College Women
National Association for Community Development
National Alliance for Postal and Federal Employees
Al Whitney, National Association of Government Employees
National Association of Market Developers
National Association of Social Workers
National Bar Foundation
National Beauty Culturist League
National Catholic Conference for Interracial Justice
National Conference of Catholic Charities

MORE

OEO STATEMENT SIGNERS continued

National Council on Aging
National Council of Catholic Women
National Council of Churches
National Council of Negro Women
National Council of OEO Locals
National Dental Association
National Farmer's Union
National Federation of Settlements and Neighborhood Centers
National Jewish Welfare Board
National Legal Aid and Defender Association
National Medical Association
National Medical Association Women's Auxiliary
National Rural Housing Coalition
National Urban Coalition
National Urban League
National Sharecroppers Fund
National Student Association
National Tenants Organization
National Vista Alliance
National Welfare Rights Organization
OEO Local 2677 American Federation of Government Employees
Pioneer Women - The Women's Labor Zionist Organization of America
Planned Parenthood - World Population
Southwest Council of La Raza
Synagogue Council of America
Union of American Hebrew Congregations
Unitarian Universalist Association - Washington Office
United Auto Workers - Womens Department
United Methodist Church, Womens Division
United Presbyterian Church of the U.S.A.
U.S. Catholic Conference, SW Regional Office, Division for the Spanish
David Dorn, U.S. Youth Council
United Steel Workers of America - AFL-CIO
Vernon Jordon, Exec. Director, United Negro College Fund, Inc.
Washington Office of the National Board of YMCA's
Washington Research Project - Action Council
Women's International League for Peace and Freedom
Workers Defense League
National Board of the YWCA of the U.S.A.
Zero Population Growth, Inc.

Mrs. MILLER. For the past several months the League of Women Voters has been the convener of an ad hoc coalition come together for its concern over people trapped in poverty. The coalition came together as a result of the pending administrative and budgetary decisions relating to OEO and some of its notable and component programs, community action, legal services and VISTA, about which we were all mutually concerned.

The six major recommendations of this statement I will simply highlight.

Strengthening and expanding OEO by extending the act for the next 2 years.

No OEO program component, especially community action programs, should be terminated or transferred to another agency without prior congressional review.

OEO should receive increased funding.

The legal services program should be strengthened and expanded.

The VISTA program should be preserved and maintained within OEO.

We feel that primarily, too, the local share for community action and other OEO programs should not be raised to 25 percent.

Mr. Chairman, many of the organizations who have signed this statement sent representatives here today, and may I ask them to rise and simply identify themselves and their organizations.

Senator NELSON. Fine.

Mrs. MILLER. Can we start at this end of the room and simply go around.

Mr. CALLAHAN. John Callahan, legislative director of the International Union of Electrical Workers. I have a statement that I have presented.

Senator NELSON. All statements will be received and make a part of the record.

Mr. MASOKA. Mike Masoka, Washington representative of the Japanese American Citizens League. I also have presented a statement for the record.

Mr. JONES. Frank Jones of the National Legal Aid and Defender Association. I have submitted a statement.

Miss SMALTZ. Rebecca Smaltz, representing the national board of the YWCA of the U.S.A. We have presented our statement.

Mr. MONEY. I am with the Washington office of the national board of the Young Men's Christian Association and I have submitted a statement.

Mrs. SHAPIRO. I am Mrs. Mike Shapiro, international president of the B'nai B'rith Women. We also have a statement for the record.

Mrs. FARRELL. I am Mrs. Odessa W. Farrell, president of the National Association of College Women. I have submitted copies of my statement and would like the text printed in the record.

Mr. GRAVES. Tom Graves OEO Council of Locals, AFGE, and we will have a submission for the record.

Mr. JONES. Robert E. Jones, representing the American Ethical Union, American Humanist Association, and Unitarian Universalist Association.

Mr. FRISK. John Frisk, executive secretary of the National Rural Housing Coalition. We have a statement for the record.

Mr. PERRELL. I am from Americans for Democratic Action. We speak for the ad hoc coalition and we have a statement for the record.

Miss HAMLIN. Joyce Hamlin with the Women's Division, United Methodist Church, and also speaking for the Board of Missions, United Methodist Church. We will have a statement for the record, and we are also very concerned for our 79 community centers supported by our 1,700,000 women who are very dependent upon OEO funds to continue their work.

Mr. HABERER. Edward Haberer, VISTA volunteer and national chairman of the VISTA Steering Committee. We also have a statement for the record.

Miss PATTERSON. Mary Jane Patterson, associate director of the National Council of United Presbyterian Churches of the United States of America. We support the ad hoc coalition and by pronouncements of our general assembly beginning in 1956 we have gone on record as saying that we wish the elimination of poverty in this country. We feel that we really must make the choice whether we are going to continue to administer poverty as we have in the years past or whether we are going to eliminate it.

Mrs. JACKSON. Marian H. Jackson, representing the Market Developers, and we have a statement for the record.

Mr. BRODY. David A. Brody, director of the Washington office of the Anti-Defamation League of B'nai B'rith. We submitted a statement for the record yesterday and we also submitted statements in prior years, in 1967 and 1969, when legislation was pending to continue and extend the Economic Opportunity Act of 1964.

Mr. JUSTINO. Tony Justino, National Farmers Union. We will testify before the House committee and before this committee for the extension of the act.

Mr. BARRIGA. John Barriga, International Association of Social Workers, and I would like to call attention to the testimony we gave on March 25.

Mr. LENHART. William Lenhart, representing the American Baptist Home Mission Society, Division of Social Action, and we have a statement submitted.

Mr. MANSER. Gordon Manser, associate executive director of the National Assembly for Social Policy and Development, a citizens' organization concerned with social policy. We do not have a statement but I would like the record to show that we wish to be associated with the statements to be made by the National League of Women Voters and the National Urban Coalition.

Mr. SMITH. Edward G. Smith, Jr., and I am Project Director of Washington, D.C.'s Comprehensive OEO Neighborhood Health Association and we have a statement for the record.

Mr. JAMES. Frederick C. James of the African Methodist Episcopal Church, with a statement for the record and appreciation especially from this church for the work that is being done by this committee.

Mrs. ROSOFF. I am Jeannie Rosoff. I am here for the Planned Parenthood—World Population. and we have a statement for the record.

Miss BELL. I am Alison Bell of the American Association of Univer-

sity Women. We strongly urge strengthening the OEO and we did file a statement to the effect some time ago.

Miss ETTEL. I am Peggy Ettel, representing the United Council of Churches of Greater Washington, and we support the ad hoc coalition.

Mr. WILSON. John Wilson, National Sharecroppers Fund, and we have a statement for the record.

Mr. FITCH. William Fitch, executive director for the National Council on Aging. We have a statement for the record. We do support the coalition and their recommendations and we would like to express one other concern, though, that we would like to see the aged more visible in some of the recommendations that are being made.

Mr. GESTEFNO. Joe Gestefno, national legislative representative, International Union of District 50, Allied and Technical Workers. We favor and endorse the extension of the OEO and, most of all, the increased funds to get these programs rolling along.

Mr. KANTOR. Micky Kantor, director of Action for Legal Rights, and we have a statement for the record.

Mr. WILSON. James Ed Wilson, executive director of the National Association for Community Development. We have had the honor to present testimony to this committee in the past, and we would like to reinforce one fact that the committee may not be aware of, which is that the ad hoc coalition represents hundreds of thousands of people throughout this country who have activities in the antipoverty and development of human resources, going back to predating the Economic Opportunity Act. We would like to ask the honorable chairman of this committee to pay special recognition to the fact that people presenting this statement are testifying on behalf of the fact that they recognize the value of the Economic Opportunity Act far beyond the value that would be appreciated by other people because of the long history of voluntary activities that they have been putting into this effort.

Senator NELSON. Is there anyone else?

Mrs. MILLER. Mr. Chairman, I would just like to make mention of the fact that we also have here today representatives from the 50 States, the leadership of the League of Women Voters from every State in the Union, and they are here giving their support. Not all of them have been able to get into the room. They are bringing their individual testimony to their work with community action programs and legal services.

In addition I would like to present for the record the testimony which was left by the National Legal Aid and Defender Association, who were not able to be here today.

Senator NELSON. That will be received for the record.

(The statements referred to follow:)

Statement By John Callahan,

Legislative Director, International

Union of Electrical Workers, AFL-CIO

Before The

Senate Subcommittee on

Employment, Manpower and Poverty

May 5, 1971

Mr. Chairman, and distinguished members of this Subcommittee, I am honored to have the opportunity to appear before you today, on behalf of President Jennings and some 300,000 members of the International Union of Electrical, Radio and Machine Workers. My name is John Callahan. I am legislative director of the Electrical, Radio and Machine Workers, commonly known as the IUE.

We are here today to give our wholehearted support to the legislation that would extend the Economic Opportunity Act for two additional years.

However, we want to make it crystal clear that the members and officers of our union are for maintaining all of the current programs in the Office of Economic Opportunity, in order that these programs can be meaningful to the poor. We insist that the programs be adequately funded.

A first step in this direction is to restore the $86 million cut in the overall budget as proposed by the Administration.

Not only are we seeking restoration of these funds, we are requesting that additional monies be added to every aspect of OEO's functions. OEO's programs must be expanded if they are to bring large numbers of the poor, including the working poor, into the mainstream of American life.

If we want to honestly and effectively eliminate poverty, the OEO must be strengthened and its operations centralized in a single agency whose sole function is a strong commitment to lift the poor out of the dregs of poverty. This cannot be done if the two year extension period serves only as a basis for emasculating and spinning-off present OEO programs and functions.

The OEO's record of progress over the past years is good and we certainly do not want to see this wiped away.

Additional programs need to be developed for the aged poor. Some of these people have little or no incomes. Others have only modest, fixed incomes. All of them, because of inflation, are falling further and further behind in the struggle to make ends meet.

In addition to increasing programs for poor blacks and whites, the OEO must step-up its activitiss for Indians and Spanish-surnamed Americans.

It is our sincere feeling that the development and implementation of these and any other additional programs must be concentrated in a single agency dedicated to the proposition of improving the lot of the poor.

Our Union has supported the anti-poverty program from its inception, beginning with efforts to secure passage of the original Economic Opportunity Act in 1964. We supported important amendments in 1965, 1967 and in 1969.

But, equally important, the IUE got involved in a related program all its own because we felt that, realistically, the way out of poverty is through jobs at decent wages and at work sites free of discriminatory practices.

Thus, we received a small grant under the Manpower Development and Training Act, to bring some 1,500 under-priviledged persons into the workforce of the electrical machinery industry. These workers were hired in at entry level occupations; at the same time, the training resulting from our program provided some upward mobility for those already on the job.

With the cooperation of numerous employers in our industry, we were able to find job slots for some 1,200 during the first year of the grant. To date, as a result of the initial grant and renewals of our Labor Department contract, over 2,000 persons have received training.

Incidently, the job retention rate has been remarkable, running around 95 percent.

Our union has also developed other training and educational programs, all of which were designed to improve the earning capabilities and quality of life for the employed poor as well as the unemployed poor in and out of the electrical machinery industry.

Our concern with the success of the Economic Opportunity Act is a matter of record.

Thus, we are fearful of the proposed transfer of VISTA.

The information we have is that VISTA is to be transferred to a new agency with indications that its basic functions would be altered considerably. This cannot and must not happen, if we are going to continue to shed a little light on the multitude in darkness and despair.

We are concerned by previous attempts to decentralize the Legal Services program, which was held-up only after strenuous objections of labor, the legal profession and other forward looking and understanding organizations.

The Community Action programs have been subjected to the same sort of insensitive treatment.

We are also concerned with the Administration's proposal to give anti-poverty funds to private firms for the education field to be used through performance contracting and education vouchers.

It seems to us that here again the federal government is abandoning its responsibility in providing quality education for all children but more important for OEO, is abandoning its responsiblity to poor children.

We are concerned about the Community Action Local Initiative Fund. The Administration proposes to reduce such funds by some $22 million and to increase the community share from twenty to twenty-five percent. We feel that the local share for community action and any other OEO program should not be raised. Poverty is above all a national problem and the role and the contribution of the federal government toward fighting it should not be reduced.

We are concerned that the Emergency Food and Medical Services Program is being phased-out. Our same concern applies to the Rural Loan Program to which the Administration proposes no further funding.

We also deplore cuts which have been made in programs to serve young people, including the Job Corps and the Neighborhood Youth Corps. With the overall unemployment rate in March for 16-21-year-olds running at 15 percent and for black youths at over 30 percent, such cutbacks clearly close doors to opportunity that must be opened wide and accentuate the very problems the Economic Opportunity Act was designed to solve.

Our concerns boil down to the fact that the IUE is in strong opposition to any and all efforts to downgrade the status of the anti-poverty fight through political maneuvers at the state level and by turning over to and by giving the states the responsibility for directing these programs.

That strong opposition extends to the transfer of any on-going anti-poverty program to "old line" agencies ostensibly in the name of efficient operation.

We conclude by urging the Congress to extend the Economic Opportunity Act for an additional two years and to continue and expand the federal effort to wipe out poverty.

To do this, we urge the continuation of a single agency administering the anti-poverty fight. This would be a shining light to the poor and to all Americans of this nation's commitment and dedication to wiping poverty from our ranks.

STATEMENT

JAPANESE AMERICAN CITIZENS LEAGUE

To The

SUBCOMMITTEE ON MANPOWER, EMPLOYMENT AND POVERTY

SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE

RE ECONOMIC OPPORTUNITY ACT

May 5, 1971

-oOo-

On behalf of the Japanese American Citizens League (JACL), the only national organization representing Americans of Japanese ancestry, with chapters and members in 39 states, we urge support for the Office of Economic Opportunity (OEO) to receive full funding and to be extended for the next two years.

Because JACL's motto, "For Better Americans in a Greater America", parallels the objective of the OEO, "to open the opportunity to live in decency and dignity", JACL is fully convinced of the vital and relevant service that OEO provides.

We recognize the need for the elimination of poverty in the United States today. We agree that poverty amid affluence is a most distressing paradox in our time.

OEO has accomplished many of its objectives and has made a definite contribution toward bettering the plight of the under privileged. Despite some criticism leveled at OEO, the programs implemented have given hope to many poor people who previously had given up completely.

JACL has always supported programs that have provided opportunity to the less fortunate, the poor, and to the minorities of this land. As Japanese Americans, we have suffered persecution and deprivation. Because of this, we have a special concern and empathy for other minorities who may suffer in any way. With this awareness develops a sense of obligation and duty to support any program to upgrade the condition of all people. We see the potential for good in OEO.

Moreover, as Japanese Americans, we feel the need for OEO programs to aid those among the Asian American community who desperately need assistance.

JACL recognizes that Asian Americans in the United States constitute a very small segmemt in the total population. It is also true that the public image of Asian Americans due to publicity received by certain of the more prominent and successful Asian Americans and for certain so-called achievements have been quite favorable. And while it is true that the "average" Asian American appears to be less disadvantaged when compared to other minorities in terms of education, income, etc., it is still a reality that Asian Americans suffer many of the same problems as do other minorities.

The majority of mainland Americans of Asian origin reside in large metropolitan areas of the West Coast. In Los Angeles and San Francisco, for example, the problems faced by Asians are similar in number and severity to those of other minorities in the area. Too many times, Asian Americans are forgotten when it comes to receiving grants for programs to aid in the problems that we, despite the very favorable stereotype of Asian Americans, definitely do have.

While the JACL fully supports the extension, with full funding, of OEO, it is essential to point out at this time a unique situation that applies directly to Asian Americans in our relationships with not only the OEO but also the Department of Health, Education, and Welfare, and other governmental agencies.

We applaud the fact that, at long last, some of the needs of the Blacks, the Chicanos, and the American Indians are being given the attention they deserve. The needs of Asian Americans, however, have been practically overlooked due to a general misconception and distortion of the conditions that prevail among those of Asian ancestry. Many have long thought that because of the traditional strength of the family unit, no outside help is needed or desired. While this solidarity of the family unit remains a matter of pride with many, spiraling costs and accelerating social changes have created near crisis conditions in many Asian American communities.

It is distressing to JACL that Asian Americans are not eligible for the benefits and grants available under various government programs designated specifically for "minorities". For example, the fiscal budget for the Emergency School Assistance Program of HEW provides that only "minority groups" may benefit from that project, but by definition Asian Americans are excluded as beneficiaries. In that program, "minorities" are defined as being composed

only of persons "of Negro, American Indian, Mexican American, and or Puerto Rican origin or ancestry". Japanese Americans, Chinese Americans, and others of Oriental background are not "minorities" within the meaning of that statute.

The JACL, through its National Education Committee, has documented such relatively unknown figures as those in the Los Angeles School District, in which a number of schools have Asian student bodies comprising 30 to 49 percent of the student populations with the average reading scores of these students found to be significantly lower than the national average. Difficulties with the English language are also prevalent among thousands of children of recent Asian immigrants, especially among the Chinese who have been the largest in numbers among the most recent immigrants from the Far East and who have congregated in the Chinatown areas of our large urban centers.

These Chinese immigrants who are settling in the Chinatowns of New York, Chicago, and San Francisco mostly are refugees from Communist China. These people are among those who are in great need of OEO programs to survive.

Moreover, in the Pasadena, California area, a recent survey conducted by the school district revealed that over 15 percent of the Japanese American students in the elementary schools spoke Japanese as their first language.

Asian American students do indeed have some special problems and needs many of which are identical to those of other ethnic minorities. The problems of low achievement, language handicaps, juvenile delinquency, drug abuse, absenteeism, and dropouts are reaching alarming proportions among youthful Asian Americans in urban inner-city schools.

Drug abuse too in Asian American communities is a great cause for concern and alarm for JACL. In the Los Angeles area at least a dozen deaths of Asian American students are estimated to have occurred during the last year as a result of drug overdose. During the past two years, at least five self-help Asian youth groups composed of addicts and ex-addicts have been formed in Los Angeles to combat the drug problem. These community action groups vitally need the help of government funds to carry out their programs in combating drug abuse among Asian American youth.

Another vital concern to JACL is the increasing problem of the aged among the Asian American communities. Older Asians are hampered by a language barrier and a special reluctance to seek out welfare assistance due to their sense of shame that is embedded deeply in their culture.

Many of the aged are bachelors who came to these shores to work as migrant labor or on the railroad before the exclusionist immigration laws were enacted in 1924. As they have never married or raised a family, they must now spend their twilight years crowded in a cramped rooming house with no family or relatives to care for them. Such an existence is very lonely and trying for these single old men.

This is a new problem because these people are the first generation to grow old in Asian American communities. OEO help is needed because community facilities are not equipped to cope with this problem.

The lack of adequate bilingual staff in a social service agencies has drastically curtailed needed services for the aged Asians. This language barrier results in poor information programs to acquaint the old with available benefits, such as Social Security, old-age assistance, health care, housing, and recreating. While the Asian American communities are making efforts to provide the services to the aged, the doors are frequently closed due to the lack of understanding of most social service agencies.

It is sad that, with the great need among the aged in the Asian American communities, out of a total funding of $42.3 million (1969-1971) allocated for the old, not a single community grant was awarded directly to an Asian community. It is not surprising, therefore, that a great number of the older Asians residing in Chinese, Japanese, or Filipino enclaves, live in poverty, suffer from bad health and malnutrition creating a sense of hopelessness which occasionally leads to suicide.

The JACL, therefore, believes that Japanese Americans, Chinese Americans, Korean Americans, Filipino Americans, Polynesian Americans, and others of Asian origin are also members of "minority groups" and should be entitled to the same rights, benefits, and opportunities as other "minority groups". In terms of numbers, in terms of discrimination, in terms of denial and deprivation, these Asian American minorities have undergone and are presently experiencing, to a more or less degree, the same bitter experiences in this country as most of the other minorities, though perhaps these facts are not as well known throughout the nation.

It is because the JACL firmly believes that human dignity and equality should be available to all minorities that we respectfully review the plight of the Asian American communities in need.

Finally, it is because the JACL is cognizant of the progress that the OEO has achieved in the past and it is because we also are committed to eliminating the paradox of poverty and inequality in our nation that we advocate the extension of OEO with needed funding.

-ooo-

Washington Office
Japanese American Citizens League
2021 L Street Northwest
Washington, D. C. 20036

STATEMENT BY THE NATIONAL BOARD OF THE YWCA OF THE USA

On the Future of the Office of Economic Opportunity

Submitted for the Record at the Hearing before
Senate Subcommittee on Employment, Manpower, and Poverty

May 5, 1971

Presented by Miss Rebecca G. Smaltz

My name is Rebecca Smaltz. I am a member of the National Board of the YWCA of the USA, an organization of women and girls, in which more than 2.5 million persons participate in all parts of the country.

The National Board of the YWCA joins the many other organizations represented here today in strongly urging the Congress to continue the life of the Office of Economic Opportunity, with adequate funding and with an insistence on the continuation of its vital services toward the elimination of poverty.

In the earliest days of the "war against poverty" the National Board of the YWCA entered the effort and devoted its resources toward participation in the total undertaking. YWCAs throughout the nation became deeply involved in anti-poverty programs and took part in community-wide planning and supportive efforts as well as in administration of specific projects. Our Associations have participated in more than 600 different Federally funded programs providing services, training, and employment for poor and disadvantaged people, and the great majority of these programs have been OEO related. We have given these efforts a major priority because of the opportunity they have provided us to use our long experience in making greater resources available to disadvantaged youth and adults.

Our own experience has confirmed our conviction that OEO has a central role to play as a Federal agency working in a special advocate relationship to the poor and disadvantaged in our nation. It has combined innovative approaches with a resourceful use of the experience and

services of voluntary organizations, plus the meaningful involvement of those served in helping to determine the issues affecting their own survival.

We have watched with dismay the erosion of OEO funds and support for many programs. The level of participation of our own organization has been steadily diminishing with consequent loss of hope and income opportunities for many women and girls eager for training and work.

As a nation we have made a commitment to secure greater justice and equal opportunity for all of our people, and especially for those trapped in poverty in the midst of affluence.

The spinning off of all operating programs of OEO, would, we believe throw into serious question our intention to hold to that commitment.

PA
5/3/71

May 5, 1971

PREPARED STATEMENT OF THE WASHINGTON OFFICE
NATIONAL BOARD OF THE YOUNG MEN'S CHRISTIAN ASSOCIATIONS
ON THE EXTENSION OF THE OFFICE OF ECONOMIC OPPORTUNITY

We stand in support of the pending legislation to extend the authorization of the Office of Economic Opportunity for two years.

When we were invited to appear before this distinguished Committee, we were delighted, because we know firsthand how important OEO has been to the lives of many poor people all across this country.

From hillside cabins in the woods to teeming ghettos deep in the heart of the inner city, these programs have made the difference between hope and despair for thousands of Americans.

YMCAs across this land, in more than 200 communities, have been deeply involved in the poverty program since its inception. Many YMCA people sit on local CAP boards and work directly with the poor to help plan a better life.

To the migrant worker in rural Pennsylvania the health care and remedial education given to him and his family in an effort to better their lot in life isn't just another "federal program". It means far more than that. To that person it means hope.

To the juvenile walking the streets of any of our major cities the outreach worker in the storefront becomes more than somebody who's trying to keep him straight, off drugs and off the streets. The outreach worker understands the system and he cares. To the juvenile whom he helps find his way through the system he too, represents hope.

And, to the unwed mother forced to drop out of school because of her condition, with little to look forward to because of the difficulty she finds herself in - OEO means hope. It may mean a school

where she may study without stigma and pressure - It may mean a day care center for that child so that she may continue in school after its birth and, it may mean a family planning program so that she does not have to worry about future unplanned children. To the unwed mother, too, OEO represents hope.

To the unemployed and unemployable youth, not trained nor able to find a job, OEO programs also mean help. Assistance to migrant workers, juvenile delinquency prevention, family planning, health services, manpower training, and emergency services are all necessary to enable underpriveleged people to help themselves move into the mainstream of American life.

The YMCA, like many other voluntary agencies, is continuing its effort to help the poor find hope. But, it cannot be done alone. We must work cooperatively with the persons involved in these programs, other voluntary agencies, and the Government to move people from a point of despair to one of hope. For that is what created and made the United States great - HOPE.

And, it is our hope that the Congress, in its infinite wisdom, will extend the authorization for the Office of Economic Opportunity.

B'NAI B'RITH WOMEN



1640 Rhode Island Avenue, N.W.
Washington, D. C. 20036

Telephone: EXecutive 3-5284

TESTIMONY

Submitted on the part of

B'nai B'rith Women

By

Mrs. Michael Shapiro, Past President

To

The Subcommittee on Employment, Manpower and Poverty

Of the

Senate Committee on Labor and Public Welfare

The Honorable Gaylord Nelson, Chairman

May 5, 1971

Mr. Chairman, we want to thank you for giving us the opportunity to submit testimony for the hearing record regarding legislation to extend the Economic Opportunity Act for two more years.

B'nai B'rith Women is an international Jewish women's service organization with 135,000 members on the North American continent. Our organization is a signer of the 1971 "Statement on the Future of OEO" presented by more than 80 organizations and individuals.

Since its initial authorization in late 1964, the Office of Economic Opportunity has been a creative and effective advocate of the rights of Americans living in poverty, and B'nai B'rith Women commends the President of the United States for his stated desire to continue OEO's life. We urge the Congress to extend the Economic Opportunity Act for at least two years beyond June, 1971, and to strengthen and expand its programs which have, thus far, only begun to improve the lot of the poor.

We are distressed, however, to note that legislation presently under consideration would cut OEO's funds intolerably, spin off many of its most effective operational programs to other levels and agencies traditionally less concerned about the needs of the poor, and weaken or possibly eliminate the crucially important Community Action Agencies by making them increasingly dependent upon unsympathetic local authorities for funding.

The Office of Economic Opportunity was created at the Federal level precisely because most city, county and state agencies were either too tradition-bound or insensitive to the needs of their poverty-ridden citizens to develop the bold new approach required. OEO has been constructively innovative in seeking out and involving the poor in solving their own problems with the use of Federal funds, and aiding them to find their way into the mainstream of American life. This agency must not now be fragmented and transformed into a poverty research and evaluation organization with no

operational programs. That would be outright scuttling of the valuable know-how gained during the past seven eventful years.

We are proud that B'nai B'rith Women demonstrated farsighted concern and a deep commitment to the nation's anti-poverty program by appointing a national Anti-Poverty Program Committee early in 1965, almost at the moment OEO was born. Since then, OEO has given us unfailing national and local inspiration and guidance in developing programs and services for the poor. Since its inception, we have worked closely with the Women's Advisory Council of OEO, and participated in its annual Conferences on Women in the War on Poverty.

In the past six years, B'nai B'rith Women has been involved in a broad spectrum of community projects ranging from prenatal care, Headstart, tutorial and educational enrichment programs to community action and human relations programming. This has provided us firsthand knowledge of the effectiveness of such OEO programs as VISTA, the Legal Services Program and the Community Action Agencies (as well as the Job Corps and Headstart which were initially nurtured by OEO.)

We do not wish to see these programs stripped of their most meaningful and dynamic aspects by being severed from the national OEO and watered down to fit into a new research-oriented agency; neither should their existence be made increasingly dependent on the doubtful mercies of local funding.

In conclusion, we strongly urge this Committee to extend the Economic Opportunity Act for at least two years with increased funding, and to insist that the Office of Economic Opportunity retain control of its present operations unless a termination or transfer of program is expressly approved by Congress.

Thank you for the privilege of submitting this testimony.

TO: Senate Subcommittee on Employment, Manpower, and Poverty--
Senator Gaylord Nelson, Chairman

FROM: Mrs. Odessa W. Farrell, President of the National Association of College Women

RE: Legislation to extend the Economic Opportunity Act for two years

I consider it a privilege to come before this distinguished committee to address myself to the reasons why the Office of Economic Opportunity should be extended for two years.

The National Association of College Women believes in and strives for constructive work in education, cooperation in civic activities, and the improvement of human relations in all sectors of American life. It, then, is interested in improving the living standards, raising the morale, and increasing the self-respect of people in all walks of life.

Economic security for the poor requires the partnership of ghetto residents, private enterprise, and federal government funding. At present the Office of Economic Opportunity is the federal funded agency whose main purpose is to strengthen, supplement, and coordinate efforts in the furtherance of a policy of eliminating the paradox of poverty in the affluent American society. Without a strengthened OEO, ghetto residents cannot solve many of their problems with their limited financial resources. Federal funding must be continued and increased so that the poor may acquire pride and a sense of belonging in the American society.

Exclusion of the poor from the active political power-base, racial prejudice and polarization, the apathy of the affluent, industrial automation, and low government welfare levels are the reasons why

poverty exists. The federal government's lasting commitment to the war on poverty makes it imperative that OEO be continued. OEO, which permits poor people to share in the planning and decision-making processes, is the only federal vehicle through which the poor in each locale can express their concerns and voice their needs. Their participation has made social services relevant to the needs of people, more efficient and economical because of better allocations of substantial sums of money, and more humane because they and the community action agencies exercise an impressive degree of sound judgment and responsibility.

Unemployment and underemployment, a grave national problem, must be faced, and adults and youths must be given jobs or prepared for jobs. Any legislative procedures which furthers unemployment are detrimental to the entire social order. The closing of the fifty-nine Job Corps Camps and the failure to open the thirty inner-city Job Corps Centers, along with failure of the business sector to increase job offerings, have caused great concern for the well-being of ghetto communities and their environs. Recent Department of Labor surveys reveal that 20 percent of ghetto residents are underemployed and 11 percent of male ghetto residents between the ages of 20 and 64 years of age are unemployed.

Concentrated employment programs have proved that hard-core unemployed are trainable and employable. Job coaching, counseling, and other supportive services along with vocational training programs have enabled the hard-core to develop positive job attitudes, raise basic educational levels, and become productive citizens.

Day-care centers and foster grandparent programs have enabled thousands of mothers to work and many, many elderly persons to become useful citizens. Not only have individuals gained monetarily but communities have acquired citizens with self-esteem, independence, and a sense of belonging.

The Human Development Corporation of St. Louis receives nearly fifty percent of its funds from the Office of Economic Opportunity. Its research department has compiled documentary evidence which describes and substantiates activities provided. Among the activities and programs sponsored are a comprehensive manpower program for adults and youth; vocational counseling and job-placement service; permanent job placement for "job-ready" persons from neighborhood stations; basic education or job related education for participants as needed; cooperation with employers who were willing to assist in the comprehensive manpower program; the youth job corps; cooperation with the Employment Security Program of Missouri to help raise job skills of the unemployed, underemployed, and underutilized youths and adults; maintenance of day care and head start programs; emergency food and medical services; food price surveys; neighborhood housing and clean-up organizations; civil legal aid; and special summer programs. In 1970, 71,937 men, 118,331 women, 11,919 youths, 3,015 children, and 50,317 families were served.

Some of the administration's anti-poverty proposals will alter OEO. A cut rather than a raise in OEO's budget is one proposal. This means a reduction and/or elimination of some services. Some services now in effect are to be relegated to other federal agencies. Does the Administration plan to phase out OEO, the nation's number one agency to fight poverty? The proposal to subsidize the income of the poor will

not supply the services given life by OEO in its present format. When and if federal agencies within or not within the revenue sharing program are forced to accept segments of OEO, appropriations, planning, and execution of programs will be so fragmented that the unique and successful efforts of citizen participation will be lost. Also when OEO's operational program and its appropriations are divided up and are to be matched by 25 percent of local funds, activities born while OEO existed will die and the people will again become frantic because of the loss of their one all-hearing ear and their ever-willing helping hand. This means that financially starved ghetto areas will suffer the loss of some basic local services and services rendered by OEO. With former OEO agencies under less sensitive bureaucracies, automatically there will be less pressure for enlargement of program, therefore no new innovative anti-poverty activities.

What then will local communities have?--Job corps, Neighborhood Youth Corps, legal services, VISTA, rural loan programs, Manpower training programs, the will to trust the American system?

What will local ghetto communities and their environs gain? More crime in the streets; need of more judges and larger prisons; more unemployment; more political unrest; greater polarization of age groups, race, and class; less interest among the poor in quality education; loss of compensatory educational programs; poorer housing; fewer day care centers; fewer social services; less accurate research on the poor; fewer emergency food and medical services; and acceptance of deprivation, frustration, despair and social segregation? (Documentary evidence to substantiate generalizations in this paper may be had by writing OEO Office, Region 7, 911 Walnut Street, Kansas City, Missouri 64106 and HDC Office, 1320 Clark Avenue, St. Louis, Missouri 63103.)

May 5, 1971

Statement of

John Frisk, Executive Secretary
National Rural Housing Coalition
Washington, D. C.

before

Subcommittee on Employment, Manpower, and Poverty
Senate Labor and Public Welfare Committee

May 5, 1971

Chairman Nelson and Members of the Subcommittee:

I am John Frisk and I serve as the Executive Secretary of the National Rural Housing Coalition, a non-profit, membership organization which operates from the dues and contributions of members. The Coalition works to bring improved housing to the citizens of our Nation's small towns and rural areas. We very much appreciate the opportunity to offer our comments regarding the Office of Economic Opportunity at this time when the basic legislation for the agency is being reconsidered.

The Needs of Rural Areas

Rural people know that rural America always winds up "hind tit" when the government decides to focus attention on a problem. As a result of this neglect many of these rural and small town dwellers have moved to the city in the last generation and this migratory trend still continues. Recent census figures show that the movement of blacks from rural southern settings to industrial cities continued unabated at the same rate during the last decade as

during the 20 years from 1940 to 1960. West Virginia, the only state which is entirely Appalachian, lost 150,000 people, dramatizing the need of that region. The small town and small farm families of the Midwest and the Plains continue to leave. The alternatives these folk find on the urban end of the American rainbow are a sad story for many.

The National Rural Housing Coalition is fully in sympathy with the unmet needs of our urban centers, in part because they are so full of recently displaced rural people. But we are also constrained to observe that the governmental and private thought, energy and money which is devoted to urban areas is terribly disproportionate in terms of the human need. As James Sundquist writing under Brookings Institution sponsorship described it, this country has a *de facto* policy of urbanization and mobility to the cities. For whatever reasons, government policy has encouraged the blighted existence which besets the poor of our population now living outside the metropolitan centers of our country. More attention must be paid to those individuals with the greatest need in our Nation, and our government should quickly recognize that half of the poor people in the United States live in small towns and rural areas which contain only one-third of our population.

With this concentration of need and non-response it is logical to expect that the housing needs of rural people are greater than those of their city brothers but that they are not being served.

Indeed, this is the case. Two-thirds of the bad housing in the United States is in small towns and rural areas and the response of the mainline federal agencies is pitiful and thin. In the public housing program administered by HUD, we find that in nearly 35 years, almost 40 percent of the counties still have no housing authority, and that only 20 percent of the public housing units have gone to rural areas. The housing programs of the Federal Housing Administration are almost unusable in many states and areas because they operate through traditional "approved" private lenders and country bankers simply make very few federally insured loans.

The federal government has a housing program which was established with the clear knowledge that a supply of reasonable credit and housing services were not readily available in most non-metropolitan areas and that a replacement organization would have to be created. This program, administered by the Farmers Home Administration, has many of the elements needed to produce housing for the low and moderate income families the agency is mainly designed to serve. Its subsidies are not great enough to reach most of the poor, however; only about 10 percent of FmHA's loans go to families with less than $3,000 in adjusted income. In Mississippi half the population has an income of less than $3,000. All this is to say that the best housing programs this country has to offer are not working and cannot work in rural America where most of our poor people live.

These statements about rural people, their poverty and their housing

suggest some of the reasons we still need an Office of Economic Opportunity and why we need it to be a vigorous, well funded, independent and autonomous entity. OEO has not done as much in the area of housing, especially in rural areas, as the National Rural Housing Coalition would have wished. But OEO has experimented in some very significant ways with the development of housing for the poor and has proven again and again just how much change is going to be necessary to make the present programs come even close to the needs of the rural poor.

What OEO Has Done

The critics of OEO would have us believe that the activities of the agency have been shallow, insubstantial, and in some instances, counter-productive. On the contrary the Coalition believes that OEO grantees have done a highly creditable job in developing a new generation of housing activities for rural poor people. Among these activities are the creation of housing sponsors and housing development corporations, Indian housing programs, home repair and rehabilitation programs, self-help housing programs, migrant and farm worker housing, and many others. We wish to call your attention to three of these programs.

I understand that this subcommittee has already heard testimony from Mrs. Pat Gish, Executive Director of Eastern Kentucky Housing Development Corporation, which has sponsored an excellent and extensive major home repair program in four eastern Kentucky counties.

This program has combined the activities and services of a great number of federal and state agencies to enable them to reach very low income people with improved housing. OEO funds in this case have made possible the combination of funds from the U.S. Department of Labor, welfare and Social Security grants, HEW home repair programs, Farmers Home Administration, and others. In the early 1960's most of these same functions were served by a home repair grant from Farmers Home Administration. A special and highly successful demonstration of this Farmers Home program was conducted in Eastern Kentucky. This program is still on the books but has received no appropriations since 1964. In other words, the federal government demonstrated a highly useful program and then refused to continue to duplicate this success.

We call attention to the EKHDC activities because this OEO grantee stepped into this situation of desperate need where a workable federal program had been allowed to lapse. The combination of federal and other resources needed to repair some 1,460 mountain homes has required genius and hard work. But without OEO grants as the keystone, such an effort would not have been possible.

In the San Joaquin Valley of California, the Migrant Division of OEO has funded Self-Help Enterprises, a multi-county self-help housing grantee working mainly among Mexican-American migrants and farm workers. Organized self-help housing (the process of several families building their own housing under a supervised

group effort) is well known in many foreign countries and has been used extensively in North America in Nova Scotia and Puerto Rico.

The American Friends Service Committee introduced the process into California and Self-Help Enterprises, with OEO funding, grew from the experiment. This agency has now helped 847 families complete their homes. 198 more families are in the construction phase at this time.

But all the examples are not happy ones. Using a small OEO grant, the Joint Orange-Chatham CAA of Carrboro, North Carolina, hired Coolidge Porterfield as a housing specialist one and a half years ago. They determined that, with the resources available, the CAA should develop a program of scattered site, single family public housing in the area. They secured the assent of the two county governments and helped them form housing authorities. At the same time they obtained the cooperation of existing small town housing authorities. The design is one which HUD itself and a number of outside sources have recommended: create an authority large enough to make feasible the construction, management and maintenance of a number of units, thereby avoiding the stagnation of the typical small town housing authority. The education and program development process was long and arduous but it did give the promise of decent housing for very low income rural families. Unfortunately, the odds are that the experiment will die aborning.

HUD expresses doubt that this project will receive any money for new public housing units for two years. Meanwhile, the OEO grant is running out. Unless some unforeseen change develops, the local governments, with no personnel assigned to the difficult task of creating housing opportunities for the poor, will allow this worthwhile effort to vegetate and perhaps die.

The latter example is more typical than the first two. Just as in other fields of endeavor, sparkling success is less common than failure and difficulty. But the more discouraging thing in Orange and Chatham counties, North Carolina, and in many other rural areas is that the OEO money is being eroded away. Higher costs and substantial inflation are being met with funding cutbacks and a reduced commitment. In addition, the Administration's impounding of appropriations is hindering or crippling some programs. In the case of the Orange-Chatham rural housing effort, the freezing of $150 million in appropriated public housing money may be enough to kill the program completely.

Rural America has countless examples of the unmet need for decent housing and for other requirements for a minimal existence. OEO has, with limited resources, met more than its share of that need. OEO deserves the opportunity to make a real contribution to the ending of rural poverty and its clearest earmark, inadequate and indecent housing.

The Survival of OEO

Mr. Chairman, the National Rural Housing Coalition recently held its annual membership meeting and adopted a number of resolutions on the housing needs of rural and small town America. I am appending a full text of those resolutions for inclusion in the record of these hearings. I do wish, however, to excerpt and comment briefly upon some of the official positions of the Coalition which have a bearing on the role and future of OEO, for I believe that they adequately and sometimes eloquently state the case for the continuation and expansion of the agency.

- On the future of OEO

We recommend maintaining the autonomy of the Office of Economic Opportunity as a separate Federal agency with adequate funding, so that its advocacy function is not buried in another agency....

- On "asking the mouse to guard the cheese"

We deplore the debate now in progress within OEO and the Administration regarding "advocacy" of the poor by OEO and the suggestion that this function can best be served by other agencies, a solution which is tantamount to asking the mouse to guard the cheese....

- On the proposed dissolution of OEO

... the proposals for dissolution of OEO, for an increased cash matching share, for scattering its functions and funds to agencies and groups whose proven record for dealing with poverty is one of disinterest, inaction, or hostility, is tragic. In the nonmetropolitan areas where over half of the poor live this course of action is a cruel insult to those where hope for the historic promise of America lives on in spite of the puny commitment by the government to do better....

Revenue and Reorganization - National Priorities

Mr. Chairman, the National Rural Housing Coalition asks for "a drastic reordering of national priorities" and that such a reordering be made real in the expenditures of our federal government. The current ideas for "revenue sharing" and for "reorganization of the federal government" as proposed by the Administration fall woefully short of the priorities which we urge.

- On revenue sharing

  The Coalition's membership recently took the following positions:

  Revenue sharing is a dodge. It provides the privilege of spending without the responsibility for taxation. It does not guarantee that the Nation will meet pressing social needs in a period of rising expectations instead of pouring its resources into militarism and games like spacemanship...

  The Coalition contends that it is priorities and commitments, backed by dollars, that must be rearranged - not administrators....

- On reorganization of the federal government

  The Coalition membership, noting that the Administration's plan for reorganization of the government would place the functions now performed by OEO in the Department of Housing and Urban Development, took the following position, at the same time noting specific examples of HUD's failure to serve small towns and rural areas:

We recommend that the Congress refuse to consider any reorganization of the Executive Branch which vests rural and small town housing and community development responsibilities in HUD until that agency recognizes that it already has such responsibilities and that it is now in near total default....

It is preposterous and unthinkable to propose that this agency should be charged with the rebuilding of rural and small town America with little more substantive change than the dropping of "urban" from the organization's name....

A Proper Role for OEO

OEO suffered first at the hands of its friends who billed it as the vanguard of the "war on poverty" then gave it the funding and worn out equipment of an understrength Boy Scout troop. It is now being assailed by those who have never had much interest in its success. The Coalition believes that OEO has done a reasonable job with the tools it had at hand. We further believe that it should be given a real assignment and appropriations commensurate with the job to be done. We believe that one such job is in the field of rural and small town housing so long neglected by the principal agencies of government. For this reason the Coalition has adopted the following position:

We recommend that $250 million be provided OEO annually for use as technical assistance rural housing grants and for demonstration projects designed to show just how much subsidy the rural poor require in order to obtain adequate housing.

We have already made clear our belief that OEO can and should

carry out a large rural housing role. We wish to emphasize, however, that the federal departments charged with this responsibility are still doing an unacceptable job and that OEO has already influenced and changed the course of action of the established bureaucracy substantially by contacting low income families in need of their services, by assisting with staff work, by experimental program design, and by a host of adjunct activities and services. A quarter of a billion dollars would not cure the rural housing famine in this country but it would add a stimulus the effect of which would be extremely far reaching. We propose that OEO should use these funds first to improve its own staff and that of its grantees both by creating new rural and small town housing staff jobs, and also by training and supporting this new staff. We further suggest that OEO embark on a number of area demonstrations using existing housing programs as far as they will go, but creating new mechanisms and programs to completely eliminate all the sub-standard housing in that area. In addition OEO should experiment with the use of housing grants to families for the full amount necessary to make them eligible for existing housing programs. Finally, OEO should use the proposed authority to create a massive housing renewal effort in large rural areas. This undertaking might be modeled on the highly effective Puerto Rican program which has built thousands of minimum houses under a government supported self-help housing effort.

This proposal for a significant and worthwhile role for OEO should likewise be duplicated in many other areas such as health care, nutrition, child development and education. The current proposal to reduce OEO to a small research and demonstration agency is unworthy of a great country which has neglected its rural poor, wasted its natural resources and violated its obligations to its minority population, and perhaps most of all, to its native American population.

The National Rural Housing Coalition takes the position that OEO has already demonstrated enough things and researched enough facts to keep a dedicated America busy until the turn of the century on the problems of its rural people alone. More tomes of learned studies are a poor answer to a rural family living in a shameful shack without adequate food, clothing or health care. OEO has already identified the whereabouts, the circumstances, and the needs of millions of such families. Numerous sound and proven courses of action are ready to be used. Of course. more needs to be learned, but let it be learned in the process of attacking the problems which beset us.

We are grateful for the opportunity to endorse the Office of Economic Opportunity to this Subcommittee and respectfully request the Congress not only continue the agency but support it generously and defend the things it does well.

STATEMENT OF JOSEPH DUFFEY, VICE CHAIRMAN

AMERICANS FOR DEMOCRATIC ACTION

SUBMITTED TO

SUBCOMMITTEE ON EMPLOYMENT, MANPOWER AND POVERTY

SENATE LABOR AND PUBLIC WELFARE COMMITTEE

May 5, 1971

Americans for Democratic Action would like to join the many organizations which comprise the Ad Hoc Coalition on OEO in submitting a statement to the members of this Subcommittee. ADA strongly supports the six important recommendations which the Coalition has endorsed:

- OEO program components, especially community actions programs should not be terminated or transferred to another agency without prior Congressional approval.
- Strengthen and expand OEO by extending the EOA Act for at least two years.
- OEO should receive increased funding.
- The legal services program should be strengthened and expanded.
- The VISTA program should be preserved and maintained in OEO.
- The local share for community action and other OEO programs should not be raised to 25 percent.

ADA also supports S. 397, which calls for a two-year extension of the Economic Opportunity Act of 1964, as amended. Although the Administration is also calling for a two-year extension, ADA is gravely concerned about certain structural and budgetary changes proposed by the Administration which will substantially weaken OEO programs over the next two years.

A most devastating change which the Administration is reportedly proposing is a basic restructuring of OEO by spinning off all operational programs, such as community action agencies, comprehensive medical centers, Indian and migrant

programs, special impact economic development projects, and VISTA to new agencies. If this spin-off is realized OEO would be reduced to a mere research and evaluation agency. Since this reorganization would result in a virtual dismantling of OEO, ADA urges that Congressional approval be obtained before any program presently under the jurisdiction of OEO be transferred to another agency.

If the Administration's proposed reorganization is carried out, the community action agencies would become part of the Urban Community Development component of special revenue sharing by January 1, 1973, and would become entirely dependent on local jurisdictions, without any federal guidelines whatsoever. Yet Mr. Frank Carlucci, in his address before this Committee, has attested to the success that the community action agencies have had under federal guidance. Mr. Carlucci stated: "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." ADA opposes turning community action agencies over to local administrators without retaining any control on the federal level. In addition, ADA feels that it is important to retain a success story like the community action agencies within its original framework so that it can be used as a measuring stick for the rest of the program.

Another structural change which threatens OEO is the President's announced intention to transfer VISTA to a new volunteer agency. ADA feels that this dynamic program, which has so successfully given young people a leadership role in improving their society, can only strengthen the poverty program and should be maintained as an integral part of OEO. ADA is also alarmed by reports that VISTA's original mission may be changed if the agency is combined with other volunteer agencies.

ADA is also concerned about the fate of the legal services program of OEO. The legal services program should be expanded under EOA or under an independent

corporation so that comprehensive legal services may be made available to all citizens of this country. Most importantly, the non-political character of the legal services program must be preserved by assuring that the program remains free from political interference and control.

Moreover, ADA is deeply concerned by the fiscal changes that threaten the poverty program. The Administration has requested appropriations of $808 million for fiscal year 1972 compared with $894 million for fiscal year 1971, a reduction of $86 million. ADA believes that this country needs a strong commitment by the federal government to a program that will strive to end poverty in this nation, not a weakening of the existing poverty program through budget cuts.

The Administration has proposed a similar decrease in funds for Community Action Local Initiative programs, from $368 million in fiscal year 1971 to $346 million in fiscal year 1972, and an increase in the matching share by sponsoring communities from 20 percent to 25 percent. ADA believes that the local share for community action agencies and other OEO programs should not be raised to 25 percent. This increase would simply put an additional burden on local budgets which are already strained and could result in a reduction or elimination of certain programs.

OEO has come to represent a hope for millions of this country's disadvantaged. ADA urges Congress to affirm this country's commitment to the poor by extending the Economic Opportunity Act for two years. ADA earnestly hopes that this country's poverty program will be preserved under OEO and will not be weakened by fiscal cuts nor disbanded by structural changes.

* * *

Testimony of Joyce V. Hamlin
on behalf of

Women's Division, Board of Missions
United Methodist Church
475 Riverside Drive
New York, New York 10027

in support of the extension of the Office of Economic Opportunity
before the

Senate Subcommittee on Employment, Manpower and Poverty

May 5, 1971

Mr. Chairman, members of the Committee, I am Joyce V. Hamlin, Secretary for Legislative Affairs and Welfare of the Women's Division, Board of Missions, United Methodist Church.

We would like to thank you for being able to express our frustrations

- -that poverty programs get cut back, while military programs move ahead
- -that poverty programs which fail get phased out instead of being improved, while weapons systems which prove colossal failures are tried again in some other form
- -that governments which decry the "dependency" of poor people threaten to remove their newfound independence and control over their lives in legal services and community action programs and give it instead to local, state or federal power structures
- -that the prospect of OEO as only a research and development agency seems to indicate a confusing multiplicity of programs for the poor administered by a variety of agencies, instead of coordinating services under one agency.

The Women's Division represents 1.7 million women of the Women's Society of Christian Service and Wesleyan Service Guild. The tenets of the United Methodist Church are clear in their advocacy role for the poor and in their call for "society to establish health and welfare systems by which human personality may develop to its greatest potential."[1]

The million plus members of the Women's Division have a keen interest in the continuation of OEO programs, particularly community action programs, since they have been active in sponsoring and volunteering in 77 community centers in the US, over half of them dependent on government funding to help provide social services to needy communities. Over 50 centers employ Vista Volunteers and Neighborhood Youth Corps members.

---

[1] The Book of Resolutions of the United Methodist Church, 1968, p. 45. (Voted by the General Conference, highest decision making body of the Church.)

The community centers are multi-service agencies offering services related to:

Job Development/Training/Placement
Housing
Child Care
Welfare Rights
Health Services (clinics)
Neighborhood Development/Organization
Supplementary Education (citizenship, pre-school, tutoring)
Social Action Processes (involvement in community-wide issues)
Juvenile Delinquency Rehabilitation/Prevention
Older Adult
Economic Development

Community center programs are based on expressed neighborhood needs and are designed to enable and support self-determination. Over half of the centers are governed by a Board of Directors composed of 1/3 neighborhood representatives. In 1970, approximately 47,575 persons had been involved with or were served by the agencies.

Listed below are some of the valuable projects which would be threatened by cutbacks in OEO or elimination of community action programs:

Northcott Neighborhood House, Milwaukee, Wisconsin

The center developed and is currently assisting the first school for high-school drop-outs in Milwaukee. This program, the University of the Streets, is one of only a handful of similar programs in the country.

United Methodist Community Centers, Omaha, Nebraska

Through Better Legal Action for Community Kinship (B.L.A.C.K.) program, neighborhood people have gathered financial resources which have allowed persons to receive benefit of bail who otherwise might remain incarcerated for a long length of time. Another service provided by this organization is legal advice by volunteers.

Through the Speical Education Department, 69 students are aided in summer employment, tutorial services, awareness of financial aid and college informational conferences.

Wesley House, Amherstdale, West Virginia

The Board of Directors and the Administration Board of the United Methodist Church, with cooperation of other agencies, are working to develop a community park.

All Nations Neighborhood Center, Los Angeles, California

A group of parents in Pico-Gardens have formed a committee to work on problems at the Second Street School. Several needs were identified, including a program to use Teacher Aides, the replacement of dirty, inaccessible, and unprotected bathrooms, a cafeteria, a free-lunch program, and crossing grounds.

Bethlehem Center, Jackson, Mississippi

We are investigating School Lunch Program and plan to join with other agencies to take Social Action if need be. We feel something is wrong because too many children need lunches free and cannot get them.

Youth have initiated their own program and are discussing aims and program development as well as answers to problems. They initiated their own Service Project--hot lunch to Senior Sitizens.

Bethlehem Center, Spartanburg, South Carolina

Block leaders meet to discuss ways of improving the neighborhood and plan action. Improved nutrition by aiding several families in obtaining food stamps.

Ensley Community House and Centers, Birmingham, Alabama

We are working for more Food Stamps and a better way for people to receive them.

Methodist Neighborhood Centers, Chattanooga, Tennessee

We sponsor two organizations which organize the communities into groups which can speak for themselves in community affairs. One of these groups is planning toward a buyer's cooperative.

United Methodist Community Centers, Omaha, Nebraska

Youth sponsored a Cathy Pope Parade and Field Day. The parade involved hundreds of Community residents. Cathy Pope is a symbol to youth of the reality that "everybody can be somebody."

26 teenagers are voluntary probation officers who work with youth probationers from juvenile court. The purpose is that as each volunteer meets with his probationer that a meaningful relationship can be established to provide a positive approach in working with inner-city youth.

Bidwell Riverside Center, Des Moines, Iowa

Through a program of Night Beat a staff member spends evenings and nights visiting with the lonely, frustrated and almost lost people who inhabit the down-town places and streets after dark. Counseling, information and referral are offered, but the expression of concern and friendliness is the primary focus of this service.

With few exceptions, United Methodist Church-related centers provide Information and Referral Services, consultation services to private and public agencies in terms of social welfare needs and concerns, tutorial and special education services, counseling in child welfare, children, youth and adult recreation programs, emergency aid (food, clothing, rent, utilities), clubs and classes for all ages, community action programs, and programs of neighborhood development or organization.

Many centers provide library service, legal services, case work counseling with individuals and families, psychiatric counseling service, camping programs for all ages, and service to Welfare Rights organizations.

The purpose of these programs is to enhance the individual sense of worth, the group sense of neighborhood and to enable the development of self- and group-determination in order for people to feel that they have some control over their lives.

May we reiterate our recommendations:

-Strengthening and expanding OEO by extending the OEO Act for at least two years

-No OEO program component, especially community action programs, should be terminated or transferred to another agency without prior Congressional review

-The legal services program should be strengthened and expanded

-OEO should receive increased funding

-The VISTA program should be preserved and maintained in OEO

-The local share for community action and other OEO programs should not be raised to 25 percent.

We also back the principle of funding existing agencies that have established rapport in the neighborhoods. We are highly concerned that the recipients of programs have a high degree of participation in and control of the programs.

While recognizing OEO's weaknesses, its great contribution, we feel, is that it has helped give the poor a sense of control over their lives. This must not be taken from them and given to local, state, or federal power structures. To do so would mean that government, while decrying "dependency," would wrench newfound and growing independence from the poor and return them to a dependent position.

Thank you for the work the Committee is doing and for this opportunity to testify.

national vista alliance

(202) 462-1200 box 7398 washington, d.c. 20044

STATEMENT OF EDWARD A. HABER
VICE-CHAIRMAN OF THE NATIONAL VISTA ALLIANCE
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY
COMMITTEE ON LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

May 5, 1971

Mr. Chairman, distinguished members of the committee: my name is Edward A. Haber and I am Vice-Chairman of the National VISTA Alliance. I am presently a volunteer working as a planner for a Community Action Program in Southeast Missouri.

At the outset, I would like to say that the members of the National VISTA Alliance are in favour of the extension of the OEO Act for the next 2 years at full funding. As Volunteers working and living in the poverty areas of our nation, we are in a unique position to observe the affects of the OEO programs.

The present proposal to transfer the operational programs out of OEO to other agencies is ill advised. It strikes at the very heart of the community action idea. As an advocate for the poor, the Community Action Agencies have the potential for making some changes on the local level that will respond to the needs of the poor. By placing the operating programs in established agencies, the emphasis on involvement of the poor will be supplanted by the top-down direction of the older existing agencies.

62-792 O-71-pt. 4——6

The local community action effort should be strenghtened rather than reduced. The creation of Community Action was initiated because of the lack of responsiveness on the part of old line agencies whose emphasis were so often unrelated to the problems of the poor. By taking Community Action programs away from OEO, which serves as advocate for the poor, we are once again saying to that segment of the community that there is no committment to their problems. It does not serve the interest of the poverty community to make OEO a research agency without ongoing operating programs. If this is the direction that OEO is to take , then we have only created another think tank that excludes rather than includes the poor community.

At present Community Action Agencies serve as the focal point for the poverty community to express their needs in the areas of health, housing, economic development, manpower and many other areas. To disband or weaken this effort will have a detrimental effect on the solutions to the problems that the poor face. We believe that we are almost to the point where we have began to develop some expertise in the poor community at the local level. This is what we have been striving for over the last few years. Program cuts which weaken rather than streghten the OEO programs will undermine the efforts of the "war on poverty."

The most recent attempt to dismember yet another component of OEO is Reorganization Plan No. 1. In this plan the Administration is proposing that VISTA be taken out of OEO and placed in a "super" volunteer agency. This new agency would combine such diverse elements as VISTA, Peace Corps, Foster Grandparents, Teacher Corps, SCORE, ACE and R.S.V.P. Different programs with different purposes ought not to be haphazardly combined. The Ash Commission, which is the basis for the President's proposed reorganization emphasized the importance of grouping agencies

and programs according to their functions. The proposed reorganization of "volunteer" programs does not accomplish this goal. We also feel that the dismemberment of OEO does not serve the interests of the poverty community. If we are to continue our commitment to the poor, then it is of equal importance that we continue OEO as the agency charged with the responsibility of advocating for poor people.

We would also like to attach a statement by our Chairman, Mr. Tom Newberry, a volunteer from Dallas, for the record.

National Association of Market Developers, Inc.

An Organization of Sales, Advertising and Public Relations Representatives

201 Ashby Street, N. W. / Suite 306 / Atlanta, Georgia 30314 Phone: (404) 525-2986

May 5, 1971

M E M O R A N D U M

TO: Senate Subcommittee on Employment, Manpower and Poverty

FROM: National Association of Market Developers

SUBJECT: Statement on the Future of the Office of Economic Opportunity

Organized in 1953 as a national, professional organization directed primarily toward the development of the Negro Market, the National Association of Market Developers seeks, through personal contact and through the adoption of official policy positions to raise the level of ethics and performance among Negro-market practitioners.

It is an organization of marketing, sales, advertising and public relations men and women, economic developers and urbanologists who are engaged primarily in promoting the overall economic and market development of Black communities across the nation.

Through local chapters, our members are in direct contact with community groups, agencies and individuals, both on a professional as well as on a voluntary basis, and work with these local community action programs and agencies.

It is the strong feeling of this organization that the dismantling of this program will be detrimental to the health and welfare of these communities.

Therefore, our membership overwhelmingly endorses the recommendations set forth by the coalition of organizations of the Leadership Conference on Civil Rights in its "statement on the future of OEO" as follows:

1. It is in the national interest that OEO, community action and related anti-poverty programs be strengthened and expanded. For this reason, we recommend the extension of the EOA Act for at least two years with whatever amendments may be needed to fortify the agency's original mission and current requirements.
2. In view of the need for a strong, diversified central agency that can effectively serve as an advocate for the poor and the need for strengthened local initiative programs, we advocate that no OEO program component, especially community action programs, should be either terminated or transferred to another agency without prior Congressional review.
3. OEO's budget should reflect a much higher level of funding, particularly for community action, special impact and innvoation programs that have been severely cut in the Administration's FY 1972 budget.

4. The legal services program should be strengthened and expanded within the EDA Act. Its integrity and non-political character must be preserved through the joint efforts and administration of the legal profession and community people who are its beneficiaries.
5. The VISTA program should be preserved and maintained as an integral part of the Office of Economic Opportunity.
6. The local share for community action and other OEO programs should not be raised to 25%. Such action can only endanger the development of local initiative programs.

STATEMENT BY DAVID A. BRODY
DIRECTOR, WASHINGTON OFFICE
ANTI-DEFAMATION LEAGUE OF B'NAI B'RITH
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT, MANPOWER AND POVERTY
SENATE LABOR AND PUBLIC WELFARE COMMITTEE
MAY 5, 1971

The Anti-Defamation League of B'nai B'rith welcomes this opportunity to submit its views on pending legislation to extend the Economic Opportunity Act of 1964 for an additional two years.

The Anti-Defamation League is the educational arm of B'nai B'rith which was founded in 1843 and is America's oldest and largest Jewish service organization. It seeks to improve relations among the diverse groups in our nation and to translate into greater effectiveness the principles of freedom, equality and democracy. It is dedicated to securing fair treatment and equal opportunity for all Americans regardless of race, religion, color or national origin.

From the very beginning of the federal anti-poverty effort ADL has joined with many religious, educational, civic labor and other organizations in a united and determined effort to help combat and eliminate poverty in the United States, and to help build an America in which every individual would have the opportunity to share in the abundance of our society and the chance to develop to his fullest potential. In 1967 and again in 1969, we submitted statements to this Subcommittee affirming our support for the anti-poverty program "as a major aspect of the fight for equality of

opportunity and freedom from discrimination." We cited many of the successes and advances made in the struggle to reduce poverty in America, saying:

"A new vocabulary and new concepts -- Head Start, Upward Bound, Vista, Job Corps -- unheard of before OEO came into existence ... are now commonplace in the American lexicon. But they are more than mere words and ideas. They have given new meaning to the lives of millions of Americans and opened new vistas for the less fortunate among us."

In 1963, before the Office of Economic Opportunity came into being, there were an estimated 35.4 million poor people in this country. In 1969 the number had declined to 24.6 million. Because of the rise in joblessness in 1970, the number of poor last year jumped an estimated 1.1 million persons bringing the total of poor persons to 25.7 million. Even with this increase, the drop in the number of poor since OEO came into being is just short of 10 million. OEO can be proud of the part it played in helping to lift these millions of Americans above the poverty line.

While these statistics are impressive, they cannot however obscure the central fact that the dimension of poverty in America is still staggering. In his message to the Congress on February 19, 1969, President Nixon affirmed that "the blight of poverty requires priority attention...It cannot and will not be treated lightly or

indifferently...." If we are to give priority to our anti-poverty efforts, we believe it is essential that OEO be continued and strengthened as the central agency for coordinating and directing the war on poverty and that it be given adequate funds so that it can be even better equipped to do battle with the deep-rooted problems of poverty.

During its brief existence, OEO has provided creative and constructive overall direction to the federal government's anti-poverty effort. It has prodded other agencies into undertaking new programs and modifying out-dated philosophies. It has been the acknowledged leader as an innovator and experimenter in the laboratory of poverty. Through its community action program OEO has given the poor a voice in the processes of democracy. Through its Legal Services program the poor have been able to secure greater justice in the market place and the law has been fashioned into a tool for needed social reforms. Its neighborhood health centers have brought comprehensive health service programs to millions of people in poor neighborhoods. Head Start has spotlighted the crucial importance of the child's earliest years in his subsequent growth and development. And, the Job Corps has helped thousands of "out-of-school, out-of-work" young men and women, society's would be drop-outs, to go on to useful lives in industry, schools and the military. These programs have not only all made a significant

contribution toward the elimination of poverty; they have also given the poor renewed hope and encouragement for the future.

To be sure, not all of OEO's programs have been successes or free of shortcomings. Indeed some have been the subject of justifiable criticism and have fallen short of their intended mark. But when we deal with new and untried programs, failures can be anticipated. As President Nixon said in his 1969 anti-poverty message, "We often can learn more from a program that fails to achieve its purpose than from one that succeeds. If we apply those lessons, then even the 'failure' will have made a significant contribution to our larger purposes." The effectiveness of the anti-poverty program will ultimately be judged in the annals of a generation and it is important therefore that while we do not ignore the mistakes, we dwell less on the past and instead look ahead to the future.

If we are to fully honor our national commitment to launch a frontal full-scale attack on poverty, we must be willing to provide the funds necessary to do the job. The cost of eliminating poverty will not be cheap, but it will be small when measured against the price already paid by society in human suffering, misery and degradation. For who can measure the cost of a young child's dulled mind, the untimely death of a mother in childbirth because she lacked the availability of our vast stores of modern medical knowledge, or the skilled craftsman who never came to be because a young man was denied

job training and education.

If OEO is to carry out its mission, it is essential that it be adequately funded. We therefore view with grave concern the Administration's proposed cut in its 1972 budget.

What is needed today is not a budgetary reduction but rather expanded funding for OEO's programs. For that reason too we regard as a step backward the OEO decision to increase the matching share of local contributions for community action agencies from 20% to 25%. To impose this additional burden on the already strained budgets of local communities may very well jeopardize the existence of many of these agencies. We also share the concern of other interested organizations that the contemplated transfer of key OEO operational programs to other agencies will fragmentize the anti-poverty effort, relegate OEO to the role of a research agency and sharply diminish its effectiveness as an advocate for the poor. We, therefore, urge Congress to make clear that no OEO program will be shifted to another agency without prior congressional approval.

We want to go on record too at this time against funding of the OEO educational voucher system. While we believe in new approaches and innovation in the field of education, we must insist that any educational program -- experimental or otherwise -- funded by the federal government be consistent with and meet constitutional requirements. Because it permits aid to church-related schools,

the voucher plan,we submit,fails that test.

The establishment of OEO represented a commitment on the part of our government to help America's poor and disadvantaged who have too long been excluded from the mainstream of American life to break out of the cycle of poverty. OEO has served as their spokesman at the highest levels of government and has been a symbol to them that they are no longer forgotten. It is the one agency in government whose sole constituency has been the poor and the disadvantaged, white and black alike. And more than any other government body, it has awakened the national conscience to the shame of poverty in America. For these reasons the Anti-Defamation League renewed its support for an expanded anti-poverty effort in 1969 when at its 56th annual National Commission meeting held here in Washington it adopted a resolution urging that the federal government intensify its commitment to end poverty in America by continuing to fund and strengthen all programs which help our nation's disadvantaged and which will provide a more rewarding life for all.

We hope that Congress will act quickly to authorize the continuation of OEO and give it the needed authority and wherewithal to be able to carry out the task which Congress entrusted to it in 1963.

STATEMENT OF EDDIE G. SMITH, JR., DDS
VICE PRESIDENT
NATIONAL DENTAL ASSOCIATION
TO THE SENATE SUBCOMMITTEE ON EMPLOYMENT,
MANPOWER AND POVERTY
ROOM 4232 NEW SENATE OFFICE BUILDING

MAY 5, 1971

Mr. Chairman and members of the Committee, I am grateful to have the privilege to appear before this Committee to register my support, and the support of those whom I represent, for the extension of the programs of the Office of Economic Opportunity. I would also recommend that this Agency's mission and functions remain undisturbed during this two year period.

It would be a waste of time to cite the history of the plight of the poor in America, especially that of the poor Blacks in America, for you are very much aware of it, and although you do not condone it, perhaps you are more cognizant than I of the intricate mechanisms used to perpetrate the system that kept those at the bottom of the income distribution living in poverty generations after generations.

In spite of the fact that the United States is so well off that there is enough for all citizens to live decently, and then some for economic aid to various other countries, poverty still prevails and, as usual is limited to specific people. The majority of these people according to census statistics are non-white and of various ages and backgrounds. The great economic expansion of the Post WW II years did not reach these people, in fact, until the passage

of the Economic Opportunity Act of 1964. Up to this period the majority of the poor were unaware of their rights, except the right to suffer the trauma of poverty.

Since the initiation of the EOA programs, the United States' image as a democratic governemnt has been greatly enhanced, and the poor and Blacks of this Nation have come a long way under the guardianship of this Federal Agency. It is ominous that such a National development activity, just approaching maturity-- just beginning to bear fruit is now about to be "nipped in the bud".

The programs initiated by the OEO have removed the poor from their positions of so called apathy to action. This description, apathy, is truly a misnomer, this apathy which has been attributed to the attitudes of the poor is a deep-rooted problem, reinforced by long periods of disenfranchisement, was their inability to cope with the system and bring about changes in their own social and economic status. Through the OEO's Community Action Programs, the poor have been brought to the point of asserting themselves, and articulating their needs - - besides this they have been motivated to take steps to fulfill their needs by demanding their rights which had lain dormant and unexercised for generations. They have tasted the sweetness of first class citizenery in this country, the right to help plan for the fulfillment of their needs and the needs of their community. The time certainly is not ripe

to abandon this support to the people, it is totally unsuitable to relegate the destiny of the poor to the hands and management of local politicians who have seldom, if ever, shown concern for the poor in lo these many years.

HEALTH CARE IN AMERICA

THE Office of Economic Opportunity's 84 comprehensive health care facilities scattered all over the United States are having a tremendous favorable impact on the health care delivery system for ALL Americans. The delivery of health care will soon be the single largest requirement in America, and yet there is not a suitable effective system available that is running smoothly. The Health-rights thrust in behalf of the poor, by OEO is causing some revolutionary changes in this area. The termination of any of these programs at this point would be traumatic to the recipients of its services and perhaps cause a National problem.

Poor health and poverty are so intertwined that they are practically inseparable - It is a fact, one cannot work when he is sick. The poor have been denied treatment for their ills so long, sometimes because the facilities available to them are usually inaccessible, due to distance and finances. What good is a diagnosis if you are financially unable to follow through on the treatment plan prescribed. Added to these problems, perhaps is the high cost of being stripped of one's dignity in a charity oriented setting.

SHOULD this program change hands before maturation, if funds for operation are suddenly cut-off, it would be the same as telling

those poor people who have been taught the need of health maintenance, the necessity of continuity of care,"we have done all that we can do, we have diagnosed your case -- now you go and heal yourself".

The Health Care programs have not only answered the needs of the sick, they have been instrumental in removing a great number of poor people from the public assistance rolls by training them and placing them in well paying jobs where they can reach their potentials in new careers and service to their communities. Persons who have received appropriate medical and other care and removed from crises situation are often able to take their places in the work-aday world of this Country.

Whether the OEO's programs are idealistic or realistic is not the question at the moment, whether some other Agency can administer them just as well or better is highly questionable. Personally, I feel that no other agency can successfully administer OEO's programs for OEO is especially designed to serve as a guardian or an advocate of the poor. For this reason I offer the following recommendations in support of the continuation of the programs of the Office of Economic Opportunity as they are now organized:

1. That no changes be made in the structure of OEO without Congressional approval.
2. That the extension of OEO be guranteed for at least an additional two years.

3. That during this period under discussion, OEO be strengthened and expanded to meet the increased operational cost, and that funding equivalent to and preferably beyond that of the FY 71 budget be reinstated.
4. That the Health Care program be expanded and maintained without interruption, except in cases where these programs have reached maturity.
5. That the local share for community action and other OEO programs should not be raised to 25%

62-792 O-71-pt. 4——7

Text of a Statement by

Reverend Frederick C. James

National Social Action Consultant

The African Methodist Episcopal Church

Minister, Mount Pisgah

African Methodist Episcopal Church

Sumter, South Carolina

and

Chairman of the Board of Directors,

Wateree Community Actions, Inc.

delivered before the

Senate Sub-Committee on Employment, Manpower and Poverty

Senator Gaylord Nelson, Chairman

Washington, D. C.

May 5, 1971

Mr. Chairman, other distinguished members of this sub-Committee, Ladies and Gentlemen:

I cherish the honor, privilege and responsibility that is mine in testifying here today.

I represent the million plus member African Methodist Episcopal Church, the largest connectionally organized body of predominately black Christian citizens in the U.S.A., a majority of whom are listed among the poor.

I represent also as national Consultant, The AME Commission on Social Action which directs that there be kept in every African Methodist Episcopal Church in the Nation an active and up-to-date Registered - Voter file.

From my headquarters in Sumter, South Carolina, where I serve as Pastor of Mt. Pisgah A.M.E. Church, I also serve as Chairman of The Board of our OEO Community Action Agency, The Wateree Community Action's Inc., which presently includes Sumter and Kershaw Counties in the State of South Carolina.

May I in the outset commend this Sub-Committee, in general, and the Sub-Committee Staff Personnel, in particular for the quality of your work regarding the determination of the future of The War On Poverty.

The bright dream of winning this war in America must not be allowed to fade into the darkened nightmare of programming it into defeat and extinction.

In your Fact Sheet of April 21, 1971 you compile a list of Administration supported changes in OEO which are of grave concern to our constituency and which are of grave concern to the poor of America.

We consider the work of the Staff of this Committee, in pointing out and pointing up these proposed changes, to be a signal service to our nation at this moment.

The remainder of this testimony shall take the form of our reaction to the aforementioned checklist:

1. OEO Budget

Our constituency and the poor of this country could not endorse an $ 86 million reduction of The OEO appropriation for the fiscal year 1972. OEO appropriations should be increased for 1972 as the nation prepares to cut back on defense spending abroad.

2. Community Action Local Initiative Funds

The Administration proposal to reduce appropriation from $ 368 million to $ 346 million seems to us a reversal of the idea of helping the nation's localities to help themselves - an idea which we strongly support.

We also disagree with the proposal to increase the matching share by sponsoring communities from 20 per cent to 25 per cent.

3. Emergency Food And Medical Services Program

We propose the continued funding of this $ 45 million program.

4. Special Impact And Economic Development Program

The proposal of the Administration to cut back the funding of this program from $ 36.1 million to $ 25.8 million seems to indicate the winding down of a highly significant aspect of The War On Poverty - an aspect from which many people in this country were led to expect from this Administration - escalation!

5. Legal Services

The legal services program should be strengthened and expanded.

5. VISTA

We propose the preservation and maintenance of VISTA within OEO.

7. Rural Loan Program

Poor people in rural areas are often the poorest of the poor. We propose the continued funding of the rural loan program.

8. Manpower Training Programs

We look with great concern upon the proposals which transfer sponsorship of manpower training programs from Community Action Agencies and private organizations elsewhere. This departure from a basic OEO concept seems to warrant new legislative authority which we feel such new sponsorship should have.

9. Manpower Revenue Sharing Act

This act seems to suggest too drastic a shift in Manpower Development and training responsibility in the recommendation to terminate existing programs by December 31, 1971 at the option of governors and mayors of cities of 100,000 and larger.

We favor the continued uniformity in these programs of Federal responsibility.

10. Transfer of Community Action Agencies

The Administration's re-organization plan which contemplates the transfer of CAA's from OEO to the Department of Housing and Urban Development, effective June 30, 1972, leaves a great deal to be desired unanswered.

What about the present kinds of Community Action programs which neither relate to housing nor to urban life and development?

What about the future kinds of Community Action programs which would be limited by such a narrow sphere?

We favor the continuation of Community Action Agencies within the program of OEO.

11. Transfer of CAA Funds To "Revenue Sharing"

The proposal to divert funds elsewhere which presently go to CAA's and to list these transfers as a part of "special revenue sharing" effective January 1, 1973 is a matter of grave concern to those who work directly in these areas.

This concern is intensified by the number of program-hindering variables made possible by such a switch. We do not endorse this transfer of Community Action Funds elsewhere.

12. . Programs Left to OEO

If at the completion of these various steps, OEO is shorn of all operating programs and is only responsible for "research and development", OEO as we understand it will have ceased to be and its proposed responsibility would seem to bear the mockery of a hollow-shell of something significant that was but is no more.

Mr. Chairman, other distinguished members of this committee, ladies and gentlemen, on behalf of The AME. Church, the organizations of this Coalition, the poor people of this nation and the people of this land, let us keep faith with the promise of America - to provide for common defense - against the ravages of poverty as well as the threat of conquest. We cannot - we must not fail.

STATEMENT

by

Mrs. Jeannie Rosoff

Director, Washington Office of

PLANNED PARENTHOOD - WORLD POPULATION

before

SENATE LABOR AND PUBLIC WELFARE

SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY

on

THE OFFICE OF ECONOMIC OPPORTUNITY

Wednesday, May 5, 1971

Planned Parenthood-World Population believes that the Office of Economic Opportunity family planning program has been a keystone of public support in providing a vital health service to low-income American women. We believe it is essential that this program, along with others authorized by the Economic Opportunity Act of 1964, be continued for at least two more years.

Today no one challenges the fact that the ability to control fertility has important health, economic and personal values. We know that there is a direct relationship between infant mortality and other adverse outcomes of pregnancy on one hand, and high parity and short intervals between births on the other. The incidence of infant mortality, prematurity, mental retardation, congenital malformations and brain damage rises alarmingly among fourth and subsequent births. They are also far more frequent in births to older women and among first births to girls in their teens. The incidence of infant mortality increases considerably when births occur at too short intervals and all of these relationships are compounded and worsened when too many pregnancies occur too rapidly to impoverished women whose health has already suffered from poor living conditions, malnutrition, and inadequate medical care.

Many studies have shown, too, that it is the poor who have the least access to all medical services in general and to family planning services in particular. Preventive medical care of any kind is rarely available to them and they usually see doctors only in crisis situations. In the case of family planning the problem has been increased and complicated by the fact that traditional health agencies have been extremely timid about venturing into an area of health care that they deemed to be controversial or simply new. A study commissioned by OEO showed that fewer than half of the counties in the United States offered subsidized medical family planning services in fiscal year 1968. There were over 4,000 nonprofit general-care hospitals which reported births, but only 435 of them provided any contraceptive services.

The Office of Economic Opportunity, almost from its inception, recognized this need for family planning services and provided some grants for this purpose. In 1967 the Congress

acknowledged the value of the program by amending the Act to make family planning a special emphasis program with a specific funding authorization.

Now traditional local health agencies are entering this program area, and the success of the OEO program nationally has stimulated the Department of Health, Education and Welfare to increase its commitment to family planning.

Unfortunately, the present intention of the Administration is to move OEO away from service programs and toward research and development. The present plan is to move all established OEO projects to HEW and continue the OEO program only as a research and development effort. A precipitate abandonment of the CAP-related programs would be a grave mistake because the strength of the OEO family planning program has been and continues to be its community involvement and its influence on local patterns of delivery of health care.

If the purpose of a health program is to serve the poor, then the program must be responsive to the poor, operate where the poor are, be open when they are able to come and treat them with the respect due any human being. When the health service offered is one as personal in nature as family planning these rules are doubly important.

The community action related health services are sensitive to these problems because they are sensitive to the needs of the community. Traditional health agencies are less likely to operate for the convenience of the community. Before OEO entered the field, publicly supported family planning clinics were frequently located only in public hospitals or at local health departments. To utilize the service women were required to travel long distances. Waiting periods were also long and clinic hours inconvenient. OEO family planning projects in their attempts to be responsive to community needs have sought multiple, convenient clinic locations and hours.

Often, local health departments and hospitals provided family planning services only in the context of prenatal clinics or postpartum care. Therefore, prior to the opening of OEO clinics, the only way a woman was able to get family planning services was to have a baby.

Traditional health agencies have had a tendency to show a similar disregard for the human sensitivities of their patients. Under the best of private care circumstances it is frequently difficult for a woman to overcome a natural reluctance to the physical examination involved in a family planning medical service. To be treated brusquely at that time is a cruel experience that should never have to be tolerated by any woman and which is almost sure to drive her away from the program. To combat this, most CAP programs have made great efforts to use paraprofessional workers in every possible capacity. In Atlanta, Georgia, for instance, there are now 30 trained paraprofessionals doing outreach, education, administrative and clinic work on a full-time basis in the family planning program. Another 40 paraprofessionals working out of a comprehensive clinic give a portion of their time to family planning. This is a double edged program. Clients are served better, faster and more considerately, and a large number of inner city women have gained personally and financially rewarding employment.

It is true that progress has been made. A recent study conducted by the Center for Family Planning Program Development for OEO found that Federally funded programs were now serving approximately 1.1 million of the 5 million indigent women in need of subsidized services in the United States. We attribute part of this success to the accomplishments of the OEO family planning program, which was the nation's first domestic family planning program effort.

Some of the initiatives of the OEO program have now been adopted by other agencies. In fact, the HEW national guidelines incorporate many of the best of these approaches. We must recognize, however, that there is still a great deal of resistance at the local level to the use of paraprofessionals, to consumer participation, to neighborhood based programs and, in general, to programs organized around the needs of the patients rather than the convenience of the professionals. This resistance can only be overcome locally, community by community. The OEO program ahs provided some of the tools for change in the past. It should continue to do so in the future.

Testimony of

William C. Fitch
Executive Director
The National Council on the Aging

Before

Senate Subcommittee on Employment, Manpower and Poverty

May 5, 1971

I am William C. Fitch, Executive Director of the National Council on the Aging. I am accompanied by Mr. Jack Ossofsky, the Council's Deputy Director, who coordinates our various projects, including one for the Office of Economic Opportunity. We are pleased once again to have the opportunity to appear before your Committee and to participate in its deliberations.

For those who may not know, permit me to say that our organization is a voluntary non-profit agency serving public and private groups at the National, Regional, State and Local levels in the development of programs and services on behalf of and with the elderly. We are a technical agency made up of concerned people from various disciplines working with the elderly. We provide training, technical assistance, materials and consultation to groups seeking to know more about, and to improve the conditions of life of the elderly. We have been in operation for twenty years.

The subject matter of this hearing is of vital concern to us, and to the elderly on whose behalf we work. The future of the Office of Economic Opportunity, the scope of its mission, the size of its budget, its place in

the Federal establishment are matters of great importance to the elderly and to our nation. So are its specific programs which are or need to be directed at the poor who are old.

That the elderly have a stake in the future of our nation's anti-poverty efforts is readily understandable from an examination of those who make up the poor. While most studies indicate that the number of those in poverty decreased in recent years, all studies agree that Americans aged 65 and older increased among the poor. The Senate's Special Committee on Aging in its report, "Economics of Aging" declared that between 1968 and 1969, poverty increased among those 65 and over by 200,000, and by some 12,000 for those from 60 to 64.

While the elderly constitute not quite one out of every ten Americans, they make up 20 percent of all the poor. Close to five million Americans 65 and older were living in poverty in 1969. There are no indications that this trend will soon abate.

While the cures of poverty of the elderly, those poor who have grown old and those old who have grown poor, relate to circumstances often beyond the resources and control of the Office of Economic Opportunity, it is nonetheless fair to look for leadership from this agency in fighting the war on poverty in this sector too. It is fair, too, to examine the portion of its resources devoted to dealing with the needs of the elderly and those approaching their senior years. (If we include those age 55 and above we find that they represent one-third of all the poor.) It is important in approaching the future of this agency to see if it has given adequate priority to this group

and also whether or not the Congress gave the agency the wherewithal with which to do the needed job.

NCOA is in a unique position to participate in this discussion. During the last six and a half years NCOA has served as an OEO contractor providing technical assistance, training and consultation to the agency. We have worked closely with the agency at all levels, including the local level helping assess needs, developing programs and seeking sources of funds for those programs. We have assisted in developing many of OEO's innovative projects and have on occasion conducted such projects.

We value our opportunity to serve OEO, and at the same time we value our role as an independent voluntary agency concerned with the elderly. Both privately and publicly we credit OEO with its sucesses and are critical of its weaknesses. Our goal is to be constructive and to enable this agency to best serve the elderly. Our comments today are made in that spirit.

Since its inception the elderly who make up a maxi-portion of the poor have received a mini-portion of the funds and resources of the OEO. The reasons for this are varied. Some of the early OEO pioneers, and some who are there today, felt that the purpose of the agency was to break the cycle of poverty for the young; that it was too late to do so for the old. This argument we consider immoral. It coldly dumps the elderly on society's scrap heap and overlooks the fact that those turning 65 may have 14-16 or more years of life ahead of them. It overlooks the fact that the

elderly can contribute, often wish to work, and need to be seen as a national resource -- not only as a problem. It overlooks, too, the fact that someone, sooner or later, must pay for creating a scrap heap, whether in terms of environmental ecology or human ecology.

Others at OEO and some in the Congress felt that the major problems of the elderly were financial and could be dealt with only through increased social security, old age assistance and the like. While there is some merit to giving priority to meeting the income needs of the elderly, this argument overlooks the fact that some of those needs can be met through employment, of the type created and tested in antipoverty programs for younger groups -- and in some cases for the elderly. This argument also overlooks the fact that in dealing with poverty, money is the major medicine but not the only one. Services, social services, health services, community outreach; linkages to other agencies, educational and social programs, and transportation and nutrition programs; these, too, are needed by the elderly and these are areas in which OEO can play a major role on behalf of the older poor. In time, under the terms of the SOS section of the law, but with limited funds, OEO began to deal with these matters.

It must, however, be noted that the low priority for the elderly in the programs developed by OEO was not totally the fault of that agency. The Congress in writing the legislation, and later amending it, gave first no emphasis to the elderly, and then emphasis, but no appreciable funds for these efforts. Consequently the earmarks, when they were made for the Senior Opportunity and Services Program, as an example, started with

about 2 million dollars and rose only slowly to 6.8 million. Now the request is for some 8 million dollars. While the elderly benefit to some extent, it is hard to document the extent, from other OEO intergenerational programs in the areas of health, employment, legal services, etc. The fact remains that out of some 2 billion dollars in the whole appropriation, only some 8 million is sought for clearly identifiable programs to serve one-third of all the poor, the elderly.

We would urge therefore that the past history of OEO in the field of aging is not solely the fault of the agency's administrators. We, the citizens and the Congress left it to the agency to carve out roles and funds for the elderly, often at a time when major portions of those funds were earmarked for other purposes or were being curtailed.

We would urge therefore that a clearer Congressional mandate be given to OEO to enable it to live up to the requirements already in the Act. We believe this can be done only with the allocation of clearly identifiable funds for programs for the elderly; new funds not taken from other sections of the OEO budget that would undermine other programs of the agency. New funds which can be used only to fund new programs for the elderly.

Now it is true that many Community Action Agencies developed special programs for the elderly out of their local initiative funds. Many of these proposals were rejected at the regional level because, they said, aging had no priority. Mind you, these were locally developed programs. In other instances, in the last two years in particular, SOS funds were often used to pay for aging projects previously established using local initiative

dollars. This resulted in an apparent use of the SOS funds but in no new programs. It served to ease the dollar pressures of the CAA's whose other funds were being curtailed. We believe this to have been encouraged by OEO and to have been contrary to Congressional intent.

It is for these reasons, too, that we emphasize an adequate start in funding SOS programs with clear language that cannot be misunderstood; that this new money is only for new programs.

We believe, from reports of our own staff around the country that there are now "ready and in the pipeline" proposals for aging programs, and new ones which are being developed that would require a 50 million dollar earmark. This figure is based on projects currently in CAA's, some submitted to OEO regional offices but not funded, due to lack of funds or lack of priority, as well as an assessment of needs in communities visited by our staff and others.

This figure would not change the balance of funding for the aging completely, but would make it possible for OEO to start correcting an inequity in the coming fiscal year, and provide a base on which to build in the second year.

Now the question presents itself: is OEO capable of putting such funds to proper use? We believe that it is. In fact, it is perhaps a minor miracle that in spite of all the obstacles and the lack of resources, as much has happened on behalf of the elderly as has . Many of us tend to overlook in the flood of concern about this agency's operations and its future, that it developed and undertook such programs as Medicare Alert, which signed

up over 4 million older people in the Medicare Program in a few short months, employing 14,500 older people to do so, and involving 20,000 volunteers. We overlook the Foster Grandparent Program with its employment of thousands of older people and service to thousands more of the most disabled children. Many of the model programs funded by other agencies, public and private, stemmed from OEO R & D programs and that even the mainstream, Senior Service Corps and Green Thumb projects, were OEO programs delegated to the Department of Labor.

Recent studies of the SOS programs point to the fact that local community Action Agencies when given a green light to serve the elderly, when aided by competent technical assistance, and when notified that some funds would be forthcoming have undertaken to serve their older residents. Some have used local initiative funds for this purpose, but as those funds are reduced most have used SOS funds to finance their aging projects.

Our work with the Community Action Agencies has convinced us of this willingness to innovate, to launch significant new programs and to make careful assessments of needs prior to seeking new projects. And the needs have been documented time and again. Our own study for OEO, Project FIND, in which we subcontracted with 12 CAA's to employ older people and interview the elderly poor documented the vast needs of this sector of the population. We are pleased to submit a copy of that report to the Committee. Most of those needs and most of the new services fall readily into the language of the Senior Opportunities and Services section of the Act.

The major obstacle to implementing these services is lack of funds.

Our own experience in the delivery of training and technical assistance underscrores the growing interest of CAA's in serving the older poor. In the year 1970, for example, our agency under its contract with OEO provided training to 9,241 staff, board and clients of OEO. In addition we provided assistance to 528 different agencies during this same year.

Much of this training and assistance related to finding non-OEO sources of support for programs for the older poor because so little was available in SOS budgets and because local initiative funds were being cut back. There is evidence, too, that the SOS funds attract a higher proportion of non-Federal share than any other programs of OEO.

This is a reflection of the fact that programs for the elderly run by CAA's gain more public support than other programs. The investment of Federal dollars in aging programs through the CAA's, if this pattern can be maintained, can offer a higher return in other support, and more good will for this Federal effort than other such programs.

Of course, to make proper use of new funds and even to assure equitable involvement of the elderly in present programs a reexamination of OEO's staffing of aging programs is needed. At present, the Assistant Director of OEO, who we believe is earnestly attempting to change the Agency's posture in this field, is nonetheless wearing several additional hats. The Legislative history, we believe, makes it clear that the Congress

intended that the Assistant Director be responsible for supervising the OEO activities in the field of aging and coordinating the whole Federal effort on behalf of the older poor.

The assistant Director's task, as it was recently reorganized, includes four different areas of OEO concern, including aging. There is also no evidence that any significant attempt has been made to stimulate and coordinate Government-wide efforts on behalf of the older poor.

Secondly, the total staff devoted to serving one-third of the nation's poor and seeing they get a fair share of all OEO's programs consists of four people at the headquarters level in addition to the Assistant Director, and some of these are also saddled with other responsibilities. In each regional office there is only one coordinator of aging programs, who also invariably wears several other hats.

This staff of perhaps 15 people, most of them with other responsibilities, represents the total OEO aging staff. Compare this with the hundreds deployed to start the Head Start Program when priority and funds were made available for pre-school age children. This not to be critical of the Head Start effort, it is rather to place in juxtaposition the two extremes of the age continuum and how we regard them and serve them at OEO and in the Congress.

In presenting its concerns regarding adequate attention and funds for the elderly, NCOA is not unaware of the other issues confronting this Committee and the nation regarding the future of OEO. We believe OEO can, given the resources, do an even better job, but we are not among those who believe that the agency has not made a major contribution to all of our understanding about poverty and to improve the lives of many of the poor including many of the older poor.

The new concepts evolved by OEO regarding outreach by public and private agencies; the emphasis on local citizen participation in policymaking roles; the sharing of common concerns and joining in constructive community action by the most deprived; the new careers concept and others are concepts and programs pioneered by OEO. Some of the new approaches made many people uncomfortable at times; some actions on occasion went beyond their goals, but on the whole, we believe they contributed well to the American scene. Indeed the R & D function of OEO when tied to a significant operating agency, made a healthy and lasting impact on America, one that requires support and continuity. Till now we've only laid the foundation.

Even in the field of aging is this true. No other branch of government undertook so many new approaches to seek ways of reaching and serving the older poor. In spite of limited staff and in spite of low priority and lack of funds, the aging scene has benefitted from the needed

changes and new approaches OEO pioneered. When most other agencies were prepared to continue to brush the older poor, the most isolated and needy under the rug, the OEO message about priority for the poor jarred them into recognizing that old approaches to the old were no longer acceptable. OEO's role, prodding us and leading us to double our efforts on behalf of the poor, must be maintained and its efforts on behalf of the older poor strengthened.

We have mentioned conducting one major R & D project for OEO documenting the needs of the older poor. It's report called, "The Golden Years....A Tarnished Myth," describes the conditions of life of over 50,000 older people, most of them poor. Other older poor people were trained to interview and assist them. That report notes many kinds of programs that are needed and can be developed to serve the older poor, like those located by Project FIND. However, if the results of an R & D project can't get translated into operations, tested further on a larger scale and then where appropriate spun off, the results of the R & D will be wasted. There is regretably much evidence of this to be found in other aging programs where R & D is far separated from operations or because no budget exists to implement what has been learned. We urge that Community Action and other operating arms not be severed from the agency but be the means of assuring implementation of the R & D findings.

Furthermore, we firmly believe that the advocacy role of OEO should not be lost. We, in the voluntary sector, see this as an appropriate role for ourselves, but we also see the validity of a government spokesman, a special pleader if you will, for national priorities. And such a priority must be the elimination of poverty.

Again in the field of aging, who is to speak in government for the most deprived of the elderly? The Administration on Aging sees its role as working for all the elderly and thereby giving no special priority in most matters to the older poor. In addition, that agency is itself undergoing major budget and structural surgery. We see a proper role for OEO to work and speak on behalf of the older poor and we would like to see that role strengthened rather than weakened.

Ladies and Gentlemen, we urge you on behalf of the senior community service aides employed through OEO's efforts in community service roles in Portland, Oregon; in Portland, Maine; in San Antonio, Texas; and in Paintsville, Kentucky, to strengthen OEO's programs so they can employ and serve more of the elderly in more places. We urge you on behalf of SOS participants in the far-flung counties of Missouri who enjoy transportation services to health facilities, who work in now self-supporting home health agencies, who have a senior center to attend and who get a home delivered meal at low cost as a result of OEO programs, to support more such services for the older poor in other parts of the nation. And we urge

you on behalf of voluntary agencies all over the nation to maintain and expand our nation's efforts to eliminate and alleviate poverty, and not to let the achievements of the last seven years go to waste. Let us improve what needs improving. Let us build on this effort.

Specifically, we urge the continuation of the Office of Economic Opportunity for at least two more years. We urge the appropriation and earmarking of $50 million for new programs for the older poor. We urge that adequate full time staffing at national and regional levels be provided for the units dealing with aging. We recommend that steps be taken to assure that the elderly are equitably served by all OEO programs and that clear priority be given to service to the elderly so that local communities wishing to serve them are enabled to do so. We would urge the Office of Program Development to design and test new ways of meeting the needs of the elderly and that successful projects then be built into the ongoing programs of the Office of Operations.

Most important of all, keep this agency going, to give hope to America's poor that they will not be abandoned.

NATIONAL SHARECROPPERS FUND
Washington office: 1346 CONNECTICUT AVE., N.W., WASHINGTON, D.C. 20036 • (202) 659-5620
New York office: 112 EAST 19th STREET, NEW YORK, N.Y. 10003 • (212) GRamercy 3-0284

JAMES M. PIERCE
executive director

national board
FRANK P. GRAHAM
chairman emeritus
BENJAMIN E. MAYS*
chairman
A. PHILIP RANDOLPH
REV. A. J. McKNIGHT*
vice chairmen
VERA RONY*
secretary-treasurer
SHIRLEY F GREENE*
chairman of
executive committee

JULIAN BOND
ROBERT S. BROWNE*
ROBERT COLES
MAX DELSON
EVELYN DURROW
MARIAN WRIGHT EDELMAN
L. H. FOSTER
MANET FOWLER
LAMOND GODWIN
I. CYRUS GORDON
ANNA ARNOLD HEDGEMAN
VIVIAN W. HENDERSON
JOHN L. S. HOLLOMAN, JR.
WILLIAM H. JOHNSON*
LEWIS W. JONES
JAMES W. LEWIS*
JAMES LIPSIG*
JENNIFER L. LOWENSTEIN
ROBERT J. MILES
MORRIS MILGRAM
DANIEL H. POLLITT
ARTHUR F. RAPER
LEON B. SCHACHTER
PATRICIA CAYO SEXTON
ROWLAND WATTS*
JAMES E. YOUNGDAHL
*executive committee

Founding Members
FRANK McCALLISTER
ELIOT D. PRATT
IRA DeA. REID
NORMAN THOMAS

STATEMENT ON THE EXTENSION OF THE ECONOMIC OPPORTUNITY ACT
PRESENTED TO
THE SENATE SUBCOMMITTEE ON MANPOWER, EMPLOYMENT AND POVERTY
BY JOHN A. WILSON, LEGISLATIVE DIRECTOR
NATIONAL SHARECROPPERS FUND

MAY 5, 1971

The following testimony is in support of the extension of the Economic Opportunity Act.

Mr. Chairman, the National Sharecroppers Fund is pleased to have this opportunity to appear before this Subcommittee today. Having spent some 33 years in the field of rural development, the National Sharecroppers Fund would like to express its feeling concerning the extension of the Economic Opportunity Act.

We fully support the extension of this legislation and all of its provisions, but we would like to address ourselves today to one small, but extremely important segment of this legislation. This is Title III, Part A, Rural Loan Programs; funded through the Economic Opportunity Act and administered by the Farmers Home Administration.

As you know, the survival of rural America as we have known it, is in great jeopardy. The 1970 Census has proven that out-migration from rural areas continues at a rapid pace, and the reasons are obvious: the growth of large mechanized agribusinesses; lack of job opportunities, health facilities; transportation, and educational

opportunity; bad housing; and ecological destruction. In the face of these enormous problems, it is very difficult to explain what OEO means to rural America. It has been the first light in the dark of poverty, despair, frustration and disease. It has been the reason that so many Americans who must suffer the hardships of rural America have been able to suffer them with the light of hope.

NSF has, for many years, been attempting to alleviate some of the problems facing rural Americans, and one of the solutions which we have found most successful -- with the proper funding and technical assistance -- is the cooperative. An important element in the economic success of rural cooperatives and the small farmers who constitute their memberships could be the Title IIIA Rural Loan Program, provided it was adequately funded and properly administered.

In 1968, the Farmer Cooperative Service of the U.S. Department of Agriculture undertook a study of 141 cooperatives financed through the Rural Loan Program:

> "The study showed few delinquencies in debt repayment among the FHA cooperative loans -- 1.55% among general cooperatives and 6.5% among machinery cooperatives. This suggests economic viability.
>
> Members credited cooperatives with contributing to improvements in farm operations and income. This favorable member opinion relates to cooperative loyalty -- a key ingredient in economic success.
>
> Positive income gains among members since they started their cooperatives may be attributed to the cooperative activity. The gains for members of machinery cooperatives were, however, greater than those for general cooperative members.

"Total member income from farm and nonfarm sources increased by 10%, or $328, over this period. When the 104 members of machinery cooperatives were considered separately, their increase averaged 17.5%." [1]

Thus, these loans can open up many new opportunities for families and cooperatives to improve their income and level of living. However, through the bureaucracy of OEO and FmHA, the loans have been often too little, too late. This means that many cooperatives find themselves with only enough money to plan with to to construct a building with, and cannot operate because of lack of capital.

The legislative history of Title IIIA will point out that it was originally intended to be not only a loan program, but a grant program as well, and it was stated at that time that the grant portion of the program was essential to its success in assisting small farmers. This portion of the program was deleted, however, before the program was enacted into law.

The Administration has proposed no further funding for Title IIIA. We find this to be totally unrealistic if we are going to move to change the conditions that are present in rural America. There must be a program of this nature to assist poor and small farmers to increase their productivity and develop the administrative tools that will enable them to carry out a successful cooperative endeavor.

In the last fiscal year, the budget for this program was only $3.5 million for individual loans and cooperative loans, with only $1.5 million of this total being used for cooperative loans. However, as you know, the appropriations were late and administrative problems

1 "Cooperatives Financed by Farmers Home Administration Under Economic Opportunity Act"; Farmer Cooperative Service, U.S. Department of Agriculture; p.i

developed between OEO and FmHA concerning the guidelines, who should receive the money, and who has the responsibility for funding the program.

Thus, we are asking not only that the Economic Opportunity Act be extended, but that it also be improved upon so that it is better-equipped to combat the causes of poverty. One of these improvements should be within Title IIIA. This Title should be solely administered by OEO. It is our feeling that this would make for more efficient and responsive administration. It is also our feeling that funds for Title IIIA be greatly increased to allow for more loans and grants, as well, as was originally intended.

There are those who will say that the Economic Opportunity Act is a free ride for many undeserving people who could work if they wanted to. We know that this is not true, and we know that there are few Americans who, if given the opportunity to be trained, would not gladly work for their own survival. However, rural America has been left with too many unprepared, untrained, unemployed, and underemployed who, in many cases, also suffer the hardships of hunger, bad housing and ill-health. We are only asking a small investment in terms of the Gross National Product and the average annual income of the non-poor.

Mr. Chairman, we feel that there must be a firm commitment to alleviate the causes and effects of poverty that continue to be in our midst in 1971. The National Sharecroppers Fund has pledged a lifetime and its total resources to this goal, and the American government must pledge a portion of its time and resources to achieve this goal also.

We therefore feel that the Economic Opportunity Act and the war on poverty should not be terminated until its job is complete, and as we all know, this is far from the case.

OEO has had its "field test" and OEO can be relevant and can be programmed to alleviate poverty in our time if it has the proper equipment and motivation and leadership that is sensitive to the problems that poor Americans are confronted with. Poverty, to rural America, is not a report entitled "The People Left Behind." Poverty is real, but hope for rural America can be real as well.

In addition to our recommendations on the Title IIIA Rural Loan Program, we would like to make the following recommendations:

1. The OEO budget for Fiscal Year 1972 should not be $808 million as the Administration has requested. Funds should be increased over the present Fiscal Year 1971 budget to at least $980 million. Existing programs must not be cut back within OEO at a time when they should be given support and confidence.

2. The Emergency Food and Medical Program should also be included in the legislation and not eliminated as the Administration suggests. A total of $45 million per year that the program now receives is a very small amount to solve the emergency food and medical problems of the people of our nation. If this program were properly funded and administered, it could have a tremendous impact on the hunger and health needs of both the rural and urban population.

3. Special Impact and Economic Development Programs should not be terminated nor cut back. In fact, they should be increased to at least $47.1 million for a program of this magnitude, if programs in this area are going to be properly funded with the purpose of succeeding

in the economic development of a depressed economic area.

4. Legal services should remain intact as a part of the OEO program. Their role has been essential in bringing legal advice and justice to people of poverty level who had never before been able to acquire this type of expertise.

5. The VISTA program should also remain as a part of the total OEO program. VISTA's have made a substantial contribution to the development of many small cooperatives and community programs in both rural and urban areas.

6. Manpower Training Programs should continue to be operated by Community Action Agencies and private organizations. We are opposed to direct sponsorship of these programs by mayors and governors, as this type of sponsorship makes the programs even more vulnerable to political manipulation.

Mr. Chairman, we would like this Subcommittee, Congress, and the people of this nation to accept the challenge of a nationwide effort to rid our country of the devastating effects of poverty. It is our hope that the Economic Opportunity Act be extended and strengthened, and that our suggestions for its improvement have not fallen on deaf ears.

STATEMENT BY MICHAEL KANTOR
EXECUTIVE DIRECTOR, ACTION FOR LEGAL RIGHTS, INC.
REGARDING THE EXTENSION OF THE ECONOMIC OPPORTUNITY ACT
OF 1964 BEFORE THE SENATE SUBCOMMITTEE ON
EMPLOYMENT, MANPOWER, AND POVERTY ON MAY 5, 1971

Action for Legal Rights, Inc. supports the extension of the Economic Opportunity Act of 1964 for five years and is in favor of the addition of provisions in the Act which would prohibit the transfer, elimination or significant alteration of any program authorized by the Act without Congressional consent.

The debate which is currently being pursued with regard to the extension of the Economic Opportunity Act of 1964 and the preservation of a viable OEO is a result of the effectiveness of the programs on behalf of the poor. This reality has been expressed many times - but continues to be the central factor in the desire to transform the entire poverty program into a token response - ill suited to the real needs of the poor. In instance after instance, the moves to emasculate or end local poverty programs are not manifestations of a move to be more effective but a full scale retreat in response to pressures by persons who are unwilling to allow the poor to participate meaningfully in our society. Transforming OEO into a research and demonstration program only, revenue sharing, and the wholesale elimination of poverty programs in every section of the country are thinly disguised moves to render ineffective any national effort to end poverty.

The Congress expressed its desire to attack the root causes of poverty in 1964 through the Economic Opportunity Act and stated "the United States can achieve the full economic and

"social potential only if every individual has the opportunity to contribute to the full extent of his capabilities and to participate in the workings of our society." Until the passage of the EOA the poor had no resources with which to advocate their legitimate needs at any level of society. Programs which were designed to address problems of poverty, discrimination, employment, education, housing or health rarely allowed the intended recipients to have any voice in the operation of the program. The EOA, and the establishment of OEO, began to alter this situation. The poor were allowed to have meaningful input, at every level, into various programs. OEO was an agency on the national level which was responsive to their concerns and could articulate the problems of poverty as well as advocate the cause of their particular constituency. Head Start, Community Action and Legal Services Programs responded to local community needs by involving the poor on their Boards of Directors and as employees of these programs.

These poverty agencies on all levels were able to challenge, in a responsible manner, government to respond to legitimate needs and became an Ombudsman insuring that programs designed to aid the poor actually did so. In fact, they sensitized the entire public to problems of bureaucratic or political indifference, non-response, apathy, and opposition to meaningful change. These programs, at their best, were a movement towards an American Society open to the participation of all regardless of economic status, race, or class. They provided a new and exciting dimension to participatory democracy and indicated a maturation and viability of this country which has no parallel anywhere else in the world.

These programs, advocating the cause of the poor, in fact were and are strengthening our institutions and their ability to govern. We only are able to survive as an open free society in an atmosphere of consent by the governed. This consent is based to a large degree upon the ability of government to respond to legitimate needs. This response is only meaningful and effective if those affected most particularly by decisions are involved in the process of decision making. As far as minority groups and the poor are concerned, the one institution that has provided that input on a relatively large and effective scale has been OEO and its local programs. Therefore, government by taking into account the needs of the poor and allowing decision making power to be shared is indeed more effective, responsive and better able to administer.

If we are going to recycle the poverty program - and re turn these responsibilities to the states, not only will the poor be the loser, the greater society will suffer an incalculable setback. Without a doubt local politicians who are unresponsive to the poor will either end all community action efforts or will control them into non-credibility and oblivion. This will be especially noteworthy in rural areas. In urban areas political influence and control, potentially debilitating in effect, will be paramount. The faith of the poor in the commitment of the government to human needs will be rescinded, and most importantly, innovation and response to truly local needs will be at an end.

This will result if the Congress allows the Administration to terminate local poverty efforts in response to political

pressure unconcerned with the needs of the poor, not allowing OEO to be an advocate for the poor and a focal point for important national priorities, and to siphon off most of the money now designated for the poor into uncontrolled and unrestrained revenue sharing which will not be used as a problem solving resource for the poor but as a supplement for programs unrelated to the needs of the poor.

One point should be emphasized. Revenue sharing is not a brand new concept. For years states and localities have administered money and programs for the poor including welfare funds; under the categorical programs, Title I dollars under the Elementary and Secondary Education Act, and federal funds to administer state employment services. It is not an understatement to point out that in many areas these programs have not been run with complete effectiveness. In fact the failures of states and localities in these areas have been monumental. Indeed the resources available through these three "revenue sharing" efforts dwarf the money involved in the poverty program.

Involving programs for the poor in revenue sharing essentially ignores some basic and simple facts. There are certain national priorities which should be reflected on the local level. These needs cannot be addressed in a haphazard manner allowing each community to repeat mistakes, duplicate effort, and generally waste precious resources. Second, revenue sharing is an excuse by the Federal government to abdicate the responsibility for ending poverty, racism and economic discrimination. Third, this virtual abondonment of responsibility erodes a foundation of the Federal Government which is to promote the

general welfare. Fourth, we are returning authority to governmental structures which were unable or unwilling in the past to seriously address social problems.

Most importantly revenue sharing ignores a basic political fact of life. The poor are virtually powerless politically. If vital advocacy functions relating to the poor are stripped from the insulated Federal Government and placed in the thicket of local politics, we are assuring that their interest will be subverted to those of the majority. Unpopular programs will be terminated and unique, experimental, or controversial efforts will never be funded. Most importantly programs which do affect the poor will not be structured to allow the beneficiaries any power over policies.

However, ALR, Inc. does support some necessary changes in the poverty program. In these instances changes should be made with the authorization of Congress - not by administrative fiat. One major concern is the legal services program. This effort is generally considered to be one of the most effective programs addressing the problems of the poor. For the last two years it has been the subject of increasing attacks by politicians and persons upset over the effective representation of the poor in legal forums. These attacks have taken their toll in protracted battles, recrimination, governors' vetoes, and a virtual halt in the expansion of the program.

Instead of reinforcing the independence of the program the response has been one of attempting to turn the program over to local political interests through a proposed regionalization, failing to override gubernatorial vetoes of effective programs

like California Rural Legal Assistance, and the firing of persons more interested in the representation of the poor than the needs of various political interests.

Action for Legal Rights, Inc. supports an independent, nonprofit corporation to administer the Legal Services Program - but as part of the Economic Opportunity Act. However, this program should insure (a) That the National Board of Directors be representative of all branches of government, the clients, the professional bar and legal services lawyers, (b) That this Corporation have the same emphasis and authority as the present legal services effort without debilitating restrictions, (c) That the program be expanded both in quality, quantity and range of services provided, (d) That program attorneys have the freedom to exercise the professional judgement which is demanded by the attorney-client privilege, (e) That recipients of services have the right to seek any lawful objective through any and all legally permissible means granted by our system of law, (f) That accountability to clients, the Bar, and to Congress be assured and (g) That dictates of the Code of Professional Responsibility be preserved.

The above would meaningfully provide an independent, effective advocate for the poor which would reflect local needs within the parameters of broad national priorities. These principles are insured by the bipartisan bill introduced on March 19, 1971 (S. 1305).

ALR, Inc. opposes any plan for a legal services corporation which would not allow clients, legal services attorneys, and the professional bar to be included in the structure. Further, any

bill which would, in any way, inhibit suits against governmental agencies, class actions, or group representation would be a giant step backward in equal justice.

The independence of the attorney should be insured - and provisions such as appeal review boards, restrictions on the private lives of the attorneys, or prohibition against appearances in certain civil causes not be included. We would also emphasize that charging the poor for legal services would cost the program valued credibility and force our clients to choose between bread and justice. We would oppose any move to restrict the activities of the lawyers in representing groups or individuals in legislative matters. We feel lawyers for the poor should be no more free or inhibited than attorneys for those who can pay and in that regard be treated in the same manner.

ALR, Inc. supports in addition the following principles:

1 - No structural or other important changes be made to any OEO programs without Congressional consent

2 - Planned budget cuts in OEO programs be restored

3 - The Economic Opportunity Act of 1964 be extended for five years

4 - The Congress reaffirm its commitment to the meaningful participation of the poor in the control and operation of all poverty programs

5 - That OEO be retained as an operating agency, funding local programs, and as an advocate for the poor at every level

6 - That the Legal Services Program be strengthened and expanded, a National Legal Services Corporation be authorized consistent with all features of S.1305, and that Legal Services Programs continue to be integrally related to community action at the local level.

National LEGAL AID *and*
DEFENDER *Association*

WASHINGTON OFFICE, 1601 CONNECTICUT AVENUE, NW, WASHINGTON, D. C. 20009 202/462-1602

STATEMENT BY FRANK JONES
ASSISTANT DIRECTOR, NATIONAL LEGAL AID AND DEFENDER ASSOCIATION
REGARDING THE EXTENSION OF THE ECONOMIC OPPORTUNITY ACT
OF 1964 BEFORE THE SENATE SUBCOMMITTEE ON
EMPLOYMENT, MANPOWER, AND POVERTY ON MAY 5, 1971

Mr. Chairman, members of the Committee, I speak today on behalf of the National Legal Aid and Defender Association, an organization representing approximately 500 local legal services organizations, which are both publicly and privately funded, and which perform civil legal aid functions, public defender functions or both throughout the country. I also speak as a former Deputy Director of the Office of Legal Services in which position I served from December 1969 to December 1970. The NLADA has worked closely with the Office of Economic Opportunity and its Office of Legal Services from its inception. In that context, permit me to express our appreciation for the support that this committee has consistently given to the Poverty Program, the lawyers working in Legal Services, and their clients.

The Office of Economic Opportunity is in great danger of being eliminated as a single concerted effort in the fight against poverty. We are concerned that the agency will be

dismantled through budget revisions and executive reorganization. In each of these areas the announced plans constitute a real threat to any serious effort to combat poverty in this country. It has been announced that OEO is to become the research and development arm of the Government's activities in the poverty area, but the budget allocations for total research, development and evaluation efforts of the funding year 1972 are down by 40 million dollars from that of funding year 1971. The emergency food and medical program is to be discontinued. The alcoholic counselling program is to be eliminated and the various divisional research and development budgets are to be absorbed into tenuous operational programs.

If we are going to realize the President's goal of providing: "the best education, the best health, the best housing that any children have ever had anywhere, at any time," it is necessary to increase, not reduce, the budgets of OEO programs. Mr. Frank Carlucci, Director of the Office of Economic Opportunity, states that he belives OEO is doing an increasingly effective job. If we are to have a continued increase in effectiveness, it is imperative that the Congress appropriate adequate funds and that those funds be spent to strengthen and expand the activities of the Office of Economic Opportunity.

However, not only are we concerned with the budget cuts per se, but we are also concerned with the reorientation of the poverty program. It appears that an increased percentage

of resources are to be used in "efficient management" and "evaluation of effectiveness". The importance of efficiency and effectiveness cannot be understated, however, there is real concern that this increased emphasis on efficient management will be accomplished at the expense of worthwhile substantive programs, resulting in overall reduction in our efforts against poverty. In a recent budget estimate, the agency stated:

> "Community organization activity is expected to decline in the funding year 1971 and level off in funding year 1972 to offset efforts to increase community programming, upgrade the quality of CAA administration, and develop competence in resource mobilization".

We feat that this approach will have the effect of limiting the ability of the poor to: organize themselves, to join together in developing their own skills and to seek more meaningful responses from those institutions which have such an important impact on their lives. For as the Congress declared when it enacted the Economic Opportunity Act of 1964:

> "the United States can achieve its full economic and social potential as a nation only if every individual has the opportunity to contribute to the full extent of his capabilities and to participate in the working of our society."

The National Legal Aid and Defender Association believes that the Office of Economic Opportunity has in recent years taken an important step toward accomplishing this historic goal. A stop at this stage would therefore be doubly unfortunate.

Mrs. MILLER. Now, if we may, to the panel.
Mrs. Wedel?

STATEMENT OF MRS. THEODORE WEDEL, PRESIDENT, NATIONAL COUNCIL OF CHURCHES

Mrs. WEDEL. I am Cynthia Wedel and I am the president of the National Council of Churches. We have submitted our testimony and I am sure it is not necessary to read it.

I would simply like to call to the committee's attention that the whole area of concern for the poor is a long-standing one of the church's. I do not pretend here to be speaking for the 42 million people who are members of the member churches of the National Council, but we are speaking for the elected representatives of those people who have made repeated statements of support for work among the poor, and particularly for the Office of Economic Opportunity. We feel very strongly that not only are the programs that are being administered through the Office of Economic Opportunity important, but that it is extremely important in this period in history to have a highly visible agency within the Government serving as an advocate for the poor.

We support the six recommendations of this coalition of 89 national agencies which were read by Mrs. Miller, that the Economic Opportunity Act be extended for at least 2 years, and the OEO strengthened and expanded; that no OEO program component, particularly community action programs, be terminated or transferred without congressional approval; that the OEO receive increased funding; that the legal services program be strengthened and expanded; that the VISTA program be preserved and maintained; and that the local share not be raised above 25 percent.

Because of our particular concern in the churches for hunger and for the lack of adequate medical care, we feel very strongly that the emergency food and medical services program must be continued and hopefully expanded. We feel that in spite of a great many steps that have been taken there is still nowhere nearly adequate provision for meeting the hunger and malnutrition and the lack of medical care on the part of a great many people in this country. Two years ago the President made a commitment to end hunger in America for all time. We have made a little progress toward that goal but we have yet a long way to go. We believe that to terminate the emergency food and medical services program while that reality persists would raise a very serious question about this Nation's commitment to put an end to hunger.

We strongly support the continuance and strengthening of OEO both in terms of its services and in terms of great necessity for an advocate for this program in the Government.

(The prepared statement of Mrs. Wedel follows:)

Statement to the Subcommittee
on
Employment, Manpower, and Poverty
of the
Senate Committee on Labor and Public Welfare
On the Continuation of Programs Authorized Under
the Economic Opportunity Act of 1964
by
Cynthia Wedel, President
National Council of Churches

One of the stated purposes of the National Council of Churches as set forth in its Constitution is "to study and speak and act on conditions and issues in the nation and the world which involve moral, ethical, and spiritual principles inherent in the Christian Gospel." It is this purpose that leads us to present the Council's views on the issue of the existence of poverty in this affluent nation and particularly on the extension of the Office of Economic Opportunity.

The National Council of Churches is composed of thirty-three Protestant and Orthodox communions whose aggregate membership totals approximately forty-two million persons. No one can speak for all of these people and we do not claim to do so. Our testimony is rooted in Policy Statements and Resolutions adopted by our representative governing bodies, the General Assembly and the General Board, whose members are chosen by the constituent communions in proportion to their membership by methods of their own choosing.

Since the day it was constituted, the National Council of Churches has been concerned with the problem of poverty in a nation of unparalleled affluence. The Council and its constituent communions have sought to

alleviate the worst rigors of poverty through the practice of charity, and have frequently become involved in the struggles for basic human rights. But even as it has attempted to discharge its own responsibility, the Council has recognized the need for the kind of massive effort to eliminate poverty which could be mounted only through the public sector.

Our goal has been and is the total abolition of poverty. Nothing less can satisfy the moral demands of the Christian faith. Though recognizing that no single agency can of itself constitute the total effort to eliminate poverty, the Council supported the enactment of the Economic Opportunity Act of 1964 and the creation of the Office of Economic Opportunity as the leading advocate of the poor within the government. We have continuously supported the OEO, and have fought against efforts to dilute its effectiveness. We do so again today.

A highly visible agency within the government serving as an advocate for the poor is a vital necessity. Nearly twenty-five million persons remain beneath the so-called poverty line, and given the arbitrary method of calculating that line, even more are actually in need. Their problems are massive: poor nutrition, inadequate housing, lack of medical care, inadequate job training and work opportunities, crime, lack of community facilities and services, indifferent public officials.

Certainly some programs should be spun off to other agencies when they mature. But the concept of a central advocacy agency must not be lost.

Therefore, we join with the other members of this panel in commending to you the six recommendations endorsed by a coalition of 89 organizations:

1. The Economic Opportunity Act should be extended for at least two years, and the OEO strengthened and expanded to fulfill its missi on;

2. No OEO program component, especially community action programs, should be either terminated or transferred to another agency without prior Congressional approval;

3. OEO should receive increased funding;

4. The legal services program should be strengthened and expanded;

5. The VISTA program should be preserved and maintained;

6. The local share for community action and other OEO programs should not be raised to 25 percent.

In addition, we note with concern that the Emergency Food and Medical Services program is to be terminated. We would urge that it be not only continued but expanded. Despite their expansion, neither the food stamp nor the school lunch programs have yet reached the universe of need. Hunger and malnutrition remain a reality for too many of our people. Indeed, given the Administration's standstill budget for the school lunch program in fiscal 1972 and the danger that many recipients will have their benefits cut if the Department of Agriculture's proposed new food stamp regulations are not changed, the need for a program with the flexibility of EFMS is likely to be increased rather than decreased in the coming year. Two years ago the President made a commitment "to end hunger in America itself for all times." We have made progress toward that goal, but we have yet to reach it. To terminate the EFMS program while that reality persists would raise a serious question about this nation's commitment to put an end to hunger.

In the preamble to the Economic Opportunity Act of 1964 Congress declared: "It is the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this nation by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity." That is a policy worthy of this nation, and one the Council wholeheartedly endorses. Though its budget has been limited, the OEO has become identified as the primary advocate for that policy within the government. We would hope that it will be permitted to continue that vital role.

March 4, 1971

Senator NELSON. Thank you, Mrs. Wedel.

Mrs. MILLER. Mr. Lunsford?

Mr. LUNSFORD. Mr. Chairman, I have a very brief prepared statement to give, to which I want to append a couple of comments.

Senator NELSON. Would you identify yourself for the reporter for the record.

STATEMENT OF WILLIAM G. LUNSFORD, PROGRAM SECRETARY FOR HUMAN RIGHTS, THE FRIENDS COMMITTEE ON NATIONAL LEGISLATION

Mr. LUNSFORD. Mr. Chairman, members of the committee, I am William G. Lunsford, program secretary for Human Rights for the Friends Committee on National Legislation. My statement is presented on behalf of the Friends Committee on National Legislation and does not necessarily represent the thinking of all members of the Society of Friends. The American Friends Service Committee is also submitting a statement based upon extensive field experience, and FCNL concurs in its findings and recommendations.

FCNL joins with the other organizations present here today in emphatically supporting legislation to extend the life of the Office of Economic Opportunity for a period of 2 years. We feel that in addition to the extension there should be provisions prohibiting the transfer of OEO programs to other Federal agencies such as HEW, HUD, and the Labor Department without prior congressional consent.

The call for an extension of OEO is not an indication of total satisfaction with the progress the agency has made in its struggle against poverty. Insufficient effort has been made to cede real authority to the poor, and funding levels have been inadequate.

Nevertheless, a beachhead has been established and the front can be widened only if the life of the agency is extended, and efforts made to make programs more effective.

It would be a case of criminal negligence against the poor of America if OEO is allowed to die through nonextension, insufficient funding or dismemberment by Executive reassignment of programs. Many of the poor blacks, Chicanos, Indians, and whites have felt a sense of control over certain aspects of their lives for the first time through OEO funded programs. That sense of control can and must be extended to more people through the continuation and strengthening of OEO programs.

The program transfers envisioned by the administration are exemplified in Executive Reorganization Plan No. 1, which would end VISTA's role as a volunteer agency exclusively serving the needs of the poor. Transfers such as this would relegate antipoverty efforts to agencies within which they will surely receive less attention. It is totally unrealistic to think that the special needs of the poor will be able to surface in agencies charged with the responsibility of seeing to the welfare of all citizens, the great majority of whom are not poor.

The administration's proposals relating to the poor have been long on promises and extremely short on effect; they seem to be motivated more by a desire to eliminate poverty as a political issue than to actually eliminate poverty. The administration's poverty proposals in-

cluding reorganization plans for OEO reflect the attitude that only programs conceived by it are desirable, regardless of whether earlier programs are functioning and meeting their stated objectives.

OEO has succeeded in being an advocate for the poor at the highest levels of Government. With a continued commitment from Congress, OEO should continue in its stated purpose until the day arrives when poverty in America is eliminated. Only then would the need for that agency end.

In conclusion, I emphatically urge that OEO be extended and that its programs be maintained under its administration.

That concludes the prepared statement that I have. I have two additional comments which I would like to make.

In looking at the justification for the fiscal year 1965 OEO funding, I came across the following statement in the introduction which I think is very indicative of the necessary elements that are required in order to determine whether or not we are really actively fighting the case of poverty here in this country and whether or not we stand the possibility of really winning it.

The statement goes as follows:

> The War on Poverty is the oldest war in history. It is a war which cannot be won quickly but it can be won decisively through a concerted federal, state and local effort to eliminate the conditions and causes of impoverishment. Two factors are absolutely prerequisite to success in this effort. Our economy must remain strong and continue to develop, thereby providing maximum employment at optimum pay, and secondly, the last barriers to this national employment, barriers which would seal off some of our citizens from the opportunities available to the majority, must be overthrown.

I think back in 1964 the recognition was certainly very prevalent that the functions of the Office of Economic Opportunity in actually combating poverty existed not only within that particular agency but with only part and parcel of a total effort on the part of Government in seeing to it that poverty was eliminated.

That concludes the remarks which I have at this time.

(The prepared statement of Mr. Lunsford follows:)

Testimony of William G. Lunsford
on behalf of

Friends Committee on National Legislation
245 Second Street, Northeast
Washington, D.C. 20002
in support of the extension of
the Office of Economic Opportunity
before the
Senate Subcommittee on Employment,Manpower and Poverty

May 5, 1971

Mr. Chairman, members of the Committee, I am William G. Lunsford, Program Secretary for Human Rights for the Friends Committee on National Legislation. My statement is presented on behalf of the Friends Committee on National Legislation and does not necessarily represent the thinking of all members of the Society of Friends. The American Friends Service Committee is also submitting a statement based upon extensive field experience, and FCNL concurs in its findings and recommendations.

FCNL joins with the other organizations present here today in emphatically supporting legislation to extend the life of the Office of Economic Opportunity for a period of two years. We feel that in addition to the extension there should be provisions prohibiting the transfer of OEO programs to other federal agencies such as HEW, HUD, and the Labor Department without prior Congressional consent.

The call for an extension of OEO is not an indication of total satisfaction with the progress the agency has made in its struggle against poverty. Insufficient effort has been made to cede real authority to the poor, and funding levels have been inadequate. Nevertheless a beach head has been established and the front can be widened only if the life of the agency is extended, and efforts made to make programs more effective.

It would be a case of criminal negligence against the poor of America if OEO is allowed to die through non extension, insufficient funding or dismemberment by Executive reassignment of programs. Many of the poor blacks, Chicanos, Indians, and whites have felt a sense of control over certain aspects of their lives for the first time through OEO funded programs. That sense of control can and must be extended to more people through the continuation and strengthening of OEO programs.

The program transfers envisioned by the Administration are exemplified in Executive Reorganization Plan Number One, which would end VISTA's role as a volunteer agency exclusively serving the needs of the poor. Transfers such as this would relegate antipoverty efforts to agencies within which they will surely receive less attention. It is totally unrealistic to think that the special needs of the poor will be able to surface in agencies charged with the responsibility of seeing to the welfare of all citizens, the great majority of whom are not poor.

The Administration's proposals relating to the poor have been long on promises and extremely short on effect; they seem to be motivated more by a desire to eliminate poverty as a political issue than to actually eliminate poverty. The Administration's poverty proposals including reorganization plans for OEO reflect the attitude that only programs conceived by it are desirable, regardless of whether earlier programs are functioning and meeting their stated objectives.

OEO has succeeded in being an advocate for the poor at the highest levels of government. With a continued commitment from Congress, OEO should continue in its stated purpose until the day arrives when poverty in America is eliminated. Only then would the need for that agency end.

In conclusion, I emphatically urge that OEO be extended and that its programs be maintained under its administration.

Thank you.

Friends Committee on National Legislation
245 Second Street, N.E.
Washington, D.C. 20002

5/71 T 6

Senator NELSON. Thank you, Mr. Lunsford.

Mrs. MILLER. Mr. James Sills, National Federation of Settlements and Neighborhood Centers.

STATEMENT OF JAMES H. SILLS, NATIONAL FEDERATION OF SETTLEMENTS AND NEIGHBORHOOD CENTERS

Mr. SILLS. Mr. Chairman, my name is James H. Sills, Jr., as was indicated. I represent today the National Federation of Settlements and Neighborhood Centers. The national federation is a private, nonprofit, social planning organization for some 400 dues-paying settlements and neighborhood centers throughout the country. Most of our agencies are located in urban low-income neighborhoods, and also give a wide variety of social leisure time and welfare type services to an estimated 800,000 people per year, most of whom are poor and residing in urban ghettos. An estimated 200 of our member settlement houses and neighborhood centers sponsor some form of antipoverty programs, most often as delegate agencies of local OEO community action programs.

From this work experience we believe we have a knowledgeable grasp of the personal and social problems confronting those who are poor and in poverty. We are here today to register our firm support and recommendations for the extension of the OEO Act for at least 2 more years.

In this connection we would express the following concern: First, we wish to state our opposition to any further dismantling of OEO program components or the transfer of such to other governmental agencies. Poverty is an established and documented fact in this country affecting the lives of some 25 millions of United States citizens. We therefore say this country clearly and obviously needs to maintain an independent Federal antipoverty agency designated with the responsibility to plan, to develop and to direct an all-out national effort against the eradication of poverty and economic need.

In spite of its limitations and only meager financial support from the Federal Government, the current OEO program has been effective in highlighting and ever keeping before the American public the needs and aspirations of the poor, as well as having helped to mobilize a new and appreciable number of American citizens fighting poverty in this country.

In short, a very significant momentum, although faltering at times, has been developed and should be continued through an expanded and better-supported OEO program.

We seriously question the counsel of those who would advocate slicing up and shunting off to other Federal agencies certain selected and proven OEO programs, all in the name of so-called administrative efficiency and governmental reorganization. We fear this just might be a devious method on the part of the present administration to minimize and even evade its responsibility for aggressive leadership and commitment of the Federal resources for dealing with the acute problems of poverty.

The realignment or proposed realignment of the OEO program under the proposed Revenue Sharing program may be a case in point. It probably is true that the Federal Government should, in selected

areas, share more of the control in program planning authority to local and State governments. The problem of poverty, we would submit, is not one of these areas. Poverty is a national problem that clearly transcends State lines and local governments. It is a problem which clearly necessitates overall Federal involvement, direction, and renewed commitment.

This kind of national effort, desperately needed and now being waged by OEO, should not, we believe, be sacrificed to the very dubious and possibly punitive control of local and State governments.

Finally, Mr. Chairman, we of the National Federation of Settlements and Neighborhood Centers would put heavy emphasis on the crucial need for more financial support of the 850 community action programs of OEO. The projected and reduced budget of $269 million for this category is grossly inadequate, proposed for the next fiscal year beginning July 1. This has been the one program, we feel, judging from our work experiences at the neighborhood level, that has provided the unique and valuable opportunity for poor people to actively participate in the decisionmaking process of this Nation. And most important, to have a sense of power about their lives and their destiny. Under this particular program, poor people have been given a chance to plan and develop programs for themselves, always, mind you, with inadequate Federal dollars, while it is being exposed to a very important learning and educational process of democracy in action. We think it unfortunate that this program has been so severely cut in budget amounts over the last few years and called for its revitalization through increased financial support in this next fiscal year. Thank you.

Senator NELSON. Thank you.

Mrs. MILLER. Mr. Chairman, may I call on Rabbi Hirsch.

STATEMENT OF RABBI RICHARD G. HIRSCH, SYNAGOGUE COUNCIL OF AMERICA, UNION OF AMERICAN HEBREW CONGREGATIONS, AND CENTRAL CONFERENCE OF AMERICAN RABBIS

Mr. HIRSCH. Mr. Chairman, I represent the Central Conference of American Rabbis, the Union of American Hebruw Congregations, and the Synagogue Council of America, which together represent the totality of the national Jewish religious organizations in this country.

There is a statement in our rabbinic commentaries on the Bible which I would like to quote to you:

> If your brother be waxen poor, you shall not suffer him to fall. He is like a load resting on a wall. One man can hold it and prevent it from falling. But if it has once fallen to the ground, five men cannot raise it up again; and even if you have strengthened him four or five times, you must, if he needs it, strengthen him yet again.

When OEO was initiated we hoped that this dictate of conscience was becoming national policy. OEO highlighted the issue of poverty, and we believed that there was now a national commitment that this country had adopted as a major objective the raising of all of our brothers from a condition of dependence and humiliation to a state of self-reliance, and self-support, and self-respect. Since that time all of us are aware that our perceptions of the problems of poverty and

of the instrumentalities necessary to deal with these problems have changed. Therefore, we welcome constructive proposals for change.

But we are sorry to say that many of the administration proposals do not reflect a concern for improvement of OEO but rather for a scuttling of the program. We consider that to be a danger for this country, not only a moral danger but also a political danger.

We believe it is essential that there be an agency which is sensitive to the problems of poverty. We know that OEO has faults, but with all of its faults it has highlighted the issue of poverty and, as you yourself said at the beginning of this session, Mr. Chairman, it has attracted to its program, both in terms of support and in terms of participation on a part-time or a full-time basis, many of the most idealistic and dedicated persons in our country. I cannot help but be struck by the thought that at this very moment, or in a couple of hours from now, there will be other young people who also are motivated by a very deep sense of idealism who will be parading around perhaps this very building demonstrating against their Government. I would have use, ask the question, "Which is the most constructive way to channel the energies and the moral idealism of young people? To have the kinds of Government-supported and Government-endorsed programs such as are, to the extent that they are present in the OEO program and in programs we would propose—to have people channel in a positive way their energies, their desires to improve our society, or to have them walking around the streets protesting, manifesting a sense of disillusionment, a loss of faith in the capacity of their Government to steer this country in a manner which will achieve a just and responsible society.

There is a statement in the Book of Proverbs:

> He that giveth unto the poor shall not lack, that hideth his eyes shall suffer many a curse.

What has happened in our society is that the social and racial tensions that we experience, the riots, the great tragedies both in loss of life and perhaps even more serious, the tragedy of loss of faith in the capacity of our Government to achieve a just society—these are a result of our failing as a nation to deal with the social problems.

I think the attempts to weaken or dilute the OEO program would only make "the curse" even worse. Therefore, we call upon our Government and on the responsible officials of the Government to help the Nation open its eyes and to create a just and responsible society.

Senator NELSON. Thank you.

Mrs. MILLER. Mr. Chairman, could I ask also that Mr. Pablo Eisenberg from the National Urban Coalition be permitted to speak at this point.

Senator NELSON. Certainly.

STATEMENT OF PABLO EISENBERG, NATIONAL URBAN COALITION

Mr. EISENBERG. Mr. Chairman, in the interst of time I would like to submit for the record the full statement of the National Urban Coalition and make a few brief points.

The National Urban Coalition is very pleased to note the large and growing base of support for OEO and community action pro-

grams. We are particularly pleased to note this because the support does not come only from the poor and the minorities and those liberals and professionals long involved in poverty problems. It is coming from groups and constituencies not traditionally associated with anti-poverty efforts: businessmen, universities, young professionals, women's civic and social organizations, and many white middle-class people in general. They are marshaling their support because they realize, as many of us do, that there are no alternatives to community action programs and OEO's Federal advocacy role. They know that the penalty for not permitting citizen action within the system will be the enactment of citizen action outside the system.

As most of the signatories of this statement on OEO, we are deeply concerned with the administration's plans to, one, convert OEO into a poverty research and evaluation program by stripping away its operational programs, and, two, to make community action programs totally dependent for their funds on local jurisdiction by 1973.

We feel this is a very dangerous blueprint, not only because it eliminates a rallying point and advocacy structure for the poor within the Federal Government, but because it foreshadows the death of meaningful community action. The local scene has not changed drastically during the past 8 years. OEO and its program originally resulted from the inability of local jurisdiction to deal with their own poverty problems. In the large majority of areas CAA's could not compete with other programs, particularly bricks and mortar, and still retain their integrity, advocacy, and citizen participation.

We feel also that the Administration's plans carry serious social and political implications. Antipoverty programs have served as a safety value of our national structure, permitting poor people to share in the decisionmaking processes at the local level. Their expectations and hopes have been fueled by this small measure of responsibility and dignity. If, after having successfully demonstrated the value of citizen action, they are now to be denied this opportunity, the chances are excellent that they will increasingly look outside the system for more drastic solutions.

We feel there is every indication that the dismantling of OEO is now in process. The administration has announced plans to terminate the emergency food and medical program, despite their urgent need. It will stop funding the rural loan program. It has proposed that VISTA be transferred to a new superagency. And it is negotiating new OEO Labor Department delegation agreements under which manpower programs, many operated by CAA's, would be transferred to State and local jurisdictions. OEO has publicly indicated thta the local share required for community action programs should be raised from 20 to 25 percent, thereby encouraging the demise of an additional number of CAA's and programs.

The introduction of a 2-year extension of the OEO Act is meaningless, we feel, unless guarantees are provided against the dismemberment of OEO by executive order. For this reason we urge this committee and the Congress to amend the legislation to prohibit the termination or transfer to any other Federal agency of any OEO program component without prior congressional approval. This, we feel, is the heart of the matter.

We also urge the Congress to amend the legislation by pegging the local share at 20 percent.

Finally, the proposed fiscal year 1972 budget, conisderably less than last year's, despite the costs of inflation and normal increases in operation, gives added cause for concern. Community action agencies and programs were started with the promise that, as they gained experience and momentum, they would be given additional resources. This just has not happened. Much more, not less, money is urgently required for the community action program.

The reluctance to allocate greater resources to antipoverty programs stands in stark contrast to the administration's and our country's willingness to support and subsidize other programs and interest groups. Millions are being spent on rich farmers to prevent them from growing food. The maritime industry has received substantail subsidies to enable it to expand and prosper. The President has authorized an additional $3 billion in depreciation tax writeoffs for American businesses. If we can assist those that have, surely we can do no less for those who don't have.

We therefore urge the Congress to provide substantial increases in funds required for effective community action programs under OEO.

Thank you.

(The prepared statement of Mr. Eisenberg follows:)

Statement of Pablo Eisenberg
for the
National Urban Coalition
Submitted to the
Senate Subcommittee on Employment, Manpower and Poverty
Wednesday, May 5, 1971

Mr. Chairman and Members of the Committee,

The National Urban Coalition has joined approximately ninety other national organizations in issuing a Statement on the Future of OEO, which members of the committee have received.

We are deeply concerned, as are so many others, that one of the most creative and effective socio-economic programs in our history is on the brink of extinction. It is bitter irony that this situation should exist at a time when OEO's anti-poverty efforts are most needed and after the program has already proved itself viable and valuable.

The activities of our coalition of organizations supporting OEO have revealed one encouraging development. There is a large and growing base of support for OEO and its community action programs. This support does not come only from the poor and minorities and those liberals and professionals long involved in poverty problems. It is coming from groups and constituencies not traditionally associated with anti-poverty efforts: businessmen, universities, young professionals, women's civic and social organizations, and many white middle class people in general. They are marshalling their support because they realize, as we do, that there are no alternatives to community action programs and OEO's federal advocacy role. They know that the penalty for not permitting citizen action

within the system will be the enactment of citizen action outside the system.

Administration Plans and Implications

There is no mistaking the intention and plans of the Administration. The Office of Opportunity will be dismantled by stripping away its operational programs. All that will remain will be a poverty research and evaluation arm. In the process OEO will lose its current force and great potential. As our Statement says, "The strength of OEO lies in its broad strategic approach, combining national with local initiative programs, research and demonstration with operational projects, public with private sector efforts and professional with non-professional personnel." The management of community action agencies will be transferred to HUD, and by January 1, 1973 CAA's will be totally dependent for funding on local political jurisdictions and the local market place.

This is a dangerous blueprint, not only because it eliminates a rallying point and advocacy structure for the poor within the federal government, but because it foreshadows the death of meaningful community action. OEO and its programs resulted from the inability of local jurisdictions to deal with their own poverty problems. The local scene has not changed drastically during the past eight years. To hand localities the responsibility for community action agencies would be both foolish and irresponsible. In the large majority of areas CAA's could not compete with other programs, particularly bricks and mortar, and still retain their integrity, advocacy and citizen participation.

It would be unfair, in addition, to throw the responsibility for anti-poverty programs back to mayors and county commissioners who would not have the resources--even under special revenue sharing--to make intelligent priority decisions. Local officials would be placed in a "no-win" position.

The plan also implies an abdication of our national responsibility for eliminating a national problem and disgrace. Poverty isn't disappearing. There are indications that it is far more pervasive and entrenched than we had thought. OEO's own figures show an increase of one million in the poverty population. Recent studies on nutrition reveal the shocking extent of malnutrition in this country. Nothing less than a national effort, federally funded, directed and supervised, can help us win the war against poverty.

The proposed emasculation of OEO and community action carries the gravest social and political implications. Anti-poverty programs have served as a safety valve of our national structure, permitting and encouraging poor and minority people to share in the decision-making processes at the local level. Their expectations and hopes have been fueled by this small measure of responsibility and dignity. If, after having successfully demonstrated the value of citizen action, they are now to be denied this opportunity, the chances are excellent that they will increasingly look outside the system for drastic solutions.

Prevention of OEO's Dismemberment

The Administration is giving every indication that the dismantling of OEO is already in process. It has announced plans to terminate the Emergency Food and Medical Program, despite the compelling, urgent need for such programs. It will stop funding the rural loan program. It has proposed that VISTA be transferred to a new super volunteer agency. It is negotiating new OEO-Labor Department delegation agreements under which manpower programs, many operated by CAA's, would be transferred to state and local jurisdictions. At a time when local communities are severely strapped for funds, it has publicly indicated that the local share required for community action programs will be raised from 20% to 25%, thereby encouraging the demise of an additional number of CAA's and programs.

The introduction of a two year extension of the EOA Act is meaningless unless guarantees are provided against the dismemberment of OEO by executive order. For this reason we urge this Committee and the Congress to amend the legislation to prohibit the termination or transfer to any other federal agency of any OEO program component without prior Congressional approval. This, we believe, is the heart of the matter.

The elimination of poverty and racism, the future of OEO and its multiple programs, the search for constructive institutional changes, are questions too broad and too significant to be left exclusively to the mercy of the executive branch--particularly by and Administration that appears to have already predetermined the

attenuation of anti-poverty programs without wide public discussion and debate. We believe the American public, and especially the poor and minority groups, deserve to be involved in such major decisions through their elected Congressional representatives. Anything less would be a throwback on responsible government.

Local Share for Community Action Programs

The local share for community action programs has traditionally been an item of legislative concern. It was Congress which authorized the increase of local share from 10% to 20% some time ago. The Administration has now decided unilaterally to raise that share without consultation with Congress, without concern for the future of community action, without any embarrassment that such action is inconsistent with its own call for revenue sharing because of the fiscal incapacity of local jurisdictions.

We therefore urge the Congress to amend the legislation by pegging the local share at 20%.

Budget Requirements

The proposed FY 1972 budget underscores the Administration's apparent lack of commitment to anti-poverty programs. This year's request includes a reduction of approximately $22 million for community action, over $10 million for special impact and economic development programs and about $40 million for research, demonstration and evaluation projects. The large reduction does not even factor in the costs of inflation and the natural increases in salary and operating expenditures.

Community action agencies and programs were started with the promise that, as they gained experience and momentum, they would be given additional resources. This has not happened. In the past few years, in fact, the budget for community action has been progressively reduced to the point that CAA's have little opportunity to introduce new, local initiative projects or innovative programming. Much more, not less, money is urgently required for the community action program.

The reluctance to allocate greater resources to anti-poverty programs stands in stark contrast to the Administration's willingness to support and subsidize other programs and interest groups. Millions are being spent on rich farmers to prevent them from growing food. The maritime industry has received substantial subsidies to enable it to expand and prosper. The President has authorized an additional $3 billion in depreciation tax write-offs for American businesses. The Administration is also sympathetically considering assistance to the Penn Central and Lockheed Corporations which are facing serious financial difficulties. If we can assist those that "have", surely we can do no less for those who "don't have."

We therefore urge the Congress to provide substantial increases in funds required for effective community action programs under OEO, thereby redeeming its pledge in the EOA Act to help "eliminate the paradox of poverty in the midst of plenty."

Improvements to Strengthen OEO Programs

The Director of OEO has publicly stated that he wants to strengthen community action; yet the Administration's request for a straight two-year extension ignores important improvements that could be legislated into existence. We are persuaded that the following amendments should be considered by the Congress to improve community action programs.

1. The $15,000 ceiling on staff salaries for community action agency personnel should be eliminated. It is not in keeping with existing salary scales or needs, and precludes top people from working in anti-poverty programs. Since other federal programs don't have such limitations, it discriminates against OEO and its related projects.

2. A proportion of local initiative funds should be channeled through CAA's to local councils of CAA's or to other neighborhood groups. This decentralization process would be one of the best ways to revitalize many CAA's. It should receive legislative encouragement. It is in line with the Administration's philosophy of encouraging self-help programs.

3. The Office of Economic Opportunity should be specifically urged to establish new community action agencies where they are needed and feasible. The last two years have witnessed the termination of CAA's but not their creation. A commitment to strengthen the community action program implies a willingness to expand where such expansion is in the interest of poor and minority people.

4. Manpower training programs currently operated by CAA's should be precluded from transfer to the sponsorship of state and local jurisdictions without prior legislative authority.

5. The original agreements between OEO and HEW which gave community action agencies the right to pass on the local use of ESEA funds should be reintroduced by legislative action. This procedure would improve the effectiveness of Title I allocations.

Summary

The existence of a strong, diversified advocacy agency for the poor within the federal government; the need for OEO to retain and strengthen its operational programs, especially community action; an expanded OEO budget that will permit the agency to realize its mission; and some significant improvements that would enable a strong OEO leadership once again to give direction and confidence to anti-poverty warriors in the field--these are the minimal requirements for a program that can continue its impressive record and achieve a new vitality.

We trust that the Congress will not neglect the interests of the poor, the minorities and the American people in general. If the OEO anti-poverty program is permitted to falter and die, it will be an affront both to our history and our commitment to the principles of justice and equal opportunity.

Senator NELSON. Thank you.

Mrs. MILLER. Mr. Chairman, Rev. Frederick James of the African Methodist Episcopal Church would like to speak on the subject of budgets.

STATEMENT OF REV. FREDERICK C. JAMES, NATIONAL SOCIAL ACTION CONSULTANT, THE AFRICAN METHODIST EPISCOPAL CHURCH

Reverend JAMES. Mr. Chairman, other distinguished members of this subcommittee, ladies and gentlemen; I cherish the honor, privilege, and responsibility that is mine in testifying here today.

I represent the million-plus-member African Methodist Episcopal Church, the largest connectionally organized body of predominately black Christian citizens in the United States of America, a majority of who are listed among the poor.

I represent also, as national consultant, the AME Commission on Social Action which directs that there be kept in every African Methodist Episcopal Church in the Nation an active and up-to-date registered voter file.

From my headquarters in Sumter, S.C., where I serve as pastor of Mount Pisgah AME Church, I also serve as chairman of the board of our OEO community action agency—the Wateree Community Action's Inc., which presently includes Sumter and Kershaw Counties in the State of South Carolina.

May I in the outset commend this subcommittee, in general, and the subcommittee staff personnel in particular, for the quality of your work regarding the determination of the future of the war on poverty.

The bright dream of winning this war in America must not be allowed to fade into the darkened nightmare of programing it into defeat and extinction.

In your fact sheet of April 21, 1971, you compile a list of administration-supported changes in OEO which are of grave concern to our constituency and which are of grave concern to the poor of America.

(The information referred to follows:)

Senate Subcommittee on Employment, Manpower & Poverty
Senator Gaylord Nelson, Chairman
William R. Bechtel, Staff Director
Room 359, Senate Office Building
Washington, D. C. 20510
AC 202 225-3968

April 21, 1971

THE FUTURE OF THE WAR ON POVERTY: The Administration's Proposals Which Affect the "Two Year Extension" of OEO

News reports to the effect that the Administration is sponsoring a "straight two year extension of the Economic Opportunity Act" have confused some people, because the Administration also is sponsoring a number of other proposals which would substantially alter OEO anti-poverty programs over the next two years. OEO has been asked by the subcommittee to supply a complete list of such Administration-supported changes in OEO. This unofficial list has been compiled by the subcommittee staff and submitted to OEO for comment:

1. OEO budget -- The Administration has requested appropriations of $808 million for fiscal year 1972 compared with $894 million for fiscal year 1971, a reduction of $86 million.

2. Community Action Local Initiative funds -- The Administration has proposed to reduce appropriation from $368 million to $346 million and to increase the matching share by sponsoring communities from 20 percent to 25 percent.

3. Emergency Food and Medical Services Program -- The Administration proposes that this program, presently receiving about $45 million per year, receive no further funding.

4. Special Impact and Economic Development Program -- The Administration proposes that funding for this program be cut back from $36.1 million to $25.8 million.

5. Legal Services -- The Administration intends to sponsor legislation to transfer Legal Services to an outside corporation controlled by Presidential appointees.

6. VISTA -- The Administration proposes to delegate VISTA to a new agency, apparently with substantial differences in its basic mission.

7. Rural Loan Program -- The Administration proposes no further funding for this program.

8. Manpower Training Programs -- OEO and the Labor Department are negotiating new delegation agreements under which manpower training programs, many of which are presently operated by Community Action Agencies and private organizations, would be transferred directly to the sponsorship of mayors and governors without any new legislative authority.

9. Manpower Revenue Sharing Act -- The Administration has proposed legislation which would terminate existing manpower programs effective December 31, 1971, at the option of governors and mayors of cities of 100,000 and larger, and transfer present manpower training funds in the Economic Opportunity Act and the Manpower Development and Training Act to mayors and governors to spend for manpower programs as they desire.

10. Transfer of CAA's -- The Administration's government reorganization plan contemplates transfer of CAA's from OEO to the Department of Housing and Urban Development effective June 30, 1972.

(OVER)

11. Transfer of CAA funds to "revenue sharing" -- The Administration proposes to transfer funds which now go to Community Action Agencies to mayors and governors as a part of "special revenue sharing" effective January 1, 1973.

12. Programs left to OEO -- It is understood that at the completion of these various steps OEO would be shorn of all operating programs and would be responsible only for "research and demonstration programs."

Reverend JAMES. We consider the work of the staff of this committee, in pointing out and pointing up these proposed changes, to be a signal service to our Nation at this moment.

The remainder of this testimony shall take the form of our reaction to the aforementioned checklist.

1. OEO BUDGET

Our constituency and the poor of this country could not endorse an $86 million reduction of the OEO appropriation for the fiscal year 1972. The OEO appropriations should be increased for 1972 as the Nation prepared to cut back on defense spending abroad.

2. COMMUNITY ACTION LOCAL INITIATIVE FUNDS

The administration proposal to reduce appropriation from $368 million to $346 million seems to us a reversal of the idea of helping the Nation's localities to help themselves—an idea which we strongly support.

3. EMERGENCY FOOD AND MEDICAL SERVICES PROGRAM

We propose the continued funding of this $45 million program.

4. SPECIAL IMPACT AND ECONOMIC DEVELOPMENT PROGRAM

The proposal of the administration to cut back the funding of this program from $36.1 million to $25.8 million seems to indicate the winding down of a highly significant aspect of the war on poverty, an aspect from which many people in this country were led to expect from this administration—escalation.

5. LEGAL SERVICES

The legal services program should be strengthend and expanded.

6. VISTA

We propose the preservation and maintenance of VISTA within OEO.

7. RURAL LOAN PROGRAM

Poor people in rural areas are often the poorest of the poor. We propose the continued funding of the rural loan program.

8. MANPOWER TRAINING PROGRAMS

We look with great concern upon the proposals which transfer sponsorship of manpower training programs from community action agencies and private organizations elsewhere. This departure from a basic OEO concept seems to warrant new legislative authority which we feel such new sponsorship should have.

9. MANPOWER REVENUE SHARING ACT

This act seems to suggest too drastic a shift in manpower development and training responsibility in the recommendation to terminate existing programs by December 31, 1971, at the option of Governors, and mayors of cities of 100,000 and larger.

We favor the continued uniformity in these programs of Federal responsibility.

10. TRANSFER OF COMMUNITY ACTION AGENCIES

The administration's reorganization plan which contemplates the transfer of CAA's from OEO to the Department of Housing and Urban Development, effective June 30, 1972, leaves a great deal to be desired unanswered.

What about the present kinds of community action programs which neither relate to housing nor to urban life and development? What about the future kinds of community action programs which would be limited by such a narrow sphere?

We favor the continuation of community action agencies within the program of OEO.

11. TRANSFER OF CAA FUNDS TO REVENUE SHARING

The proposal to divert funds elsewhere which presently go to CAA's and to list these transfers as a part of special revenue sharing, effective January 1, 1973, is a matter of grave concern to those who work directly in these areas. This concern is intensified by the number of program-hindering variables made possible by such a switch. We do not endorse this transfer of community action funds elsewhere.

12. PROGRAMS LEFT TO OEO

If, at the completion of these various steps, OEO is shorn of all operating programs and is only responsible for research and development, OEO as we understand it will have ceased to be and its proposed responsibility would seem to bear the mockery of a hollow shell of something significant, that was but is no more.

Mr. Chairman, other distinguished members of this committee, ladies and gentlemen, on behalf of the AME Church, the organizations of this coalition, the poor people of this Nation, and the people of this land, let us keep faith with the promise of America to provide for common defense against the ravages of poverty as well as the threat of conquest. We cannot—we must not fail.

Mrs. MILLER. Mr. Chairman, the League of Women Voters has a statement which I would like to submit for the record, but I would like to say a few words in addition, if I may.

The League of Women Voters last November started a relook at community action programs in particular and OEO and our stand behind it. We wanted to make sure that we were not supporting something which had no longer ceased to have a function.

We did a thorough review connecting ourselves with our member leagues all over the country who have, since the beginning of community action, beenc losely involved with this developing agency. We

came to the firm conclusion that what we had to do was to gather ourselves together to really seek to stay the rout of the beginnings of an effort which in our minds is bringing this country together rather than joining the falling apart of group from group.

One of our concerns echoes what Mr. James pointed out. The emphasis on research and evaluation which the proposed reorganization provides seems to us to be a dangerous retreat into the professionalism which many of the old agencies had as one of the barriers between people, and people interested in people. By and large, most of the organizations who are here today are advocates for the poor.

One of the things that we have found from the community action programs, that league members all over the country have found, is that community action programs, difficult as they have been, provide a place where we may come together in a working relationship with people who have serious needs. This has not been the case with the old agencies where professional buffers stood between us and them.

We think that one of the things that community action has done is to provide a two-way learning experience. We have many members who are here at our council this week who come from both sides of this experience, who are members who have come to known the league, because they were recipients of the programs, or that the league has come to know the needs of people because they have had a vehicle for making this communication.

It is that vehicle that we do not wish to see eradicated at this time.

The question of dollars is another one that we are very familiar with in our local communities. We share a great apprehension that this competition with not only very broad programs like highway demands on money but the kinds of local things that many of us are connected with like universities and schools and the more traditional ways of trying to equalize opportunities in this country, which now have their own public relations departments and lobbyists in legislatures and elsewhere—we are concerned that those will preempt the moneys that would be available for poor people whose lobbies always have a difficult time.

You know it is a real testimony that these people are here today because it is not easy to get groups of people, even groups representing poor people, together at a place where they can seek to bring pressure on the mayors and Governors of our cities and States.

We also are concerned about the splintering off of too many programs from community action. We recognize that there is a real efficiency element in spin-off, but on the other hand, without programs of any kind community action really fails to have a locus to which poor people are drawn. It is the foster grandparents' program; it is the meals on wheels; it is the local Headstart which is housed in the basement of the community action building. It is the programs for elderly entertainment which draw poor people to this center that allow people to understand the needs for money to answer them, and people to help them to find their way through the bureaucracy.

One of the things, I think, that the league, which is very long on the study of the structure of government, has begun to feel in some parts of this land is that the structure of government is part of the problem. It seems to be able to keep the in-people in and the out-people out. It is very difficult to find your way through the halls even of

a small State legistature like my own in Nevada unless you have been haunting it with the leisure time of people like the League of Women Voters. For poor people, this multiplies in difficulty.

We also want to speak to the support of legal services. Leagues have been very involved with many of the fights which legal services has carried on. League members have joined with many of the organizations here in forming coalitions which have supplied many of the facts and figures for some of the cour cases that have been carried in California, my own Nevada, in Michigan, Illinois, and New York, where legal services lawyers have supplied the talent and the time which is simply, even for members of the League of Women Voters, not possible to underwrite.

The league is starting a litigative arm but even that will not take the place of the kinds of needs which communities have for a lawyer who is there to be responsive to them and who is designated as their alvocate. We are very impressed with the quality of dedication of the young lawyers, and we are keenly interested to keep them tied to community action.

We have no stand on the question of the ultimate organization at this point, but the one key point we are clear about is that we feel they need to be tied to the community action group, because there is the locus where people come. The people who are community action people are the ones who can say to the lawyers: These are people in need. They are people you must listen to. They are the ones who have been able to develop the factual backgrounds which can give a lawyer his support. I have seen young lawyers in my State move from a total unawareness of what were the needs of poor people to a driving concern for advocating for the poor and a splendid willingness to stand by when the going gets tough. We have just had a very difficult welfare battle in my State and the joint participation of community action and the legal services has been one that we have all found doubly inspiring and has underlined our desire to see these continue with adequate amounts of money and adequate organizational arrangements.

The last program that I do want to speak to is VISTA. We have watched VISTA's in all of our communities. They are not always uniformly good, any more than the League of Women Voters are uniformly good, or the local CAP director is uniformly good. One of the things that I think we object to in the attacks that are coming all over the country in our local communities and in some of the States on community action is that community action is in a fishbowl. It was born to be a very visible organization. So when they overspend $200, the GAO comes in and it becomes a very difficult and major operation, the tracking down of the misexpended funds.

We notice what a difference there is in the casual way we look at the misspending of some of the more established organizations, not only the military but other organizations which have more able advocates.

But in relation to VISTA, we are eager to see this continued with adequate funding. Maybe we have a self-serving interest in this because most of us kind of look on VISTA's as our children. They are by and large children of the middle class, but they have served to bring the middle-class young people into some understanding of the

poverty which does exist in this country and from which we can be separated without ever learning it through a lifetime if we can go as the people in my native Los Angeles do from Newport Beach up to downtown Los Angeles on the freeway and never see the poverty through which you drive because you are driving in an air-conditioned car on a freeway.

The VISTA young people that we have known have sometimes been able to help those communities. Sometimes they have been outstanding in their willingness to hang in and really contribute. I think more than anything else our feeling would be that the learning process is in the other direction, that it is for the strengthening and welfare of our middle-class children that we would like to see VISTA preserved and preserved with great strength.

In sum, I think we would simply like to say that we do not want to see the doors subsequently closed on the meeting place that community action has given for middle-class America and the still overridingly needy poor.

Thank you.

Senator NELSON. Thank you very much.

(The prepared statement of Mrs. Miller follows:)

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

The League of Women Voters of the United States

May 5, 1971

STATEMENT TO THE SENATE SUBCOMMITTEE ON EMPLOYMENT,

MANPOWER AND POVERTY

by

MRS. RICHARD G. MILLER
DIRECTOR AND HUMAN RESOURCES CHAIRMAN
LEAGUE OF WOMEN VOTERS OF THE UNITED STATES

IN SUPPORT OF LEGISLATION TO CONTINUE AND STRENGTHEN

THE OFFICE OF ECONOMIC OPPORTUNITY

Mr. Chairman, the League is firmly convinced that it is in the national interest to maintain an agency within the federal government whose particular charge is to serve as an advocate for the poor. For this reason, I wish to express our support for legislation to extend the Office of Economic Opportunity for at least another two years. However, I want to express our opposition to administrative proposals to restructure OEO which would in effect strip it of all functions beyond those of research, demonstration and evaluation. Such changes would certainly preclude OEO's continuing roles as advocate for the poor.

Several Administration proposals already put forward in the FY 1972 Budget, special revenue sharing and government reorganization would seriously alter the nature of OEO. The Administration proposes (1) beginning in FY 1972, to increase the local financial responsibility for community action while decreasing federal responsibility, (2) to remove Community Action from the aegis of OEO by June 1972, and (3) to change the present categorical funding procedure by January 1973 to a "special re-

venue sharing" procedure. We view these actions as steps which will progressively diminish the concept of citizen participation and which will dismantle the most important national agency through which the poor have been able to express their concerns.

Therefore, we ask this committee not only to recommend the 2-year extension of OEO's authorization, but to add to that authorization provisions to prohibit the Executive, without prior Congressional approval,from making any changes in OEO to weaken its functions.

COMMUNITY ACTION

Moves to diminish the effectiveness of CAAs are evident in the Administration's FY 1972 Budget proposal to increase local financial responsibility for the support of CAAs from 20% to 25%. At a time when many state and local governments are experiencing serious financial difficulties, this proposition could mean ruin for many local CAAs. The Conference of Mayors and League of Cities, in its analysis of the President's FY 1972 Budget proposals, asserts that raising the local financial responsibility for CAAs would be an "instance of 'reverse' revenue sharing." The League of Women Voters opposes this "reverse revenue sharing" because we believe that it will increase the burden on many local communities that they simply cannot bear and may force them to abandon their poverty programs.

We want the record to show that we are deeply disturbed by several statements made recently by OEO Director Frank Carlucci concerning Community Action. In his testimony before the House in March and in a statement issued to CAA Directors in February, Mr. Carlucci spoke for the Administration's special revenue sharing proposal. This proposal would, in effect, place local CAAs in direct funding competition with other urban community development programs. Mr. Carlucci states that "...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."

We agree that many of the CAAs throughout the country have attained maturity, effectiveness, and community support. However, we disagree that CAAs will be successful competitors for a significant share of special revenue sharing resources. We know from the experiences of our many League members who work actively with Community Action programs that these programs suffer persistent pressures from certain state and local political forces. CAAs need the continued and active support of advocates both in the Executive and in Congress. We believe that if CAAs are forced to compete for funds among well-entrenched local and state programs, they simply will not survive.

BUDGET CUTS

We are further distressed by proposed cuts in funding for CAAs in the Administration's FY 1972 Budget. The effect of these cuts would be a de-emphasis of citizen and community participation when what is needed is to strengthen this participation.

LEGAL SERVICES

The League's position in support of a strong, nationally administrated Legal Services Program was made absolutely clear when we testified in the Senate last October and again in December in opposition to Governor Reagan's CRLA veto and in opposition to plans to regionalize legal services. We strongly reiterate our support of legal services for the poor as an important national commitment to equal justice under law.

Whatever the final structure of the Legal Services Program, Legal Services must be protected from being used as a political ploy at either the state or national level. The Federal Government should support a strong and expanded Legal Service Program

closely linked with Community Action that will provide a service desperately needed by poor people.

A final word about VISTA. VISTA has established its reputation as a constructive vehicle through which young Americans can work to help the poverty community. Attempts to abolish VISTA are regrettable. Equally regrettable would be decisions to sever VISTA's relationship to the poor. The country needs to continue to generate a cadre of young professionals who can transmit the experiences and knowledge of the poverty community in later fields of service. VISTA is an appropriate vehicle for this experience and we want it to continue to be structured in a way that assures for young people and for poverty communities an effective partnership in the fight against poverty.

Speaking as a representative of a national organization which has many members working at the core of poverty issues, I urge you to act to preserve OEO as an active advocate of the poor and as an innovator of programs that can make the most effective contribution toward eliminating poverty.

Senator NELSON. In the almost 7 years that this subcommittee has been conducting hearings on the poverty program, it seems to me that there have been a number of very successful developments out of it. They are the Job Corps, the Neighborhood Youth Corps, Headstart, and all the rest.

But it has been my feeling, at least, regarding the point you addressed yourself to respecting the participation of the poor in their own program, that the most significant thing that has happened is that finally we have at least a good beginning in developing a device or mechanism for getting participation by the poor themselves in solving their own problems through the community action agencies and various programs for the poor. I think probably that is the most important development that has occurred.

I have noticed, as I am sure have members of the committee, the development of the talent of the people who are heading these programs in the past 6 or 7 years. We all started out with some ideal concepts but no practical understanding of how you work on problems of the disadavntaged. Out of the disadvantaged themselves come some remarkably talented people who really understand the problem and can communicate, giving people involved the sense of participation and understanding, that here is an instrumentality through which they can work to solve their own problems and establish some kind of a working relationship with the agencies of the government that make decisions affecting them.

That is my greatest reservation about the proposals for the manpower revenue sharing, for example. There is no guarantee in that bill at all, with very fine local organizations that develop in communities and cities all across this country, that they will be preserved. Of all the accomplishments made, I think this is the most important one.

Without having developed a technique, a method of participation among the poor in solving their own problems, the problems will never be solved.

It seems to me that is the most important thing in the whole program, and that is the thing that is threatened the most if we were to adopt the manpower revenue sharing proposal. I am not addressing myself to the general concept of revenue sharing, which everybody can endorse, although we may all come out with different specific conclusions about what technique you use. But as to this aspect, that would be my greatest concern, that an exceptional cadre of pepole who have become educated in understanding the problems and methods of dealing with them would suddenly be wiped out all over the country excepting in those places where you had a mayor or a State administration which understood its importance and continued to utilize the mechanisms that we have developed. But there is no assurance they would be continued, and that seems to me to be the greatest danger.

I want to thank you all very much for your very fine contributions.

Senator Schweiker, did you have any comments?

Senator SCHWEIKER. Thank you very much, Mr. Chairman.

I would like to make a couple of comments. I feel that Mrs. Miller

and all of the representative groups have done an outstanding job of defining the issue and their concern, as well as pointing out the obvious choice that we now have before us as to which way the Government is to go with this poverty program. I think this strong turnout in itself demonstrates the great concern and the sincere interest in exactly what philosophy the Government will now follow in the poverty program. I think that you, Mrs. Miller, touched on something that has been in my mind since these hearings or studies have been going on about the future of the poverty program, and that is your remark that the povery program is bringing this country together.

As I look at the many different agencies and bureaus in our Government, of which we have literally hundreds, the poverty program is the one that serves almost uniquely as a gap between the black and the white, between the rich and the poor, between the ghettos and the suburbs, and this is quite a thing. There just aren't many agencies or bureaus that either attempt or can or will do this. I think this in itself is a very vital ingredient for our society today, to close the gap between people in our society. The poverty program has this unique aspect.

A second thing that I see in looking over the future of the poverty program is that everywhere else in government, almost without exception, we see another gap growing, a gap not between people this time but between the Government and the people. The charge is heard more and more that our Government today is far less responsive and far more remote and much farther away from the people. I think this is a valid charge, too. Once again, you look at the poverty program and you see here exactly the reverse happening. It is the one segment that actually is going the other way while big government seems to be heading for a wider gap between people and government. Here again, uniquely, the poverty program is closing that gap and bringing the Government and the people closer together. I personally want to assure the chairman that there is going to be a strong bipartisan approach in meeting this problem. There is a great crossroads now as to where the program is going, what our philosophy should be. As I look over the scene, on these two points, the bridge that is built between people and the bridge that it builds between the Government and the people, they are very important and effective ingredients that I find nowhere else in government. I think the effort, if such an effort is being made, to put it in other agencies, to diminish the priority, is a reversal of what the country needs today.

I want to assure the groups here today of my support and cooperation with Chairman Nelson whom I know feels much the same way. We are going to do our job as we see it.

Mrs. MILLER. Thank you for that.

Senator NELSON. Thank you very much. We appreciate your coming.

Are there any other organizations represented here today who have testimony to present? All of those who had statements representing organizations may present them to the committee and they will be printed in the record.

(The statements referred to follow:)

Statement
of
JULES PAGANO
Executive Director
Adult Education Association of the USA
on
Extension of the Economic Opportunity Act given before the
Senate Subcommittee on Employment, Poverty and Manpower
May 5, 1971

My name is Jules Pagano. I am Executive Director of the Adult Education Association of the USA. We have a membership of approximately 10,000 professional adult educators in such areas as university continuing education, public school adult education, adult basic education conducted with federal funding, educational television and radio, migrant adult education, and manpower training. We have a deep interest in OEO, not only because its future directly affects our members but also because of our commitment to an America of equal opportunity and universal literacy.

The Administration has, it seems to us, grudgingly agreed to a two-year extension of the Economic Opportunity Act. We are deeply concerned with the spirit in which OEO would be extended and with the changes that would be masked under the legislation sought by the Administration.

We are and have been deeply concerned with the Nixon Administration's effort to strip the Office of Economic Opportunity of all but a nominal function in operating programs. We are very concerned with the attempt to reduce OEO to the status of a think tank and researcher.

This is a day in which the cry is for communication and community participation. While the concept is not the answer to all our problems by any manner of means, it has become clear that many of our pressing social problems cannot be answered if community participation is swept beneath the rug in government programs. We are, therefore, opposed to the constant attempts by the Nixon Administration to subordinate OEO programs to "City Hall" and the machine politics it too frequently represents.

We are not naive and we make no claim that the Community Action agencies are always well run or that they have a clear focus. But we deny that the answers lie in shackling these programs to local political expediencies. We range ourselves on the side of those who see in the modern urban and rural ghettoes, black and white, the same capabilities that clearly existed in the ghettoes of three, four and five decades ago. We point out to those who denigrate local action that many of the slurs now cast upon today's ghetto residents are much the same as those used to characterize the ethnic populations of yesterday's slums. We have sufficient faith in this nation and in our people to believe that the outcomes will be different if today's ghetto child and his parent are given opportunity to move outward and upward. We point out that the process requires the right of self-participation in the process. We do not oppose participation and even leadership from "City Hall"; we protest the exclusion of the ghetto and the poor in general from the decision-making process.

The budget of OEO has been cut back drastically under present national leadership, as programs have been transferred out and as budget-balancing at the expense of social programs have become the rule. The present extension of OEO sought by the White House continues the program of attrition. Overall, the Administration seeks a budget cut of $86 million at the expense of OEO. We urge that, at a very minimum, Fiscal 1971 funding be restored.

We are very much concerned with the proposed reduction in funding of Community Action agencies from $386 to $346 million, and with the proposed increase in local matching from 20 to 25 percent. OEO's last major remaining significance as an operational agency lies in the Community Action agencies. Only as these agencies exist as a vital force will the poor have federally-funded spokesmen at the local level. Without such spokesmen, the federal commitment to reduce poverty and to create viable neighborhoods will become even more hollow than, unfortunately, is now the case for millions who dwell in ghetto communities.

There is no question in our minds that the poor require an advocate agency at all levels of government. This, in fact, was a major function of OEO in its beginning. The removal of Community Action agencies from OEO will spell federal abandonment of the poor not only of the poverty population but also of tens of thousands of committed youth who are already bitter in their condemnation of the System. We oppose, and we urgently ask your Committee to oppose, attempts to shift what

remains of the Community Action agencies into the HUD bureaucracy where they will, at best, become an adjunct of brick and mortar and where advocacy will almost surely become taboo.

AEA/USA is very much disturbed by the Administration's proposal to end the OEO Emergency Food and Medical Services program. This program has meant the alleviation of hunger pains and of acute suffering for thousands of poor people - children and adults. As adult educators, we can testify that ill-fed adults and those who suffer illness and pain cannot overcome educational deficits. Certainly, the hungry child and the sick child are not attentive pupils. Emergency care for the poor is needed when the emergency arises, not after an application has been "processed" by welfare agencies for weeks or even months.

The rich have their lawyers on retainer; the more affluent middle-class hire their lawyers as they need them. The poor have no recourse except to OEO Legal Services or such other legal aid as may be available or when in the toils of the law some struggling attorney is named by the Court. OEO Legal Services has been an outstanding and successful advocate for the legal and legitimate rights of the poor. AEA/USA suspects that OEO Legal Services is under attack because of this very success. Legal Services is an integral part of an advocate agency devoted to the needs of the poor, and we oppose any transfer to a private corporation under the domination of Presidential appointees, however funded. Legal Services is an obligation of the federal government which has a constitutional commitment to firstclass citizenship for all the people.

As in the case of the Peace Corps, VISTA has created no miracles. But it has been a tangible symbol of people-to-people communication and it has demonstrated that we care personally about each other. The mission of VISTA is unique because it seeks to harness the idealism of the young and the old to the solution of our domestic problems. It is a program centering around the poor which will be lost if merged into some huge and nebulous volunteer program. VISTA people are, in the best sense, adult educators and we as adult educators seek a continuation of VISTA's separate identity so that its mission will not be forgotten.

We are opposed to transfer of manpower programs operated by Community Action agencies to the sponsorship of mayors and governors. Our Community Action agencies already have been truncated and trimmed back until they are threatened with near extinction. We are opposed to the subjugation of manpower programs for the poor to the vagaries of local patronage politics. We favor action to correct whatever may be wrong; we are opposed to obliteration.

AEA/USA fears so-called "special revenue sharing" no matter how proposed. We fear its impact upon our hard-won Adult Education Act. We fear that it will result in tragic waste because of the resulting fiscal attenuation of categorical grant programs. We fail to see how a reshuffling of federal funds can, in itself, create new initiative. We fear, instead, that such a reshuffling will place programs which are now operational at the mercy of local predjudice and/or other

political imperatives. We believe this is a poor way to run the federal government in manpower - or in any other area. We fear, indeed, that special revenue sharing will "improve" important programs out of existence. We ask, in passing, that if special revenue sharing is so great in social programs, why does this not hold equally true in defense programs?

Abraham Lincoln's remark that "it is the purpose of government to do for the people what they cannot do for themselves" may have become a cliché, but it is still as true as the day it was uttered. It is the obligation surely of the federal government in our national commitment to a better quality of life for all the people - and especially for the poor and the defenseless. We will never fulfill our obligation if the federal government abdicates the field of battle. This, unfortunately, is what will happen if the Nixon Administration's plans for OEO are approved by the Congress. We urgently request your Subcommittee to hold the line until this nation is again ready to move forward.

As spokesman for AEA/USA, I thank your Subcommittee and its members for hearing us today.

# # # # # # #



THE AMERICAN INSTITUTE OF ARCHITECTS

THE FUTURE OF THE OFFICE OF ECONOMIC OPPORTUNITY

A STATEMENT BY

GRADY E. POULARD, ADMINISTRATOR
DEPARTMENT OF COMMUNITY SERVICES
THE AMERICAN INSTITUTE OF ARCHITECTS

TO

SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY

COMMITTEE ON LABOR AND PUBLIC WELFARE

UNITED STATES SENATE

WASHINGTON, D. C.

May 5, 1971

1785 MASSACHUSETTS AVENUE, N.W. • WASHINGTON, D.C. 20036 • (202) 265-3113

Mr. Chairman. I am Grady Poulard, Administrator of Community Services for The American Institute of Architects, a professional society with a membership of 24,000 registered architects.

The Institute is pleased to have this opportunity to comment on the future of the programs of the Office of Economic Opportunity in concert with the Ad Hoc Coalition on OEO.

Since its inception in 1964, the Office of Economic Opportunity has not only assisted tens of thousands of low-income individuals and families along the long road out of poverty but has also stimulated increased recognition that citizens of all social and economic levels should have a full opportunity to contribute to and participate in the decision-making processes that affect all phases of their lives.

A primary interest of the architectural profession in this regard is efforts to facilitate direct involvement of local citizens in planning and developing the man-made environment in which they live and work. We have had the opportunity to work first-hand in helping encourage and advance citizen participation in local planning and development through our support of Community Development Centers (CDCs) (NOTE - OEO uses the term Community Design Center with the same CDC initials).

Operating in a manner similar to Neighborhood Legal Services, 70 Community Development Centers are presently providing indigent communities with professional and technical assistance in architecture, planning, engineering and related services for the widest possible range of projects from screening in a back porch to planning a renewal area. With these resources available through CDCs, community residents can better understand and guide the physical development of their own neighborhoods through the participatory planning process.

This direct experience with the CDC program has served to increase our confidence in the concept of community participation, which the Institute believes must be a continuing and expanding commitment of the Office of Economic Opportunity.

Our involvement with this program has also enabled us to work closely with OEO in two areas on which we wish to comment further -- the Volunteers In Service To America (VISTA) program and the funding of CDCs by OEO.

AIA/VISTA JOINT PROGRAM

Since October, 1969, The AIA has worked closely with VISTA to recruit architects and planners to serve as VISTA Volunteers in Development Centers. Twenty-five of the seventy CDCs have received the services of 100 VISTA architects and planners with plans for the current year increasing these numbers significantly. These Volunteers have provided invaluable service to the CDCs, most of which have minimal operating budgets and staffs relying largely on part-time professional volunteers and students.

To cite one example, the Philadelphia Architects Workshop (a CDC) has been operating for four years, providing technical assistance to groups throughout the city. Before ten VISTA architects joined its staff in the summer of 1970, the Workshop had only one central office and a staff of three who received limited funding from local foundations and the Philadelphia AIA Chapter. This small staff coordinated the volunteer work of more than 200 architects, planners, landscape architects, sociologists, and other professionals in at least a hundred community projects. Since the VISTAs arrived, the Workshop has been able to expand its operations to seven additional mini-workshops located in specific communities that have major projects developing. Each of these mini-workshops is staffed by one or two VISTAs. By being located directly in those communities, the VISTAs provide a much closer working relationship with the communities who therefore can have a more effective input and can give better direction to their projects. Some of the projects in which these VISTA architects are involved include:

* providing the technical assistance needed by two coalitions of community groups to effectively oppose pressing highway plans (Germantown Bypass and Crosstown Expressway) and to offer possitive alternatives to the highway plans.

* assisting the Germantown community group in developing a housing proposal alternative to a planned commercial development which was threatening and unacceptable to the community.

* assisting the South Central community in getting the local development authorithy to initially designate an area for development, and then proposing viable housing schemes which reflected the community's needs and desires.

* developing preliminary data with the Spring Garden Community for rehabilitation housing packages for submission to the Federal Housing Administration.

* developing plans and supervising construction of several community centers and vest pocket parks in various communities.

The VISTA Volunteers at the Architects Workshop in Philadelphia as well as VISTA architects and planners at other CDCs, serve as full-time technical consultants to the communities, with additional technical support coming from local volunteer professionals. This program demonstrates the success of joining the resources and capabilities of the private and public sectors -- AIA and VISTA -- in assisting comprehensive community development.

We would like to comment directly on the proposed merger of VISTA with other volunteer programs in the new agency, ACTION. We believe that if such a merger is accomplished, it is essential that the VISTA program maintains the goals and capabilities that exist within its present structure at OEO. More specifically, we are

concerned about the apparent emphasis of the new agency upon "volunteerism" as an end in itself, not as a means to an end. We feel that volunteerism, if working toward the goals of institutional and systemic change for the improvement of the community, can be a powerful force. These are the goals toward which CDCs, largely supported by volunteers themselves, have been working.

We also hope that, in the case of a merger, the proposed new VISTA organization will continue the present emphasis placed on specialist volunteers, who have been the basic ingredient in the AIA/VISTA program. In addition, an increasing emphasis should be placed on recruiting community voluntters, realizing that the community itself must give direction and assistance to these programs. We believe that this combination of skilled volunteers and well-organized communities represents an effective basis for progressive social change.

Finally, we believe it is important that the existing flexibility in the operation of the VISTA program be continued, so that community organizations themselves can be VISTA sponsors as well as public agencies, private organizations and universities. This, again, supports the concept that communities should have the opportunity to direct their own programs.

These are goals which we believe VISTA, as it is presently organized, is working toward. We trust that this Subcommittee, as the unit which will retain legislative jurisdiction over the VISTA program, will insure that VISTA, in whichever agency it may operate next year, would continue to develop its effectiveness in these directions.

OEO FUNDING OF CDCs

The Office of Program Development of OEO has given general operational funding support to several Community Development Centers on a research and demonstration basis over the past few years. Currently three CDCs are funded by OEO: Architects Renewal Committee in Harlem (ARCH), funded since March 1967; San Francisco Community Design Center, funded since June 1968; and Urban Planning Aid (UPA) in Boston, funded since January 1969. An OEO evaluation report on these three CDCs, "What We Have Learned", states that:

> They have done an effective job of helping community groups bring about changes in public plans and policies. They have aided the poor in producing those changes by constructive rather than destructive methods, by negotiating rather than rioting. They are beginning to show that they can help community groups develop to the point where they become their own advocates and planners.

However, since OEO no longer considers these successful programs to be research and demonstration projects, they will not be refunded by the Office of Program Development in the coming year. Implicit in this decision is an endorsement on the part of OEO that these CDCs have proved themselves and proven the CDC concept.

We join OEO in this endorsement. CDCs have clearly demonstrated themselves to be a highly effective way to involve community residents in the decision-making process affecting their community's physical/environmental development. However, in spite of their proven effectiveness, funding prospects for the CDCs now do not appear optimistic. Funds from some programs of the Department of Housing and Urban Development have been used -- Comprehensive Planning, and Open Spaces programs for project funding and the Model Cities program for operational funding. The few CDCs which have used these programs unfortunately have found various limitations in each of them. Other scattered sources of funding have included, to a small extent, foundations, universities, private businesses, and professional societies including the support of some local AIA chapters. Yet, these private contributions have totaled less than $600,000 per year and are spread over 60 CDCs. With all these fragmented sources, no one source of continuing sufficient funding now exists for CDCs.

We believe, that OEO, as the poverty agency, should take the responsibility of funding these community planning groups. Not only should continued funding be given to the three proven models, but additional funds should be allocated to other CDCs which have proven their effectiveness in working with low-income communities.

OEO was conceived as the poverty agency taking on the goal that other federal agencies had not been able to meet themselves: the goal of alleviating the paradox of poverty in the midst of plenty. As a means of achieving this goal, OEO funded the concept of citizen participation and "maximum feasible participation" by means of such programs as Community Action Agencies, VISTA, and Legal Services.

The AIA believes that the only "feasible" participation of the poor is actual participation; we believe that the only "feasible" way to ensure responsible community development is to ensure genuine community involvement in the development process. Yet genuine involvement necessitates organizations that are responsive to and comprised of the community residents they serve. Any other involvement is superficial, and in the long run proves to be insensitive, unresponsive, and unproductive.

We further believe that communities need to have access to architectural and related design assistance just as they now have access to legal services and health care. This technical assistance serves to help them understand the terms and processes of community development as well as to translate their needs and desires into working plans for that development. Through their seven years of existence, CDCs have demonstrated that they can provide communities this technical assistance. They offer communities the opportunity to make constructive input into the physical/environmental development of their neighborhoods. This input results in plans which can be implemented and are responsive to the needs of the community.

We have emphasized the funding of technical assistance vehicles because of our experience with CDCs. This is not to overlook our support for continued and expanded funding by OEO of community-based organizations themselves, which form the basis and the structure for actual community participation.

In summary, the AIA supports the need for a strong and expanded OEO program. In particular, we ask this Subcommittee to insure that the present goals and capabilities of the VISTA program be continued and to enlarge the opportunity for architectural and related design services for community-based organizations. We are confident that both of these thrusts can make marked contributions toward the alleviation of poverty in our country.

NATIONAL
TENANTS
ORGANIZATION
INCORPORATED

425 Thirteenth Street, N.W., Suite 548, Washington, D. C. 20004 • (202) 347-3358

May 5, 1971

Senator Gaylord Nelson, Chairman
Senate Subcommittee on Employment, Manpower
and Poverty
Washington, D. C. 20510

Dear Senator Nelson:

Your subcommittee was kind enough to request our organization to testify on May 5th regarding the extension of the Economic Opportunity Act. Our written statement on this important matter is attached. However, we respectfully decline to appear at the U. S. Capital on May 5 in order to show our support for the "Government Worker's Moratorium Against the War." In addition to the immorality of the war, we believe that until this war is entirely and completely ended the needs of the poor will be inadequately treated. We urge each subcommittee member to move to end the war NOW.

Sincerely yours,

Anthony R. Henry

Anthony R. Henry
Director

NATIONAL
TENANTS
ORGANIZATION
INCORPORATED

425 Thirteenth Street, N.W., Suite 548, Washington, D. C. 20004 • (202) 347-3358

May 5, 1971

STATEMENT OF THE NATIONAL TENANTS ORGANIZATION

Mr. Chairman, the National Tenants Organization is pleased to have been asked to give its views on legislation to extend the Economic Opportunity Act for two more years. We certainly support such an extension. At the same time, we are strongly opposed to many administrative changes that have and are planned to occur in the operations of OEO. We would like to take this opportunity to speak out as one of the largest representatives of the poor on what the poor want OEO to do in the future.

The National Tenants Organization is an affiliation of almost 300 local organizations representing several hundred thousand low-income tenants throughout the United States. We are the clients the OEO programs serve. Our organization, which is not yet two years old, has been in the forefront of the significant reforms in landlord-tenant relations that have occurred with dramatic rapidity in recent times. The progress that we have been able to make in alleviating the exploitation of poor tenants has been, to a large extent, due to the assistance received from OEO legal services lawyers and from OEO sponsored VISTA's. Consequently, the recent, gradual emasculation of these two OEO programs, legal services and VISTA, is of grave concern to us.

As to the OEO legal services program, there is no need to detail the continuing conflicts in this program since they have been well publicized and are known to this Committee. These conflicts have been caused by strong vested interests, both governmental and private, that have been beaten by lawyers for the poor and seek to retaliate by taking our lawyers away from us or by severely restricting their ability to represent us.

We still believe in the system, but if that system deprives us of a means of correcting the numerous injustices in this country's housing institutions in the courtroom,our faith will be shattered. Consequently, we urge this Committee and Congress to move promptly to place the legal services program out of the hands of the politicians.

We support the recently introduced bipartisan bill to form a private corporation as the most effective means to accomplish this objective. And we oppose the soon-to-be introduced Administration bill which would place control of this program entirely in the hands of the President, without requiring the input of the poor, and would greatly restrict the type of legal representation we would be allowed to receive.

Turning now to the VISTA program, we believe that the proposed merger of VISTA and other volunteer programs such as Peace Corps, Foster Grandparents, etc. into one national volunteer agency is a step to cripple OEO and the "war on poverty." This proposed merger will, in effect, direct VISTA's away from their most meaningful efforts of organizing around housing, welfare rights, and community control.

The proposed "Action Corps" ignores the hard-learned and important lesson of the necessity for community action and control. Instead, it will feed more money into top level salaries and research projects while duplicating existing services and perpetuating the poor's dependence on "outside" agencies.

At the very least, we believe that the country and especially the country's poor, oppressed, and exploited need more time to examine, discuss and criticize any plan that proposes to alter and cripple OEO and VISTA.

We therefore urge Congress to oppose the merger of VISTA with other volunteer programs before June 3rd, at which time the Administration's proposal automatically becomes law.

We thank you for this opportunity to comment on the direction of OEO, a program that is so vital to the poor.

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE
WASHINGTON BUREAU
CONGRESSIONAL BUILDING
422 FIRST STREET, S.E.
WASHINGTON, D.C. 20003
202-544-5694

RECEIVED
APR 4
OFFICE OF
SENATOR GAYLORD NELSON

April 30, 1971

Honorable Gaylord Nelson
Chairman, Subcommittee on Employment,
Manpower and Poverty
United States Senate
Washington, D. C.

Dear Gaylord:

Our New York office has forwarded to me a form letter inviting us to join with other persons in submitting testimony as part of a Steering Committee of national organizations. We are a part of this group, but as you know, I have already presented our testimony on behalf of the NAACP and the Leadership Conference on Civil Rights.

Of course, we support the position that will be presented by those representing the Steering Committee. I would appreciate it if you would mention when the Steering Committee appears that the testimony presented by us is also a part of the expressions of concern by the organizations that will be represented on May 5.

Sincerely yours,

Clarence Mitchell
Director
Washington Bureau

CMM:ewh

STATEMENT ON THE ECONOMIC OPPORTUNITY ACT
by Rowland Watts, President
Workers Defense League

The Workers Defense League strongly supports an extension of the Economic Opportunity Act, which we understand is now subject to expire June 30, 1971

OFFICE of ECONOMIC OPPORTUNITY LEGAL SERVICES

The Office of Economic Opportunity's Legal Services is probably the single most important agency that renders yeoman service on behalf of poor people. To transfer it to another agency would be a disservice to the community. Legal Services performs a unique function which could not be otherwise duplicated. It certainly must be continued.

TITLE III

Title III provides for services for the rural poor and rural people of relatively low incomes. Title IIIA which provides for cooperatives certinaly needs not only to be continued, but must be greatly expanded if this program is going to perform its necessary function.

COMMUNITY ACTION AGENCIES

The proposal to transfer CAA to HUD and that CAA Funds be transferred to revenue sharing programs is not acceptable. State and local officials are not qualified to carry on the program of CAA. Only through centralized control of CAA by the Office of Economic Opportunity can it be an effective agency under the goverment. There is a great opportunity for it to expand its effectiveness.

THE JOB CORPS AND J.O.B.S.

The proposal to make Job Corps centers a substitute for the camps must inevitably be ineffective. The camps should be expanded to a minimum of 50,000 youths. This will enable them to secure the training for the community that they sorely need. JOBS also needs significant expansion as it will provide an opportunity for men to not only secure training, but actual employment.

THE NEIGHBORHOOD YOUTH CORPS

The Neighborhood Youth Corps not only provides limited part time employment, but also offers significant training for many others. This on-the-job training experience that it provides should be greatly expanded not only on the normal year round program, but its opportunities for summer employment needs to be increased.

VISTA

Vista provides training and experience in the United States for people--mostly young--who contribute to the welfare and well being of the community. There is no doubt that it should be expanded.

.....

In conclusion, the Office of Economic Opportunity should not only be continued, but should be expanded to a minimum budget of at least $1 billion. We strongly urge that the Economic Opportunity Act be not only extended for a two year period, but that this extension be supported by immediate and full appropiations therefore.

AMERICAN FRIENDS SERVICE COMMITTEE

160 North 15th Street
Philadelphia, Pennsylvania 19102

FRIENDS COMMITTEE ON NATIONAL LEGISLATION

245 Second Street, N.E.
Washington, D.C. 20002

TESTIMONY

prepared for

THE SUBCOMMITTEE ON EMPLOYMENT, MANPOWER AND POVERTY

of the

UNITED STATES SENATE

regarding

THE OFFICE OF ECONOMIC OPPORTUNITY

May, 1971

This testimony is presented on behalf of the American Friends Service Committee and the Friends Committee on National Legislation. The two organizations speak for themselves and for like-minded Friends. No organization speaks officially for the Religious Society of Friends.

Our comments on the past and future course of America's war on poverty grow out of many years of experience in this struggle. Our goal is to enable poor people to gain control over their own lives. Our experience includes field programs in communities of the poor, urban and rural, black, white, Indian and Chicano. We have operated volunteer projects which have served as the prototype of the Peace Corps and VISTA. We have supported governmental programs which share the goal of eliminating poverty.

Seven years ago, a wise and knowledgeable AFSC committee member testified on behalf of the AFSC and FCNL in support of the Economic Opportunity Act of 1964. Drawing upon AFSC's experience, she identified certain factors which might make the difference between success and failure in the proposed new attempt to break the circle of poverty in which so many Americans were trapped. Subsequent experience validates these recommendations.

First, the 1964 testimony said, the program must gain the participation of the poor. "The war on poverty must operate on the democratic assumption that all people, given the necessary facilitating resources of skilled personnel and funds, <u>can</u> plan effectively for their futures."

Second, the program would require a major investment in finding and training skilled personnel. "The ability to listen, to be patient, and to persist are

some of the qualities of effective community workers. They also need to be able to introduce practical alternatives, to share ideas that have worked elsewhere, and to use their imaginations to bring needed resources into a situation at the right time."

The program must also provide room for experimentation, for new and imaginative approaches, we said. We stressed the need for funds directly available to groups "free to work on the cutting edge." The usual timetable for producing statistically measurable results must be adjusted, to focus on the primary aim of developing the capacity of the poor to solve their problems.

In preparing the present statement, we asked AFSC field staff and committee members with close knowledge of OEO programs to examine those programs which have been effective and to define their accomplishments. A substantial proportion of the effective OEO programs known to our staff are in rural areas. The programs vary greatly in scope and method, but some common threads seem to run through the definition of their accomplishments.

1) Poor people have gained a measure of control over their own lives. Participation is the multiplier, converting specific short-term increments into broad long-term gains.

A former AFSC staff member described an OEO Community Action Program in an Indian Tribe of which he is a member. At first, OEO tried to help the Tribe through an agency serving a broader geographic area and population. In order to include the Indians, they tried to fit them into a pre-existing model of anti-poverty programs. Nothing happened. Then OEO agreed to support a proposal developed by the Tribe itself for its own CAP agency. Accomplishments have been remarkable, changing and vitalizing tribal life in many ways, through projects

run by the CAP itself and through the CAP's ability to bring the resources of other federal programs to bear on local needs. Today our informant cannot separate what the CAP has done from what the Tribe has done, because "the Tribe is the CAP and the CAP is our Tribe."

2) The workings of some social institutions have been changed so that they work for poor people and not always against them. Poor people have recognized these changes. Notable examples of this kind of achievement have been made by OEO Legal Services, which have brought to poor communities a resource which is astonishingly new and astonishingly valuable.

A California AFSC staff member credits Legal Services with "proving to poor people here that the courts and legal procedures will work for them if they are adequately represented." This kind of achievement can have profound implications for the future course of social change movements.

3) Some very practical changes have occurred, in such areas as housing, nutrition, employment and health care. With OEO help, poor black farmers have created a cooperative for marketing farm products, serving ten counties in Alabama. VISTA volunteers in Georgia have organized an interracial community center and have helped a group of white women start a sewing cooperative. Elsewhere, health centers, youth employment opportunities, and day care projects have been initiated.

OEO programs have facilitated the provision of services by other government agencies. In Florida, families of farm workers are living in houses that came into existence because a local OEO-funded program and a national agency, largely OEO-funded, were able to work through the complex regulations and procedures of the Farmers Home Administration. Another community has started a food stamp program because OEO program staff saw the need and helped people to act. An Appalachian

CAP has utilized Department of Labor training and manpower programs in a home improvement project. Some efforts to stimulate more adequate services by government agencies have been less successful. OEO sent a team to the Gulf Coast almost immediately after Hurricane Camille. Their report called for equitable treatment of the poor and broadened outreach by old-line relief agencies. Their report was almost totally ignored.

4) Reservoirs of talent and ability have been tapped. Over and over our field staff have commented enthusiastically that OEO programs have revealed and exploited the potential abilities and strengths of people living in poverty. In the process a number of cliches about the passivity and helplessness of the poor have been disproved.

People who do not come from poor backgrounds have also gained greatly from the opportunities offered by OEO programs, serving as volunteers or as paid staff, and gaining vital relationships with the people they serve.

These contributions to individuals, poor and non-poor, have created a sense of national obligation to continue the fight against poverty. Having invited and gained a remarkable depth of commitment and hope, we cannot permit abandonment of the fight.

Reviewing the reports from the field, we can identify certain characteristics that separate effective from ineffective OEO programs. They are reminiscent of the recommendations we offered seven years ago.

First and foremost, involvement and leadership from the poor community are essential. Where this element is attained, programs have had a chance to be effective. Without it, some programs have failed utterly, falling prey to indifference

or political attack, and others have become mere mechanisms for processing people into pre-conceived and irrelevant projects. To achieve meaningful participation of the poor, the source of funding must be independent of the local power structure.

Democratic decision-making is always complicated and often full of tensions and disagreements. Community endeavors run by the poor are no exception to this pattern. Tensions and disagreements are a sign of health when they grow out of the efforts of people to grapple with their own problems. The important thing is that people are enabled to make their own decisions, learning how to plan and how to maneuver.

The second essential is flexibility, freedom to experiment and take risks. Willingness to work on a small scale may be as creative in one situation as is willingness to commit large resources in another. In successful programs, technical knowledge has been an important ingredient, but only where it is offered in a framework of willingness to innovate.

The third essential is a capacity to reach out to the poor community, to find those who need assistance, to help them recognize what their needs are and work out courses of action to meet these needs. It is necessary to take the initiative instead of passively offering service and advice, because of the distrust which poor people have learned to feel toward new projects planted in their midst. Successful programs must steer a course between the impulse to take over and do things for people and the tendency to sit back and wait for the community to act. Responsiveness is not enough. There must be affirmative outreach.

What of the OEO programs which have been ineffective? Crucial attributes, according to field staff, include: lack of creativity; reliance on prepackaged

projects; lack of thoughtful planning; overemphasis, sometimes forced by regulations from above, on forms and reports; and control by the non-poor, such as politicians and social workers.

The proposals presently before Congress call for extension of OEO's funding at a reduced level for a two-year period. The local matching share would be raised from 20 percent to 25 percent. During the next two years, the Administration plans to eliminate certain OEO operations and to transfer others to other agencies or to the control of state and local officials. OEO would be left as a research and evaluation agency. We understand that Community Action Programs, whether urban or rural, would be transferred to the Department of Housing and Urban Development; if revenue sharing is adopted, the funds now used for CAP's would be put into the block grants for urban community development, with local and state officials having full control of the nature and even the continuance of CAP programs. VISTA is slated to be shifted to a new agency called ACTION, which would combine VISTA with the Peace Corps and other agencies which use volunteers. The Administration plan for OEO legal services calls for a separate public corporation with a Board of Directors appointed by the President and with restrictions as to the type of service offered to clients.

If these proposals are put into operation, the fate of those OEO community programs which our staff consider truly effective is only too clear. These programs would be destroyed. The very qualities which make programs effective - participation of the poor, flexibility, boldness and initiative - will make them vulnerable in those communities and states where they are most needed. Many CAP's would die immediately because their funds would be withdrawn. Others would die by attrition, becoming simply social work agencies or sources of employment. "The State has known about our problems all these years, and did

nothing, so we would lose the whole program if our corridors to Washington are shut off," a former staff member, an Indian, points out.

In contemplating the future of the Office of Economic Opportunity, we urge the preservation of the Office itself and of the attributes that have enabled it to fill its unique mission, that of advocate for the poor. It is essential that the OEO remain separate and intact, and that it maintain its roots in operating programs in poor communities and its job of providing resources and knowledge to these communities. Local programs should become more, not less, independent of local political and economic pressures, more, not less, free to innovate, and more, not less, able to undertake programs commensurate with the size and importance of the problem of poverty.

VISTA volunteers, for example, need strong community organizations to define their assignments. Cut off from a functional mission in communities, the VISTA program is left with the vacant purpose of serving the volunteers themselves. CAP's and other local economic and community development programs need a single federal agency which provides technical assistance, up-to-date information and channels to other federal agencies and to Congress. The national programs which focus on the needs of the poor should not be relegated to other agencies where they would have to compete for funds and attention with larger, long-established programs.

We are particularly concerned about the fate of Indian and migrant programs. These groups are the most powerless of the poor. Only specific categorical programs to serve Indians and migrants can sustain the efforts now under way to help them gain better health, housing, nutrition and education. It is true of all segments of the war on poverty, and doubly true of Indian and migrant programs, that greatly expanded efforts are needed.

As for OEO Legal Services, it has been under continued attack in many parts of the country. The idea of creating a truly non-political, independent national legal services corporation has merit, provided that representatives of the poor are assured a role in the decision-making process, that legal services attorneys are enabled to provide to the poor the same range of services that the legal profession provides to private clients, and that provision is made for close relationships on the local level with the poor community.

We join with the many organizations which have presented their views to Congress in urging that the Office of Economic Opportunity be extended, that its funding be substantially increased to permit more adequate levels of programming on the national and local level, and that, except for the creation of a Legal Services Corporation independent of national or local political control, the present functions of OEO be maintained under its administration.

OEO has been an advocate for the poor at the highest levels of government. With a continued commitment from Congress, OEO should continue in its stated purpose until the day arrives when poverty in America is eliminated. In 1964 we said, "People emboldened by being allowed to try things out for themselves and therefore better able to cope with their problems in the future must be the primary measure of success." By this measure, OEO has made a good start. We ask our Congress and ourselves not to abandon those who have been emboldened and not to lose our own courage.

Senator NELSON. This hearing is recessed until 10 o'clock tomorrow.

(Whereupon, at 11:30 a.m., the hearing was recessed, to reconvene at 10 a.m., May 6, 1971.)

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

(Manpower Revenue Sharing)

THURSDAY, MAY 6, 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 10:05 a.m., pursuant to call, in room 4232, New Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senators Nelson (presiding) and Schweiker.

Committee staff members present: William R. Bechtel, professional staff member.

Senator NELSON. We will open the hearings today on S. 1243, the Manpower Revenue Sharing Act of 1971 which has a definite relationship to the manpower programs authorized under the Economic Opportunity Act. The committee is pleased to welcome the Secretary of Labor, Mr. Hodgson, and Assistant Secretary, Mr. Lovell. We are very pleased to have you here today, Mr. Secretary. Your statement will be printed in full in the record and, of course, you may elaborate on it in any way you desire, as well as Mr. Lovell.

As I am sure you know, we have been scheduling hearings as rapidly as we could get witnesses and space in order to complete the hearings on the extension of the OEO, as well as to begin hearings on the administration's manpower revenue sharing proposal. Since I had to arbitrarily select the date for the hearings, it means that a number of other members of the subcommittee who are interested in the subject have other hearings or commitments so that they couldn't be here. As you know, the testimony will be printed in the record and when we get to markup session they will all have it available in their hands. I regret that all of the rest couldn't be here, but I know there are a whole series of hearings going on today that may cause a conflict.

Certain information pertinent to the hearing has been submitted and we will enter it at this point in the record.

(The information referred to follows:)

QUESTIONS SUBMITTED TO LABOR DEPARTMENT FOR MANPOWER HEARING MAY 6, 1971, BY SENATE SUBCOMMITTEE ON EMPLOYMENT, MANPOWER AND POVERTY, SENATOR GAYLORD NELSON, CHAIRMAN

NOTE: To prepare for today's hearing, the majority staff of the Subcommittee wrote the Labor Department on April 5, 1971, asking how funds would be allocated to states, counties and cities under the Administration's Manpower Revenue Sharing Bill, S. 1243. Senator Nelson invited the Labor Department to testify in a letter dated April 16. In response to a request from the Labor Department Congressional Relations Office, the staff submitted the following questions to the Labor Department on April 30:

1. How would S. 1243 allocate funds to cities, counties, and state and how does this compare with allocations under existing law (using $1.6 billion present allocations for fiscal 1970 as the comparison)?

2. What would be the total amount received by all states, all counties, and all cities under the Administration's bill as compared with the present practice?

3. If data cannot be made available for all cities, please provide specific data for example such as: New York, Philadelphia, Chicago, Atlanta, Baltimore, St. Louis, Cleveland, Seattle, and Minneapolis.

4. How would S. 1243 affect the Job Corps, Neighborhood Youth Corps and other manpower programs authorized under the Economic Opportunity Act?

5. Please supply latest available information on these manpower programs including for each program the man-year operating cost, percent who left within 90 days, placement record, annual cost of the program, current enrollment in the program and characteristics of enrollees.

6. Please provide budget figures for the various major responsibilities within the Labor Department and indicate what percentage of the total departmental budget goes to the Manpower Administration.

7. What is the current budget for each Regional Manpower Administrator's office? How would this structure be affected by enactment of S. 1243?

8. For each existing Job Corps center, please provide the number of corpsmen whose legal residence is in the state where the Job Corps camp is located, along with the number whose residence is in a state different from the Job Corps camp.

ALLOCATIONS TO CITIES UNDER ADMINISTRATION MANPOWER BILL (S.1243)

NOTE: A major consideration in the Administration's proposed "Manpower Revenue Sharing Act," Bill S. 1243, is the manner in which some $1.7 billion would be distributed among various units of state and local government for operation of manpower programs. In an effort to obtain information on this central issue, the staff of this Subcommittee sent the following letter on April 5, 1971, to Assistant Secretary Malcolm Lovell:

Staff Letter to Assistant Secretary Lovell

DEAR MR. LOVELL: In connection with our subcommittee's forthcoming consideration of Bill S. 1243, the Administration's Manpower Sharing Act, we would appreciate receiving data indicating how funds would be allocated to states, cities and counties under this legislation.

It would be most helpful if you would supply a table listing the allocation to each eligible sponsor—each state, county and city—under S. 1243 as compared to allocations under existing law for fiscal year 1970. We also would like to receive data showing the total amount received by all states, the total received by all counties, and the total received by all cities for fiscal year 1970 under existing law and also under the proposed bill.

As you will recall, it was suggested that S. 1243 be considered on the Senate floor last Thursday, April 1. Although that was not possible, the subcommittee is anxious to expedite such consideration. It would be appreciated, therefore, if the allocation data could be made available without delay.

Sincerely yours,

WILLIAM R. BECHTEL,
Staff Director, Senate Subcommittee on Employment, Manpower and Poverty.

Secretary Lovell's Reply of April 12, 9171:

DEAR BILL: I was delighted to learn in your letter of April 5 that the Subcommittee on Employment, Manpower and Poverty is anxious to expedite consideration of S. 1243, the Administration's Manpower Revenue Sharing Act of 1971.

Your letter requested a rather large volume of data comparing allocations contemplated under S. 1243 with those under existing law. We are currently preparing such tabulations. This task has been very much complicated by the need to develop methods for applying the President's "hold harmless" pledge which accompanied his first broad proposals on revenue sharing—general and special.

My staff will press ahead with the preparation of these extensive tabulations and we will submit them to the Subcommittee at the earliest possible time. We

appreciate the importance of these data to the Subcommittee's consideration of S. 1243 and you may be sure that we will make them available without undue delay.

Sincerely,

MALCOMB R. LOWELL, Jr.
Assistant Secretary for Manpower.

U.S. SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., April 16, 1971.

Hon. MALCOLM LOVELL,
Assistant Secretary for Manpower,
Department of Labor, Washington, D.C.

DEAR MR. LOVELL: As you know, it has been the practice of this subcommittee to give the highest priority to legislation recommended by the Administration. While it was neither practical nor within my authority as chairman to accept your suggestion that the Administration's bill be accepted as an amendment on the Senate floor to the committee bill without hearings, I wish to comply with both the Administration and your request for early hearings on the proposed Manpower Revenue Sharing Act. I have set aside Friday, April 30, and Thursday, May 6, for Administration witnesses. You may have either date or both if needed.

In addition to a general discussion of the bill and how it will work, there are two aspects of the bill which are of particular concern to us.

The first issue involves the manner in which funds would be allocated to states, counties, and cities under the Administration's bill. A fundamental purpose of the bill as shown in its title is "to provide federal revenues to state and local governments. . . ." The bill has been described as offering needed new revenues to state and local units of government to help them cope with their serious problems of manpower training and employment. The bill contains a specific formula which determines how money shall be allocated among the various units. We would like you to testify as to the basic feature of the bill and outline the manner in which funds would be allocated to the states, counties and cities under bill S. 1243.

Secondly, published reports indicate that the Labor Department expects state and local officials to absorb, out of their "shared revenues," the cost of the Job Corps program. This has led to some concern that the Job Corps, sharply cut back in 1969, would face further cutbacks if this legislation were enacted and state and local officials did not elect to use their revenue shares to continue existing Job Corps camps.

Sincerely yours,

GAYLORD NELSON,
Chairman, Senate Subcommittee on
Employment, Manpower and Poverty.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE ASSISTANT SECRETARY FOR MANPOWER,
Washington, D.C., April 26, 1971.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower and Poverty, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter dated April 6. We appreciate the Subcommittee's action in initiating hearings on the proposed Manpower Revenue Sharing Act. Secretary Hodgson will be happy to appear before the Subcommittee on May 6.

We look forward to developing for you and the Subcommittee the compelling reasoning underlying the proposed Manpower Revenue Sharing Act. I am most hopeful it will be possible to provide the details, at least in preliminary form, of the anticipated distribution of funds among the cities, counties, and States under the bill. In addition, we shall be happy to discuss with you how we see continuation of the Job Corps under this imaginative new legislation.

Again thank you for scheduling early hearings. I look forward to meeting with you.

Sincerely,

MALCOLM R. LOVELL, Jr.,
Assistant Secretary for Manpower.

UNITED STATES SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., April 30, 1971.

Hon. MALCOLM LOVELL,
Assistant Secretary for Manpower,
Department of Labor,
Washington, D.C.

DEAR MR. LOVELL: As you know, Senator Nelson extended an invitation on April 16 for the Labor Department to testify before this Subcommittee on Friday, April 30, or Thursday, May 6. In your letter of April 26, you indicate that you will appear along with the Secretary of Labor on May 6. Thank you for this response and the Subcommittee will look forward to hearing your testimony.

Your Director of Congressional Relations, Mr. Fred Webber, telephoned the staff to say he would like further suggestions as to precise matters to be covered in your testimony.

As Senator Nelson stated in his letter of April 16, the principal interest is in the two major issues: (1) The manner in which funds would be allocated to states, counties, and cities under the Administration's bill; and (2) the impact which the Manpower Revenue Sharing Bill would have on manpower programs established under the Economic Opportunity Act, especially the Job Corps, but also including the Neighborhood Youth Corps, Operation Mainstream, New Careers, and so forth.

As to the first issue of fund allocation, we would hope that the Labor Department could provide a complete picture of the manner in which funds would be distributed to state and local governments under this bill, a major purpose of which is "to provide Federal revenues to state and local governments."

In order to assess the significance of the allocation, the Subcommittee must have data showing how manpower funds have been obligated and spent in previous years. We suggested fiscal 1970 as a year for comparison in our letter to you on April 5. In previous testimony the Labor Department has used the figure of $1.6 billion a year as the funding level for manpower programs. What the Subcommittee would like to see is how that $1.6 billion was distributed among cities, counties, and states compared with the manner in which funds would be distributed under bill S. 1243 as introduced.

Your letter of April 12 indicated that at that time you did not have that information. Naturally the Subcommittee would hope that the full facts would be available for the May 6 hearing. However, if for some reason you still do not have the data on the manner in which funds would be allocated to cities, counties, and states under the bill as introduced, then we would think that the very least the Subcommittee would like to have is data on some specific examples such as New York, Philadelphia, Chicago, Atlanta, Baltimore, St. Louis, Cleveland, Seattle, and Minneapolis.

If you do not have the full data available on all cities, it would at least be helpful to see how the funds would be divided up in these specific metropolitan areas. For example, in the Chicago area it would be helpful to know how much the city has received in the past under the $1.6 billion level of funding compared with the county and other municipalities in its metropolitan area, as compared with the amounts they would receive under S. 1243 as introduced.

As mentioned in our staff letter of April 5, the Subcommittee would also like to receive data showing total amount received respectively by all states, all counties, and all cities, both under the $1.6 billion distribution in fiscal 1970 and the proposed allocation under S. 1243.

As for the Job Corps, we have read published reports to the effect that the Administration considered continuing the Job Corps as a national program but finally decided to include Job Corps funds under "revenue sharing" and to distribute them to state, county and local officials along with other funds. Nationwide concern has been expressed to this Subcommittee that this could lead to the

closing of many Job Corps camps. Naturally we wish to hear the Labor Department's explanation as to what would happen to the Job Corps camps under this legislation. In connection with this matter, the Subcommittee would like to receive a complete list of all existing Job Corps camps and their current enrollment; a separate list of the 9 "inner-city" Job Corps center which have been opened since the Administration began this new program in April 1969 and their enrollments; and the latest available information on the characteristics of Job Corpsmen and the results of the program in terms of placement, etc.

The Labor Department maintains on a continuing basis various tables which show the characteristics of enrollees in Federally assisted work and training programs and also the characteristics of the programs themselves. We would hope that you could supply to the Subcommittee prior to the May 6 hearing copies of the latest available tables from your manpower management data systems for the Job Corps, Neighborhood Youth Corps (in school, out of school, and summer) Operation Mainstream, New Careers, Work Incentive programs, Concentrated Employment program, Job Opportunities in the Business Sector, and Manpower Development and Training Act institutional and on-the-job training programs. We would like the information which has been traditionally supplied in the past including a breakdown of the man-year operating cost, percent who left within 90 days, placement record, annual cost of the program, current enrollment in the program, and characteristics of enrollees such as sex, race, age, education, etc.

Once again I want to emphasize that we are not requesting the development of a large amount of new data, but simply the latest available data such as has been regularly supplied to this Subcommittee in the past. The purpose is to enable Subcommittee members to obtain a quick and accurate picture of existing manpower programs and the group which they serve.

S. 1243 would obviously result in a major change in the responsibilities of the Labor Department inasmuch as the responsibility for manpower programs would be transferred almost entirely to state and local governments. For assistance in assessing this matter, the Subcommittee would like data showing, in as simple and understandable form as possible, the major responsibilities which the Labor Department has along with its responsibilities in the field of manpower. What percentage of the Labor Department's total budget presently goes to the Manpower Administration? The Subcommittee would like an outline on the manner in which the Manpower Administration has been decentralized under 10 Regional Manpower Administrators. What is the current budget for each Regional Manpower Administrator's office? How would the Labor Department anticipate that this structure would be affected by the enactment of S. 1243?

Subcommittee members will have additional questions, of course, at the hearing, but we wanted to provide this general outline in response to Mr. Webber's request.

To simplify this issue, I will list the questions raised in this letter, and in Senator Nelson's earlier correspondence, in a condensed form on the attached sheet.

Sincerely yours,

WILLIAM R. BECHTEL,
Staff Director, Senate Subcommittee on Employment, Manpower and Poverty.

Enclosure.

1. How would S. 1243 allocate funds to cities, counties, and states and how does this compare with allocations under existing law (using $1.6 billion in present allocations for fiscal 1970 as the comparison)?
2. What would be the total amount received by all states, all counties, and all cities under the Administration's bill as compared with the present practice?
3. If data cannot be made available for all cities, please provide specific data for examples such as: New York, Philadelphia, Chicago, Atlanta, Baltimore, St. Louis, Cleve'and, Seattle, and Minneapolis.
4. How wou'd S. 1243 affect the Job Corps, Neighborhood Youth Corps and other manpower programs authorized under the Economic Opportunity Act?
5. Please supply latest available information on these manpower programs including for each program the man-year operating cost, percent who left within 90 days, placement record, annual cost of the program, current enrollment in the program and characteristics of enrollees.

6. Please provide budget figures for the various major responsibilities within the Labor Department and indicate what percentage of the total departmental budget goes to the Manpower Administration.

7. What is the current budget for each Regional Manpower Administrator's office? How would this structure be affected by enactment of S. 1243?

UNITED STATES SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., May 3, 1971.

Hon. MALCOLM LOVELL,
Assistant Secretary for Manpower,
Department of Labor, Washington, D.C.

DEAR MR. LOVELL: In discussing the May 6 hearings with Senator Nelson today, he asked that the Labor Department provide this additional information:

For each existing Job Corps center, please provide the number of corpsmen whose legal residence is in the state where the Job Corps camp is located, along with the numbers whose residence is in a state different from the Job Corps camp.

Because of the great importance attached to this legislation, the Subcommittee would like to receive copies of the Labor Department testimony at least 24 hours in advance of the hearing, which begins at 10 a.m. Thursday, May 6, in room 4232 of the New Senate Office Building.

Sincerely yours,

WILLIAM R. BECHTEL,
Staff Director, Senate Subcommittee on
Employment, Manpower and Poverty.

JOHN C. STENNIS, MISS., CHAIRMAN
STUART SYMINGTON, MO. — MARGARET CHASE SMITH, MAINE
HENRY M. JACKSON, WASH. — STROM THURMOND, S.C.
SAM J. ERVIN, JR., N.C. — JOHN G. TOWER, TEX.
HOWARD W. CANNON, NEV. — PETER H. DOMINICK, COLO.
THOMAS J. MC INTYRE, N.H. — BARRY GOLDWATER, ARIZ.
HARRY F. BYRD, JR., VA. — RICHARD S. SCHWEIKER, PA.
HAROLD E. HUGHES, IOWA — WILLIAM B. SAXBE, OHIO
LLOYD BENTSEN, TEX.

T. EDWARD BRASWELL, JR., CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, D.C. 20510

March 15, 1971

The Honorable Gaylord Nelson
Chairman, Subcommittee on Employment,
Manpower, and Poverty - NSOB 4230
Senate Committee on Labor & Public Welfare
Washington, D. C.

Dear Mr. Chairman:

I enclose a letter from Mr. R. D. Morrow, Sr., Chairman of the Mississippi State Advisory Council on Vocational Education, together with a Resolution of the Council, concerning legislation on manpower training.

In my judgment, the views set forth by the Council are very logical and convincing. The Council advocates the maximum utilization of existing State and local governmental agencies in manpower training programs, and maximum flexibility for State agencies in utilization of funds provided by Federal grants.

I strongly advocate this position in the matter, and request that you give this point of view careful consideration in the formulation of manpower training legislation.

Sincerely,

John C. Stennis

John C. Stennis
United States Senator

JCS:mb

Enclosure:
Ltr dtd March 2, 1971,
with Resolution.

State of Mississippi

MISSISSIPPI STATE ADVISORY COUNCIL ON VOCATIONAL EDUCATION

R. D. Morrow, Sr., Chairman
Brandon, Miss. 39042

James L. Easom, Sr., Executive Secretary
Eloise Farned, Asst. Executive Secretary
P. O. Box 771
Jackson, Mississippi 39205

Harold T. White, Vice Chairman
Booneville, Miss. 38829

March 2, 1971

WASHINGTON OFFICE
RECEIVED
MAR 8 - 1971
RECEIVED
JOHN STENNIS

The Honorable John C. Stennis
United States Senator
U. S. Senate
Washington, D. C. 20202

Dear Mr. Stennis:

We have been concerned about manpower legislation and its effect on vocational education and the Manpower Development and Training Program of our State. We assume that there will be new manpower legislation introduced this year; probably more in line with the President's wishes since he vetoed the Act passed in the last Congress.

The Mississippi State Advisory Council on Vocational Education has suggested and adopted the enclosed resolution. We trust that you will review this resolution, and that you will do all within your power to see that these provisions are included in any new manpower legislation.

Our Council is well pleased with the program as it operates now. The Employment Security Commission and the Vocational Division of the State Department of Education are working closely together and conducting an effective program. They never have enough funds to meet all the needs but do the best they can with the available funds.

We appreciate all that you have done for vocational education and manpower training and solicit your continued support for this program in order that it may continue to provide training for people to meet the urgent needs of our State.

Sincerely yours,

R. D. Morrow, Sr.
Chairman

Enclosure

RESOLUTION BY THE MISSISSIPPI STATE ADVISORY COUNCIL ON VOCATIONAL AND TECHNICAL EDUCATION REGARDING MANPOWER LEGISLATION

WHEREAS, the Congress of the United States has indicated a keen interest in Manpower Development and Training Programs during the past several years resulting in the passage of "The Employment and Manpower Act of 1970" which was subsequently vetoed by the President and,

WHEREAS, it is assumed that based upon prior interest shown by the U. S. Congress that legislation will be introduced concerning employment, manpower, and training during this session of that legislative body; and,

WHEREAS, this Advisory Council is interested in all phases of Manpower Development and Training and has the responsibility for advising with the educational authorities in the field of Vocational-Technical Training,

THEREFORE BE IT RESOLVED, that all members of the Mississippi Congressional Delegation are hereby requested to lend their support and influence to insure that the following provisions are included in any Manpower Legislation considered by the Congress during the 92nd session:

1. That State Vocational-Education authorities be given the responsibility and funds, by Law, for the providing of training to all enrollees under institutional-type training programs provided by the United States Congress upon certification of need by the respective State Employment Security Agencies. Such legislation provide for sub-contracting of non-institutional training programs authorized under Manpower Legislation to established state or local government agencies.

2. That entire states be designated as the planning district for Federal legislation concerning all types of Manpower Development and Training with the State Employment Security Agencies being designated as the coordinator for all such planning.

3. That one comprehensive Manpower Program be enacted without funds being earmarked for categorized programs with the State having the authority to determine the needs of its people for Manpower Programs.

BE IT FURTHER RESOLVED, that members of the Mississippi Congressional Delegation use their influence with the appropriate departments of governments involved in preparing Manpower Development and Training Legislation that the Cooperative Area Manpower Planning System has had considerable experience in coordination of the various Federal Manpower Programs currently in operation and by strengthening these organizations and/or providing for the establishment of similar type committees could provide the necessary means to properly coordinate any Federal Manpower Programs and reduce the proliferation of programs and sponsors involved in the operation of such programs. Due to the fact that the various State Vocational-Technical Education Departments and the various State Employment Security Agencies have had a number of years of experience in the operation of Manpower Training and Development Programs and have the organizational structure already operative to cover an entire state that they be given the prime responsibilities for the conduct and implementation of any Manpower Legislation passed by the Congress.

BE IT FURTHER RESOLVED, that by designating established state agencies to administer Manpower Development and Training Activities the fiscal responsibility will be assured without requiring the establishment of other agencies and organizations with the attendant expenses and overlapping duties and responsibilities.

MEMBERSHIP OF THE MISSISSIPPI COUNCIL

R. D. Morrow, Sr., Chairman, Brandon 39042
Harold T. White, Vice-Chairman, Booneville 38829
E. S. Bishop, P. O. Box 647, Corinth 38834
H. L. Davis, Rt. 4, Box 202, Meridian 39301
John L. Erickson, 230 West Rankin, Jackson 39202
James Hand, Jr., Rolling Fork 39159
E. T. Hawkins, Forest 39074
Frank Oakes, P. O. Box 686, McComb 39648
John A. Rasberry, P. O. Box 1414, Tupelo 38801
R. H. Slaughter, Jr., Pascagoula 39567
O. H. Simmons, P. O. Box 1699, Jackson 39205
J. L. Townes, Grenada 38901
Dr. Walter Washington, Lorman 39096
George West, Jr., P. O. Box 1201, Natchez 39121
H. N. Worley, 5417 Suffolk Drive, Jackson 39211

MENOMINEE - DELTA - SCHOOLCRAFT
COMMUNITY ACTION AGENCY

CATHERINE BONIFAS CIVIC CENTER
ROOM 101
225 North 21st Street
ESCANABA, MICHIGAN 49829
PHONE: 786-7080

FRED H. HAHNE, Chairman
RAY LA PORTE, Director

RECEIVED
MAR 18 1971
OFFICE OF
SENATOR GAYLORD NELSON

AREA CENTER OFFICES:

Catherine Bonifas Civic Center
Escanaba, Michigan
Barbara Turnquist
Area Representative
Phone: 786-3511

Spalding Township Hall
Spalding, Michigan
Doris Szapa
Area Representative
Phone: 497-5205

462 Tenth Avenue
Menominee, Michigan
Catherine Morrell
Area Representative
Phone: 863-3042

Rock Township Hall
Rock, Michigan
Ina Wiitala
Area Representative
Phone: 356-3741

210 Oak Street
Manistique, Michigan
Theodora Bouchard
Area Representative
Phone: 341-2452

Germfask, Michigan
Mary Kelly
Area Representative
Phone: 586-6311

March 16, 1971

Senator Gaylord Nelson
U.S. Senate
Washington, D.C. 20510

Dear Senator Nelson:

Enclosed is a copy of a resolution adopted by our Governing Board on March 6, 1971, relating to our position on "Revenue Sharing".

Basically, we view with grave concern the concept of "Revenue Sharing" since we are convinced it will result in the dilution of services because of the competition between agencies for funds.

In another action, our Board also supported legislation introduced by Senator Jacob Javits, extending the O.E.O. Act for two years.

Sincerely yours,

Ray La Porte

Ray La Porte, Director

RLP:bl

Enc. Resolution

MENOMINEE-DELTA-SCHOOLCRAFT COMMUNITY ACTION AGENCY

RESOLUTION

WHEREAS: In a letter dated February 13, 1971, addressed to the CAA Board Chairman, Frank Carlucci, Director of the Office of Economic Opportunity outlined the philosophy and implications of Federal Revenue Sharing and,

WHEREAS: Copies of the letter were distributed to the individual Governing Board members prior to a meeting of said Board held in Escanaba on March 6, 1971, and,

WHEREAS: It was the understanding of those Board members assembled that counties and other units of government would be given complete flexibility regarding allocation of funds received through Federal Revenue Sharing and,

WHEREAS: Local units of government are hard pressed to meet current expenses and obligations from currently available local and State resources and,

WHEREAS: Local and State public and private agencies responsible for providing services in the areas of education, manpower training and community development would be forced to compete for funds available through revenue sharing and,

WHEREAS: Said agencies have cooperated together in the past in the provision of services, and

WHEREAS: Competition for funds would dilute programs and affect the efficiency of those funded and,

WHEREAS: Certain agencies would have to apply to a number of governmental units for funds multi-county programs and,

WHEREAS: Individual governmental units could establish a different set of priorities for any given program thus creating confusion and animosity. Now therefore be it :

RESOLVED: That the Menominee-Delta-Schoolcraft Community Action Agency views with grave concern Federal Revenue Sharing as outlined in OEO Director Frank Carlucci's letter and be it further

RESOLVED: That the CAA Governing Board urges its elected Representatives in the Congress of the United States to provide such safeguards as maybe necessary in the proposed Revenue Sharing Legislation to prevent the cutting of funds and dilution of programs presently scheduled to be transferred for administration and funding by local units of government should the proposed legislation be adopted.

Adopted at the meeting of the Menominee-Delta-Schoolcraft Community Action Governing Board at its meeting held in the Catherine Bonifas Civic Center, Escanaba, Michigan, March 6, 1971.

Senator NELSON. Do you have anything to add, Senator Schweiker?

Senator SCHWEIKER. I just want to welcome the Secretary here and we will be interested in hearing his point of view.

STATEMENT OF HON. JAMES D. HODGSON, SECRETARY OF LABOR ACCOMPANIED BY ASSISTANT SECRETARY MALCOLM LOVELL

Secretary HODGSON. Mr. Chairman and Senator Schweiker:

It is a pleasure to appear this morning to open hearings on S. 1243, the administration's proposed Manpower Revenue Sharing Act of 1971, which has been introduced by Senator Prouty. I also appreciate, Mr. Chairman, this fulfillment of your pledge to initiate hearings on the administration's proposal at an early date.

In his state of the Union address the President called for broad reforms in how governments at all levels—Federal, State and local—prepare to meet the challenges of the future. Through welfare reform, revenue sharing, and Federal agency organization, the President seeks to force a new partnership within our Federal system. Under this partnership each level of government would do what it does best; each function of government would be lodged at the level at which it can best be performed.

The Manpower Revenue Sharing Act is one of the key elements of the President's special revenue sharing proposals. We recognize that there may be many Federal purposes for which our current system of categorical Federal grants would still be the best available approach. But manpower is an area where the case is especially persuasive for consolidating current programs and providing State and local governments with wide discretion in the use of these funds.

Designing an effective national manpower system starts with the recognition of two fundamental points. First, the American job market is really thousands of interacting but separate markets spread over the Nation's economic and geographic map. Second, our labor force is actually 87 million individual men and women with a wide diversity of training and related needs.

Federal manpower programs typically have been conceived, designed, and funded as national categorical programs. These programs have been useful. But in examining their utility one also must recognize the limitations on their effectiveness because of form. When applied to diverse job markets, these national categorical programs may fit some cities and States needs well—but many others will be poorly served. These latter communities are, in effect, penalized because their local needs do not fit the national models.

Eighty-five percent of the new act's funds would be distributed to cities and counties, with populations of 100,000 or more persons, in metropolitan areas (SMSA's), and to State governments, to serve the balance of the State. Since jobs and workers cross city and county lines, consortia of local governments which serve entire major labor market areas would be awarded additional incentive funds. In addition, consortia of local governments in smaller metropolitan areas (SMSA's) could also qualify to receive their revenue shares directly.

The funds would be allocated by statutory formula designed to relate the level of funding to the level of need.

These funds must be used for manpower programs which focus on the individual's needs in relation to available jobs, primarily in his home community. They would suport whatever sequence or combination of manpower activities is needed to meet each individual's employment goals. These activities, under our bill, would consist of the traditional basic manpower services—such as counseling, testing, and job placement; institutional training—remedial education or skill training; on-the-job training; supportive services—such as child care or relocation assistance; appropriate training allowances; and supported employment.

Supported employment would include work experience and short-term employment for younger, older, or temporarily unemployed workers. But the act also would provide authority for public service job creation as part of an overall manpower program. Since much controversy has focused on public service employment proposals, I shall explain the administration's views further.

The issue for us to consider here is really what kind of public service employment program should be a component of the Nation's manpower effort.

Transitional, short-term public service employment can be a useful component of the Nation's manpower policies. But public employment not linked to real jobs or not devoted to helping the individual to equip himself for labor market opportunities is not a solution either for manpower shortages nor for the individual.

A rural county with significant unemployment among older workers may receive only Neighborhood Youth Corps funds for disadvantaged youth.

A community's on-the-job training allocation for private industry programs is underutilized when the local economy takes a downturn while alternative manpower programs needs are unmet.

Shifting an area's funds from one category to another requires reprograming actions right up to the national level.

The ultimate losers, of course, are those for whom manpower services are designed—the individuals who need job training and employment services. Rather than shaping flexible resources to fit people our past aproach has been to fit the people to programs of limited flexibility. This is not said in criticism of past effort as much as it is said to point up opportunity for improvement.

Over the last decade Federal manpower programs have expanded tenfold. But one of the great lessons of this dramatic growth is that even a good program can fall short in its promise if the way in which it is carried out runs against the grain of the federal system. Converting the principal Federal manpower activities from categorical programs to special revenue sharing will play to the strengths of the Federal partnership, teaming Federal dollars with State and local decision-making.

Now we will talk for a moment about the distribution and uses of funds, which have been of special interest to this committee.

Effective January 1, 1972, the Manpower Revenue Sharing Act would replace the Manpower Development and Training Act and the manpower provisions of the Economic Opportunity Act. The President has already proposed $2 billion for its first full year—This

represents an increase of almost one-third over comparable current appropriations.

The basic principle of manpower revenue sharing is that State and local governments should have broad authority to carry out manpower programs shaped to their State and local needs. Manpower revenue sharing will now link Federal resources with Federal flexibility needed to create a decentralized system for delivering manpower services. It will provide both money and stimulus to State and local governments to increase their capacity to plan manpower programs, allocate resources, supervise program administration, and evaluate the results.

Under the Manpower Revenue Sharing Act, public service jobs must be transitional opportunities. Within a 2-year period their objective is to enable participants to move into a regular payroll, including that of the public employer.

When such subsidized public job opportunities meet this test, however, the Manpower Revenue Sharing Act would not limit the scope of public service employment within local programs. It would set neither ceiling nor floor to the level of job creation under these funds.

These then are the activities for which Manpower Revenue Sharing funds may be used. In keeping with the principles of special revenue sharing, State and local governments would have wide discretion in how these revenues would be used.

Now we will discuss the mechanism for accountability.

This flexibility, however, is linked to increased accountability. Manpower revenue sharing makes elected offcials—Governors, mayors, county commissioners—and not the Federal Establishment clearly responsible for manpower programs. It relies on established political processes of accountability. Ultimately, performance will be judged at the polls by those affected.

To assure increased accountability the act requires that the public—who must make this judgment—be provided full information.

Each year, prior to receiving their shared revenues, State and local governments must publish a statement of program objectives and projected uses of funds. While these statements must be published, they do not require Federal approval. They would include information on the area's economic and labor conditions; targeted client groups; proposed activities; schedules for wages, allowances, and other benefits; manpower agencies involved; and the positions and salaries of the program's administrators. In addition, these statements would review the previous year's program.

Both State and local governments, the Secretary of Labor, and other interested parties would have an opportunity to comment on these program statements. This interchange would help assure needed coordination and full utilization of Federal, State, and local manpower activities.

The Secretary of Labor would be responsible for examining the effectiveness of programs and financial records to assure conformity with the act's purpose. His findings would become part of the public record. Expenditures found not in conformance with the act may be disallowed.

The act, as we propose it, provides for some national activities as

well. The 15 percent of the funds retained by the Labor Department would be used to carry on activities which can most effectively be handled nationally to support and assist State and local programs. The Labor Department would carry out programs of staff training and technical assistance. It would provide basic labor market information. It would develop a national computerized job bank. It would carry out limited selected national programs to meet special Federal priorities. It would conduct comprehensive research, experimental and demonstration projects. In addition, the Labor Department would also provide State and local governments with additional funds for employment and training programs triggered by periods of high national employment.

We see manpower revenue sharing as a new concept designed to overcome many of the problems evident in our current disjointed array of Federal categorical programs.

It responds to Governors' and mayors' calls for increased responsibility and increased flexibility.

It would make manpower programs more relevant to the clients they serve and the taxpayers who support them.

It recognizes clearly that transitional public service employment is an integral part of manpower policy.

And it would trigger more Federal funds to counteract periods of rising unemployment.

This bill builds on the groundwork laid over the last 2 years. It is another—and crucial—element of the administration's broad strategy to reform our federal system and revitalize our economic activity.

Mr. Chairman, I have presented only the broadest outlines of the administration's proposal. The transformation of any bill into law is an evolutionary process. This process has only just begun. Thus, I shall devote the rest of my testimony to responding to several questions which your committee has already raised.

First, we shall talk about apportionment of shared revenues.

How funds shall be allocated among different communities is one of the most difficult problems. Most communities' level of need exceeds available funds.

Over the last 9 years manpower appropriations have grown from $137 million in fiscal year 1963 to $1.782 billion—proposed—in fiscal year 1972. For the most part this money has been distributed among States and communities at the Labor Department's discretion. Of our current categorical programs only about half of the MDTA funds are apportioned among the States by a specific statutory formula. As a result approximately 25 percent of our fiscal year 1971 manpower training services appropriation is allocated geographically according to fixed formulae.

Over the last several years our manpower programs have been increasingly concentrated in major cities, as we have sought to counteract urban economic and social decay. The concentrated employment program, for example, is primarily an urban program. Another major activity—the JOBS program—was initiated first in the largest 50 metropolitan areas, then expanded to 125 areas, before becoming available nationwide in November 1969. JOB trainees are overwhelmingly

disadvantaged inner city residents. A heavy proportion of the summer program funds also flows into the major cities.

As a result the larger cities have been receiving more support in proportion to their level of need than have urban counties outside the central cities and nonurban areas. Yet manpower funds in the larger cities still falls far short of need.

The problem is how to devise a uniform formula which recognizes the severe concentration of problems in our major cities, yet assures a better effort to meet the needs of nonurban pockets of poverty.

The difficulty is compounded by the absence of data on a city or county basis. Most current information on labor force and unemployment, for example, is collected on what we call a labor marketwide basis. Furthermore, certain information is best obtained from the 1970 census. Its social and economic tabulations will not be available until midsummer.

The Manpower Revenue Sharing Act proposes that 85 percent of each year's appropriation be distributed by statutory formula among eligible local and State governments. The revenue shares would be determined each year according to an eligible jurisdiction's proportion of the Nation's labor force, unemployed and low income individuals 16 years of age and older.

Since the bill's original submission we have been discussing this formula extensively. There are several features of its application which are seen as problems.

First, as anticipated, a number of cities' revenue shares would by formula be less than they currently receive. As you know, the President has pledged to "hold harmless" any jurisdiction under manpower revenue sharing. The act would make additional funds available to such areas to cover any such "shortfall."

Second, as was also anticipated, there would be increases of several times in funds going into some other areas. Questions have been raised whether such areas should receive immediately large increases of manpower money. The questions that have been raised with us are whether their relative need, and their current manpower program capacity warrant increases of the magnitudes required to bring them up to their proportionate shares.

I recognize that the committee has a special and deep interest in this issue. The Department is working continuously on this and would like to reappear to testify on a possible modification in the very near future. We will provide at that time complete breakdowns of allocations by city, county, and State.

The committee has also expressed interest in the future of Economic Opportunity Act work-training programs under manpower revenue sharing, in particular the Job Corps.

The Department of Labor has been responsible for the administration of the Job Corps program since July 1, 1969. Since that time our experience has convinced us that Job Corps provides a unique component of our manpower training programs—residential support directed to the total development of young people from severely deprived backgrounds.

Since the Department undertook administration of the program it has focused on, first, the establishment of new centers designed for

enrollees in their home communities and, second, the redirection and improvement in the program at the older centers.

New Centers:

By July we will have operating contracts for 20 centers with a capacity to serve 3,900 enrollees; 19 of these will open (about 85 percent of our goal for new centers). By July 1972 we expect to have 27 centers open with a capacity of 5,100 enrollees.

The performance of the new centers has proven to be equal to our expectations. Their focus is on community need. And they are responding to the needs of the communities in which they are located, both in terms of the social, educational, and vocational training of the communities' disadvantaged youth population and in terms of providing skills which are in short supply in the respective communities.

More specifically, we have found that in the new centers: Placement rates are higher than in other centers; Corps members receive higher wages upon leaving the centers; the "no-show" rate (persons who sign up for Job Corps but do not enroll) is lower; the 30-day dropout rate is dramatically lower; community support is much greater because the youth are indigenous; the unit cost, at full enrollment, is about $200 per year lower than the older centers.

Senator NELSON. What are these older centers you are talking about?

Secretary HODGSON. We are talking about the centers which we took over before we started these new intercity centers.

Senator NELSON. You are comparing city centers, aren't you?

Secretary HODGESON. We are comparing new Job Corps ones with the older ones, and the older ones include some of the Job Corps camps.

Senator NELSON. The residential Job Corps camps aren't really comparable with the city centers, are they?

Mr. LOVELL. Yes, they are both residential.

Secretary HODGESON. The idea of putting people who have disadvantaged backgrounds and particularly awkward home climates in a new environment is very advantageous.

Senator NELSON. You are talking about residential circumstances in both cases?

Secretary HODGSON. Exactly.

Talking about the older centers, we can turn now to the changes we have instituted in redirecting and strengthening the programs in the older centers:

We have greatly upgraded our placement activities. As a result, placements in fiscal year 1970 were 81 percent compared to 77 percent in the previous year.

Senator NELSON. This is the 81 percent of the city centers?

Secretary HODGSON. No, the older centers.

Senator NELSON. When you say "older," you are talking about centers that were operating before you closed down 59 Job Corps camps and proposed 30 new city centers.

Secretary HODGSON. The older centers would include some that were then located in cities, the ones that are located outside of cities, and some of the conservation centers.

Mr. LOVELL. It represents about 50 centers.

Secretary HODGSON. Quite simply, the ones we inherited when we

took over the Job Corps in 1969, which include a combination of those three types. But they all include a residential component.

Senator NELSON. What is the placement now?

Secretary HODGSON. Eighty-one percent.

Senator NELSON. From all centers?

Secretary HODGSON. Of all the ones which we took over in 1969 that are continuing in operation but with which we have attempted new approaches.

Senator NELSON. Those are the city as well as the rural Job Corps camps?

Secretary HODGSON. That is right.

Senator NELSON. And the placement is now 81 percent?

Secretary HODGSON. That is correct.

We are gratified to note a 60-percent increase in the number of young corps members returning to school. We have made our vocational training programs more relevant to the needs of the job markets, especially in the conservation centers.

I am sure this is one of the reasons for the increase in our placement record.

Of particular interest is the expansion of our trade union training programs where placement linkages to the construction trades are excellent and wages are up to $4 an hour. We now have trade union programs in all of our conservation centers. Fully one-third of the corpsmen in these centers are in these programs, compared to one-tenth in 1969.

We have changed the design for the geographical assignment of recruits to centers to reduce interregional movements and to make a limited number of States responsible for the input into a given center. This has facilitated recruitment and job placement.

Manpower revenue sharing makes no special provision for the Job Corps as a categorical Federal program. Like all other existing EOA and MDTA programs, the Manpower Revenue Sharing Act provides broad authority to continue the Job Corps. However, the eventual mix of manpower services to be available will depend upon the assessment of local needs by local people who are best qualified to make that decision.

Through improved performance over the last 2 years Job Corps residential service concept has demonstrated its value. We have changed the focus and, we believe, have improved this residential training. No doubt, further changes and improvements are still possible. I am confident that, as with other manpower programs, residential services will be continued under manpower revenue sharing. For those new urban centers or older centers which now serve primarily youth from the State in which the center is located, the transition to State or local administration will be most easy. We hope to work out cost-sharing arrangements for multistate centers. As now, our national staff will continue to develop new model activities and provide technical assistance to sponsor cities and States. But we view manpower revenue sharing as affording new promises for residential training.

Mr. Chairman, I think that this fairly summarizes our view regarding all current categorical programs—Neighborhood Youth Corps,

New Careers, Mainstream, JOBS, CEP, and others. Wherever these programs have been effective and have broad support, this fact would be recognized by responsible elected officials. Such programs would likely continue—and local judgment may even expand them. But where programs' lack of effectiveness leaves them without local relevance or support, the funds should be available for better ways to serve that community's needs. How well project sponsors can convince isolated Federal managers of their activities' value will no longer be the test of the programs' worth. How well the program serves community needs will be the test.

Mr. Chairman, you've indicated a number of other concerns which I would be happy to explore in response to other questions rather than in prepared remarks. Certainly, in this substantive area—manpower reform—the dialog between the Congress and the Administration is well advanced. I hope that all parties can reach early agreement on manpower reform legislation.

Senator NELSON. Thank you, Mr. Secretary.

I want to make a point that I think is important. Mr. Lovell met with Senators Javits, Schweiker, Prouty, and myself before the emergency employment bill was to come up in the Senate and requested that I offer the President's manpower revenue-sharing bill as an amendment. I pointed out to Mr. Lovell that I didn't think I would have the authority to do that without hearings in any event. We have gone through the hearing process on the public service one—the Emergency Employment Act—and this new administration bill was a broad revision of the manpower programs, and I would have no authority to undertake passage of such a substitute bill without hearings.

Even if I had, the administration wasn't prepared to tell us what the manpower sharing program would do for the various cities because you haven't worked out an allocation formula.

We have done a little looking at the formula. I am satisfied that lots of areas get money under the administration program that shouldn't have it, that don't have a serious problem.

I got criticized twice by the President last year, or our committee did, for alleged delays in the manpower legislation. I know the President didn't write the words, so he didn't realize that what he should have been criticizing is the administration, from whom we had trouble getting answers. The only delays that we had, which weren't excessive anyway, were delays when the minority had to wait to find out what the position of the Administration was. But at least twice the President issued words which put the committee in a bad light, though we were working as hard as we could and finally got a comprehensive bill reported out.

I hope nobody is going to write that kind of a speech for the President again. The delay here is the delay of the administration itself in being unable to tell us what the allocation formula under their bill does. I am not critical about that. I know that those formulas are hard to figure out and to apply, but I don't want anyone in your department or anyplace else writing a speech for the President attacking us for delays as they did last year.

Secretary HODGSON. I think that is wholly understandable and this

formula issue is one that has troubled us. However, I think it is very important to derive a formula that is valid and meets the problems rather than to come forward with one that will not carry out the legislative intent.

We have been engaging in many consultations to determine the kind of input that is needed to come up with an appropriate formula. Although we feel we will have something for you reasonably shortly, we did not want to pretend we had something definitive and satisfactory today when we really do not.

Senator NELSON. On the concept of revenue sharing, I assure you that I have no opposition to the concept. But under the umbrella phrase "revenue sharing," you can put a multiplicity of people ranging across the whole political spectrum, plus an infinite number of proposals, none of which necessarily relate to each other. The phrase doesn't mean much. I just want to assure you that I am satisfied, no matter what you call it, that we need to dramatically expand our assistance to a number of poverty-ridden areas of this country. In particular we must do something about the fiscal situation of the cities. There are thousands of ways for revenue sharing, and people will argue about them.

I am glad to see the President proposing what I understand to be, in dollars at least, about $5 billion more to go to the cities and States. That may be as big a bite as can be made at this time, but I really think, and I told the mayors whom we met with yesterday—Mayor Lindsay and the mayor of Baltimore and several others—that in my judgment we are really looking at a problem of Federal assistance of some kind that is in the neighborhood of $25 billion to $30 billion a year, if our major cities are going to remain viable enterprises. All you have to do is look at their budgets to see that.

I want you to know that although I may have some differences with this particular proposal, I am not against revenue sharing. In Chicago, a number of years ago, I spoke in favor of revenue sharing. I see a number of problems that I think you have to look at it as a practical matter. One of them is that I have yet to find the first person, the first mayor, the first representative of the poor, the first sponsor of my program, churches or anything else in the United States, who is in favor of the administration bill. Every single person from every organization in the United States that I have talked to representing the poor, working with the poor, is opposed to this bill. So you face, regardless of the merits, an impossible political problem right from the beginning.

I don't think the bill can pass. If I just stood aside and said nothing, I don't think the bill can pass in its present form. Of all of the people who have been working in the field for many years, from the League of Women Voters, to the church groups, to the deprived and poverty people themselves, to the spokesmen for the people from the poverty areas, there has finally been worked out a system of doing something about representing the poor in the local community. For the first time a person who is poor, instead of having to go on up to city hall or some department and cool their heels for 2 days before they find out they are in the wrong place to deal with their problem, can go to the center in his own area where he is talking with experts to get his problems solved.

I think that is the most marvelous thing that has happened in the whole area, that we have developed a vast critical mass of knowledgeable people who are speaking for the poor, listening to the poor, with the poor participating, and then with all kinds of organizations, the churches, the leagues I mentioned, the Farmers Union and all of them, with the community participating. They believe, and I think with considerable merit, that this manpower revenue sharing bill will wipe out all of that. That, in my judgment, this group relationship, this confidence of the poor in what is going on in the areas of the city now, is more important than any single part or the whole bill combined.

I think one of the problems that we have had in the Congress, in the last Administration and in this Administration, is that when we started the antipoverty programs there were a lot of disturbances out in the cities, with mayors getting mad at the community action agencies, for example. For the first time these people were speaking up and saying, "You must do something about this problem." It was new. People got mad. Mayors were asking that you get these people off their backs.

That is a story 3 and 4 and 5 years old; it is no longer true. They are doing a great job all over the country. It is not equal in our major cities and in the rural areas. But every person I have talked to who is involved in the program, from the poor people themselves to the spokesmen for the minorities, to the church groups, is dead set against the Manpower Revenue Sharing bill because they think it will wipe it all out.

I don't know how you lick that, as a practical matter. I am not sure you should because I am afraid that they are right. I am afraid you are just going to turn a mass of money over to the cities and States with no requirement that they develop a manpower program, no requirement that they have the poor involved at all. They may or they may not. So you will have some cities where they will, and you will have other cities where the poor will have nothing to say about it. We will go back to the old business of some educated middle class white people telling the poor people what their problem is, which has been a failure as long as we have ever tried to do that.

I think that is the first big problem.

Secretary Hodgson. I would like to comment on two aspect of what you said. One is with regard to the kind of support that does exist for this bill and the second is concerning what you said about the effectiveness of the size of the mapower team that we have created.

First, as to support for manpower revenue sharing, I have, as you probably have, been asking people in local areas what they think about the manpower revenue sharing bill. In contrast to the experience you have just related I have found local communities very anxious to have a bill of this kind enacted which would give them the authority to make their own decisions about meeting their needs without having to go through the kind of burdensome administrative processes they have to go through now. Such processes they view as not being particularly relevant to their local needs.

Secondly, I agree with you that there have been some great gains made under the present manpower arrangement; however there have clearly been limitations as well on how many more gains can be made by merely continuing the existing manpower programs.

There have also been some very conspicuous examples showing that in spite of the fact that we continue to provide key problem areas with our federally designed and administered manpower services, no substantial quantifiable progress is seemingly being made in those areas.

We are looking for something not to replace entirely what exists at the present time but rather something that will extend and better it. I think we can best achieve our objective by putting the decisionmaking at the level where two things exist. Those two things are the knowledge of local needs and an understanding of the extent to which resources are available to meet those local needs. In order to get some balanced priority into the determination of how to meet those needs, local people should be given decisionmaking authority since they have these two prerequisites. Resources are never infinite, so somebody has to decide that one need is greater than another. This need, to better allocate scarce resources, would be remedied by having such decisions made at the local level.

I would think the community action agencies and other kinds of existing local programs that have proven to be effective would undoubtedly command tremendous attention and support in the local areas.

Senator NELSON. Let me say that as to your criticisms, specific and implied, of the current program, I think I would agree with almost totally. There are too many sponsors. There is too much Federal entanglement. I don't think any body disagrees with that.

We do agree that we have to revise the whole manpower programs. We have learned a lot from them but they have to be revised. That is why the President asked for a bill last year, and that is why we passed a comprehensive manpower reform bill, which was vetoed.

What I am really talking about is the public service employment aspect, which the President objected to. It is an arguable case. I happen to favor it but the President didn't. That is just a difference of opinion. That was just one part of the comprehensive manpower bill.

But leaving that out, it seems to me what we really have to explore if we are going to get a bill is the comparisons between this proposal (the manpower revenue sharing bill of 1971) and the proposal we had last year (the Employment and Manpower Act of 1970).

For all practical purposes there is no more freedom in this bill than the one we passed last year, as I look at it. I much prefer the concept of last year's bill over this year's.

For example, if I understand the administration bill correctly, you are going to give to them (State and local sponsors) 85 percent of the money. Under our bill they got 66⅔ percent. So the difference there is a percentage difference.

Under the administration bill you do, and properly, require that they spend their money in the manpower field. You list a bunch of categories. Our bill did essentially the same thing. There was no more "tying of the hands" of the local government in the 1970 bill than in this one. In fact, I think there was more freedom from the way I view it.

What we did, as you know, was simply to say that you have to select a prime sponsor, a city of 100,000 or over, and that they had to develop a manpower program. I think that is very important. Then in devel-

oping the manpower program they had to involve all the critical people. Your bill doesn't require any involvement at all. A mayor or a Governor just arbitrarily runs it himself. He doesn't have to have any community action agencies involved. He doesn't have to call in the vocational school, the employment service. He doesn't have to call in the poor.

What we did was say—and I think the administration last year agreed with that aspect—that the mayor will be the prime sponsor, but he must devise a group that will develop a manpower program that makes sense. It will involve community action, employment service, the vocational school system, and many others, and then when they have developed a program, analyzed all their needs at the local level and developed a program, then just to be sure that they did develop a program that looked effective, a copy of it went to the Governor. The Governor then had a right to comment and he could be very persuasive. He would say: This is a fine program, or: It is 90 percent a good one. I think they ought to tie this in with what the States are doing. He would send his comments to the Secretary. The Secretary didn't draft a program at all. The Secretary just assured that in fact that the local groups were in total control. They weren't told what programs they had to spend money on at all. They could spend it in one area or another, wherever they thought the need was.

But you did have the Secretary taking a final look and saying: Yes, that is a good program. Or the Secretary looking at it and saying: No, that is a bad program; or: This isn't really justified by your own research.

That bill would have taken the Federal Government entirely out of the business of drafting programs. It was all done at the local level.

In the administration program, a mayor says: I have got a program. It can be the worst program in the world. He just takes his load of money and puts it in areas where he wants to. He can do it in a partisan political way. It may not have much to do with a good manpower program. There is nothing the Government can do about it, except that if they spend the money illegally, you can try to recover it through a lawsuit.

I asked Mr. Lovel what kind of checks there are in the manpower revenue sharing bill. He said, we would issue a news release criticizing the program as a bad program. That doesn't scare many mayors, I don't think. So I think that aspect of the proposal won't stand.

Just to call this "revenue sharing" because you give the money back and say that you can spend it any way you want to does not mean there is more freedom. I know what you are talking about. I have talked to mayors who say: We want the money.

They need it. They are in desparate circumstances. We could give them four times as much and they might spend it very well, or some of them might spend it poorly.

I think we have to look at political reality. We had a circumstance last year when all the mayors in the country, so far as I know, supported the comprehensive manpower bill. The League of Cities and the Conference of Mayors and representatives of all poverty groups in America supported it. You had across-the-board support. We finally worked out over a year of very delicate drafting a bill that had the support of virtually everybody.

We will have hearings, of course, and we will welcome everybody to come. But from my casual conversations with the same groups that were before us last year (not counting the mayors in the sense that they desparately want money and they would take it this way or they would take it another way), I am finding no support for your proposal. Not counting them, I don't find any spokesman for the poor or anybody who has been involved in this program who wants this bill. I think that gives you a tough problem.

On the categorical programs, the bill last year was criticized because it tied people's hands. The Labor Department tied the hands, not the legislation. There is not a single slot in the bill for a Mainstream job. Slots are put in by the Labor Department. There are no slots in there except what the Labor Department put in. So when you say they come down to Washington from a rural area and they want a Mainstream program for the elderly poor and all we can give them is something for poor youth, that is not true. There were no slots in that bill last year at all. You could take all of that categorical program money and spend it all in one place, if you wanted. We merely said: You have to maintain these programs. You can maintain them almost down to nothing.

The administration is proposing its own categorical programs; for veterans and for engineers for instance. But are those categories any more justified than mainstream for poor old folks? But all the money was in a lump sum in our bill last year. We just went right ahead and did what the Secretary of Labor under the Johnson administration and Secretary of Labor Shultz said: Don't assign certain amounts. So we put a lump sum in there and said: Here are the authorized purposes.

But in fact, if I understand our own bill, somebody could come in with a manpower program and say: Well, we want to have special training for engineers or special training because of our problem here. The money is there. The Secretary can do it.

So I don't see that there is much difference. The principle is the same. You are asking for a reservation of 15 percent for the Secretary. We reserved for the Secretary one-third of the funds—33⅓ percent—and give him great flexibility in allocating that amount. There is no fundamental difference there.

I am just trying to give you the problems as I see them. I think there have to be national emphasis programs. I hate to keep using this one because I authorized it myself, but I happen to be familiar with Operation Mainstream. During the last administration about every 6 months I had to call up the Assistant Secretary of Labor and say: "Quit killing that old folks' program," because everybody up there is a kind of Wall Street lawyer who didn't know there was rural America and that you had poor people out there and there were things to be done. Too many of these programs are drafted by people who have never been on a farm. So I would have to call him up and fight it through with them every time.

The Farmers Union is a private organization. They sponsor Green Thumb under the Mainstream legislation. It is just a magnificent program. In the 5 or 6 years it has existed there is yet to be the first criticism of that program that I am aware of. You even had Governor

Faubus get in a plane and fly down to appear here before the House of Representatives and say: This is the poverty program we want. You didn't get criticism from the conservatives or the liberals or the in-betweens, because it works.

Mainstream is all done the moment you pass the manpower revenue sharing bill. In my State there are about 23 counties with Mainstream programs. You have got folks as old at 70 and 75 and you had one in the program 91 years old. They were out working and actually producing. They can earn about $1,500 a year. They are sitting there all alone, either on relief or else starving because they don't want to go on relief They go out and work. I think some of these Labor Department people ought to go out and take a look at it and see what they have done in the parks and in the communities where they are working.

The Farmers Union sponsors it in about 23 counties. We have had requests for it from county boards all over the State. I think the president of the Farmers Union told me something like 25 more counties are saying: Let us in. This is a great thing for the community and for the old folks involved.

All right, if you turn the money back, where is that sponsor in 23 counties for the Mainstream program? There isn't any. There will be no program at all. That would all be wiped out. You don't get 23 county boards together and say: We will each take a piece of this money and we wil lset up our umbrella organization to cover 23 counties and then we will have a program.

I think you have got to have special emphasis program. with which we do a job in specific areas and from which we get some experience. We never had any experience with old folks before. We didn't know that old folks 80 and 90 years old actually get out and earn a living. I watched them working harder than 20-year-old youngsters. I see no sponsor for that under your bill. I think it's dead in my State and in every other State where they have it.

Now, take the Job Corps conservation camps, which I think have a function that is not entirely covered by the city residential centers. One of those functions is to get these young men a long way away from home. As you well know, a substantial percentage don't read and write. They even teach them how to dress and how to remain clean and all the other things a child is deprived of when he is walking the streets in a big city from the time he dropped out of school in the third or fourth grade. Your manpower revenue sharing bill means the end of all the Job Corps conservation camps in the country. There's no use kidding ourselves. In Wisconsin 75 percent of those kids, if our figures are correct, are from other States and 25 percent from Wisconsin. Wisconsin isn't going to take its money as a practical matter and say: we are going to pay 100 percent of the cost and take care of just 25 percent Wisconsin people. It isn't going to happen. So I think you would wipe out all the Job Corps camps in the country.

It seems to me, as my feeling from just sort of sitting here listening for several years, that you need a mix. You need to do what you are talking about, bring programs back to the local level. I happen to think it's much better the way we did last year than this proposal. But we need to do that. But I think you have to preserve some substantial special emphasis programs.

Take the Neighborhood Youth Corps. You have got a summer porgram. One of the original reasons for that, you known, was the great concern that arose 5 and 6 years ago about distress in the cities, and the schools closing in the spring and suddenly you have hundreds of thousands of kids out in the street. In fact, I introduced a bill to cover this problem for a billion dollars in 1963. We did that so you could all of a sudden take money and meet problems that are very urgent. You are doing it this year, as you should. You are saying, okay, we are going to have a summer program of this size, so the mayors can see how many kids they can hire in the Neighborhood Youth program. I think that has to be run at a national level.

I think there are several of these that need national emphasis and national control. You don't have to impose the controls on anybody but there are programs that we need and that I think have to be run nationally rather than locally. Whether that should be one-third of the money as was in the 1970 bill or 15 percent as is in the administration bill, I don't know. Of course, you recognize, yourself, categorical programs. I don't know that a categorical program to do something for veterans is any better than a categorical program that would do something for elder citizens. It is just a matter of preference.

Anyway, I have stated what I think are our needs.

Secretary HODGSON. Indeed you have stated several problems, Senator.

The first problem I sense we have here is that you and probably a number of others have been involved over a number of months, particularly last year, in a lot of perspiration, hard work, late hours, heart and soul, and everything else that a man gives in developing a piece of legislation such as you developed.

In the process what has happened is what almost inevitably happens, you sell yourself that it is really a great thing and the answer to the problems as you see them. Then anything else that is suggested is immediately evaluated against such a background. It may be a problem for you to see that there are some essential virtues to the manpower revenue-sharing approach.

I am delighted to hear you say that you do think there needs to be more decentralization and decisionmaking at the local level.

There is one other aspect that I would just comment on in connection with what you said. Really what it all gets down to is whether these needs you point out as existing in county A and B can best be identified by the people in these counties and the decisions for meeting them be best made in those counties, or whether these funtcions be done by the Secretary of Labor.

It is obviously not simple to determine which approach is best. But we suggest you look at it this way. There are some advantages, one would say, for having this authority lodged in the Labor Department or in a comparable Federal level agency. Supposedly there is some comparative objectivity and professionalism at the Federal level.

Do these considerations outweigh or do they no outweigh the understanding and involvement and direct accountability at the local level where the people affected are? We say no, because objectivity is only relative. It is and can be developed as can professionalism at the county and other local levels. There is no monopoly at the Federal level.

The Federal level can neither know nor be accountable in the same way that the local level can be. You have mentioned some individual programs and I would expect Federal programs to be developed if it is a situation that needs Federal attention because it arises in such a way that it concerns a Federal labor market, like the engineers and scientists. For this reason, we have retained a certain proportion of the funds to handle things of this kind.

Senator NELSON. Isn't that the same thing that you have been criticized for?

Secretary HODGSON. No, it isn't. It will be recognized that certain things have a Federal aspect to them and will need some additional Federal supplemental assistance.

Manpower revenue sharing is not a pure kind of thing that has to definitely be one way or the other. But we say that basically the decisionmaking should be lodged where the need is best known, where the extent of the resources is best known and where the people who make those decisions have to live with and be responsible, publicly and politically, to the people for whom the decisions are made.

Senator NELSON. I agree with every single word the way you stated that.

Secretary HODGSON. How do we get there from here?

Senator NELSON. With this sponsoring program we used last year, the 1970 bill.

Secretary HODGSON. Those programs would have to go through an approval process up to and including the Labor Department that would have to look at them in what can only be described as a bureaucratic way. The decisions have to be made in that way. The relevance of those resulting decisions to the local need is sometimes good and sometimes it is not.

In effect, we are asking a competent professional middle-level staffman of the Federal Government to make determinations that can very well—and we believe more readily and more relevantly—be made in the local area by officials who are accountable to the people in that area.

Senator NELSON. Of course, you have 10 regional manpower administrators now. I think that in our bill of last year the Federal Government is practically out of the process except for an oversight role in order to be able to say, "you must have a good manpower program."

I said last year several times to representatives of the administration—I am not exactly sure; I think maybe even Mr. Lovell or Arnold Weber—that one of our problems is that this field is brand new. We are just learning. We have finally got a lot of people with a lot of expertise and a lot of understanding and a lot of rapport with the poor people, the deprived people in this country. They have experience and understanding which was not there 5 years ago. If you would sit here and listen to the magnificent testimony of very talented, knowledgeable people representing all the minorities in this country, as well as from the majority whites in the country, and hear their experience and what they are doing, it is an entirely different show from what it was 3 or 4 years ago.

You have got the employment service. The employment service is not yet educated enough to run manpower programs. They are going

to get there someday. As Mr. Shultz said, they ought to be there and they will be there, but so far that has not been their function.

Last year I said several times to spokesmen of the administration that I think we have to go the route of the State and local prime sponsor, which in fact the administration agreed with most of the year. They thought it was a finely designed program. We differed a little bit about the amount of money.

Secretary HODGSON. It was a considerable improvement.

Senator NELSON. But I said several times I think you have to go this route. Once you have developed in all the cities and the communities the real expertise—they have gone the route and they have involved the poor, they have vocational activities and vocational school and the school systems and the employment services—and they have all been involved and have had experience for 3 or 4 years, maybe then is the time to say, "OK, there is the lump sum." But there are plently of places in this country that are not equipped to really develop a manpower program. They are just learning. That is why I think you have to go through this step of being sure that they don't suddenly break away and just leave out the poor in the participation, leave out the other important organizations in participating in developing a manpower plan.

That will happen in many places. The answer will be, well, we gave them the money and they know best at the local level and so forth. I just don't agree with that and I don't think it will go the way you want it to go and I don't think it will work.

You talk about the Neighborhood Youth Corps. Let's take just a specific example. You have got a program and a city gets a certain amount of money and they are authorized to spend it on all these programs. So you are in the wintertime and you have developed a manpower program. There is only a fraction as much money as you really need anyway, half as much or a third or a tenth as much. So you spend it on your manpower program. Let's assume it is a very good manpower program. Maybe it is a Seattle type of thing with 80,000 out of employment in a 3-year period out of one plant. The unemployment rate of young people because of the situation in that city has gone to 30, 40 or 50 percent. Where is the money for that summer neighborhood youth program?

Secretary HODGSON. When you ask such a question, you start from the point of view that what we have now really does the job about as well as can be done with existing resources. Then, of course, we start our answer with the feeling that any change we try to make is seen as a threat to that. We don't think it is a threat. We think manpower revenue sharing is an opportunity for improvement.

You talk about the Neighborhood Youth Corps. We set up a format at the Federal level of what a Neighborhood Youth Corps shall involve. It shall involve a certain number of weeks of work at a certain amount of pay for a certain group of people. Maybe that is not best for the community but the community follows it because that is standard for the Nation. You say, "Well, the Labor Department can change it." But if they change it for this city and another city says, "This is now inequitable for our city." It would be better if each of the cities has the right to decide for itself what is best for

that particular city and it does not have to refer its decision to an agency like the Labor Department that is interested in an overall uniformity. We feel there is a certain kind of equity involved here that should be persuasive for authorizing a better way to attack problems. You would be able to attack the problem right where it is, without having to submit the plan to anybody else except the official that is operating the program. He in turn submits his program to the people every so often to evaluate whether he is doing the job that the city feels needs to be done.

Senator NELSON. You keep saying things about last year's bill that weren't in there. The bill retained at the local level the total responsibility for developing the manpower program. The program was to be reviewed by the Governor for comments and approved or disapproved by the Secretary. But the total development of the program was at that level.

But you haven't answered the question. What happens if you have a disaster in one city? They have all of their manpower money committed. They really need 1,000 or 1,500 jobs in the Neighborhood Youth Corps, summer jobs for these kids. Their money is committed and there is no national program. What do you do about it?

Mr. LOVELL. Perhaps I can answer that. I can think of two things that might happen. Generally the city would plan for the summer.

Senator NELSON. Let me interrupt right there. Let me state the case. I am saying that the city suffers a disaster. For example, something cuts out the whole program of a Federal contract and you just have in this city a very high unemployment and you are going to have 50 percent of the youth in that city unemployed that year. It does occur this spring. Their lump of money is all committed. Suddenly they need 1,500 jobs for kids. You have another city that is 50 or 100 miles away that doesn't have that problem at all. They don't need any kids in the neighborhood youth program. How do you deal with that unless you have a national program?

Mr. LOVELL. Expenses of that character would come from funds reserved at the national level for such a purpose.

Secretary HODGSON. Of course, the formula would accommodate these needs to some degree because it is based on the size of the local work force, and the number of unemployed and low income individuals. As Mr. Lovell has said, to some degree there is also some national funding available for unusual circumstances.

I have one further point. You mentioned that if a city has already committed itself to a manpower program for the next year, then what would it do if it has a problem when something unpredictable happens. I ask you, where do you think that commitment can be changed the quickest? At the local level or the national level?

Senator NELSON. That is my exact point. You don't go through the process of getting a change at the national level. You say to the Secretary, "Here is money and it is available for a series of programs." The Secretary looks the country over and suddenly sees that in seven cities they really critically need this money and he puts it in there. It is totally flexible. We are not requiring them to put in a Neighborhood Youth Corps program or anything. You, as the Secretary of Labor, have the flexibility. That is why I say you have to

have nationally sponsored programs, in my judgment, and I will wager that the administration will come up with a number of categorical programs of its own.

Secretary HODGSON. I do not think that we shall establish any categorical programs but we shall retain some funds in order to meet identifiable and specialized kinds of needs.

Senator NELSON. That is all that happened in last year's bill. Remember there were no slots in there for any jobs. We just said you can spend this one-third on——

Secretary HODGSON. It did require a continuance of the program.

Senator NELSON. But we were careful in the phrasing of it so the categorial programs could continue it at almost zero on up and they could expand another one by five times.

Secretary HODGSON. That sounds very simple; however, it makes the Federal agency, whether it be the Labor Department or some other, the one that has to bear the sole burden of whatever happens. The way these things actually happen is not as simple as you have said. There is a constituency for each of these various programs that you have to recognize. There is a history of them and there is a pattern that exists.

Senator NELSON. We did in the bill last year what the Labor Department had been begging us to do. They said, just give us a bundle of money. This time we took out the whole formula. We did exactly what the Labor Department had been coming to the committee and asking it for over the past 3 or 4 years.

You say there is a national constituency. Heavens, yes, there is a national constituency for the elderly poor and for the youth of the country. That's good. That is why the Congress put it in there. These are not boondoggles; these are important programs. All I am saying is that those national programs ought to be preserved without in any way interfering with the authority of the local prime sponsor to develop any manpower program they want.

You and I both know that you are going to disillusion the poor of this country, the blacks and minorities, the moment you do what you propose in the manpower revenue sharing bill, because they know what is going to hit them in many cities and rural areas of America. Their programs are over, they fear. We have been trying to get people to work within the system and they are working within the system, all these dedicated people. The poor have confidence in these community action agencies that are working now. Under your bill, nothing guarantees that the poor are even going to be participants in the development of the program.

I don't see how any mayor can say, "You have tied my hands," if you have a bill that says your local advisory committee develops the manpower program, along with representatives of the people who are to be the beneficiaries of the program. Any mayor or governor who doesn't want to do that isn't representing the poor. But you talk to the poor and ask them what is going to happen in a number of cities and States which I could list very rapidly, and you could, too. The only reason I don't name a few is because it will be an injustice to those I name versus the 25 I don't name. It is just a fact. I don't think we ought to make a move that disillusions everybody.

You said a few minutes ago that we have sold ourselves on a bill. Let's say that's right. We spent an awful lot of time and we conducted hearings in Milwaukee and San Francisco and Los Angeles and Corpus Christi and Cleveland and here. We heard from every group in America on it. But don't forget that we may have sold ourselves on it but we also sold every single organization in America that is involved with the poor in the program. That is quite a job. There was not a dissent from an organization representative of the poor that I know of. When you get a piece of legislation that does that I think you have accomplished something. You can't do it with this piece of legislation, in my judgment.

Secretary HODGSON. Mr. Lovell is anxious to make a comment.

Senator NELSON. On or off the record?

Mr. LOVELL. Senator, I think many things that we have said exaggerate the differences, and perhaps that is appropriate. I think you have pointed out yourself, however, that there are many issues on which we agree.

Senator NELSON. I think the concept of the two bills is the same, to the extent that they seek to develop responsibility for designing and operating manpower programs at the State and local level.

Mr. LOVELL. It really is and I think it is important to stress that.

Senator NELSON. I agree with you.

Mr. LOVELL. Let me state it positively. We are very eager to provide the full opportunities for the poor, for the disadvantaged, and for the minorities to be served under manpower revenue sharing. I do not think we would offer it unless we were convinced that as the manpower program unfurled under revenue sharing these client groups indeed would be served better and they would also have a better opportunity to exercise their growing influence in both the development and carrying out of programs.

I see community action agencies as probably providing more services under this concept than we are doing currently. I want to make the point clear that as far as we are concerned in the Department of Labor this bill would indeed in practice, in our judgment, provide the kinds of opportunities that you are saying are important for the CAA's to play.

I think the major differences, as I hear you speak, between what we are saying and what you are saying, is the concept of whether the Federal Government approves the plan or not. There are other differences but, in my judgment, this is the major difference.

Setting that issue aside, should the Federal Government approve the plan or not? Let's talk about that. It is our feeling that once the Federal Government has approved a plan that the sponsor in a sense is relieved of some responsibility, certainly to his community. After all, the plan has been approved by the Federal Government. I think what we are saying, both in manpower and in other revenue sharing concepts, is that we should give decisionmaking responsibility to the local governments and make them responsible to the poor and to the electorate of their communities, rather than to the Federal Government.

You can argue both sides of these issues, Senator. As the Secretary said, that is our judgment and we think we are right. I think that is the critical point.

I think the other issues are not that clearcut. There are more similarities on them than there are differences, in my judgment.

Secretary HODGSON. I am concerned about this one kind of simple fact. That is, that we in the Labor Department fund projects on how good they look from here rather than on how well they actually meet the needs of the cities.

Senator NELSON. That is correct. I agree that ought to be changed.

Secretary HODGSON. The local communities need to develop institutions to meet the needs of the cities. In some of the larger cities they probably have them; however, they are often not very good. But it is clear they will not develop those institutions and that capability, unless they are given the responsibility and the funds to do the job.

We realize that there will be a development period, but we will attempt to help them during that time from the Federal level by supplying training and technical assistance to the people who take jobs in new manpower institutions, as a result. Then these institutions will be out where they can relate directly and respond in a balanced way to what ever the existing needs are at a given moment.

To me that is the really fundamental issue we are discussing here. You would like to resolve it the way you have worked it through. We prefer our proposal.

I would like to suggest, though, that in your future discussions on this matter with city, county, and State officials you examine an issue that I have examined in the last 3 months. I described, in essence, the kinds of concepts we have here. Of course, we realize these officials are predisposed in favor of manpower revenue sharing because they need more money in any way they can get it. I do not think that is enough to make us say that these people are for it and that is all the support we need to have for our concept. There needs to be more than that and we have found that in fact there is.

For example, we would ask: "What manpower problems have you got, what kind of programs would you like to have, what kinds of programs do you have, what kind of programs would be more responsive?" They will have staffs with them who will be reaching down in their bottom drawers or off the sides of the table for proposals and saying,"Here is the kind of program we would like to have." "Why haven't you got it?" "We tried and we went through the process but there was this delay and that problem and the proposal didn't meet the funding levels per person, et cetera, and we have had to set it aside."

The present process is enough to discourage innumerable officials from getting the programs that have been developed at the city, county and local community levels which they believe are the appropriate solutions to their own problems. In order to enable them not to have to go through this cumbersome process, we are proposing this kind of plan. That is why Mr. Lovell say this business of approval of plans is more than perfunctory; it is more than just a bureaucratic step on the way to rubberstamping something. It just doesn't work that way.

Senator NELSON. Either I am not making myself clear or you don't hear me clearly. All of your comments seem to me to be exactly appropriate criticisms of the current way we operate, and I agree with

all of them. You say we have got to give them the responsibility and the Federal Government can't go telling them this is the program. I agree with that. The 1970 bill didn't do that.

Any well-developed manpower program in this country would have to do what last year's bill required, involve all of the people in planning that program who are beneficiaries of the program and all the expertise that is there at the local level, as I have said, from the school system, the vocational schools, the employment service, the community action agencies. Any mayor who really understood the problem would proceed to do it that way.

All we said in the bill was, "You develop the plan yourself and it is your plan, but you have to have a manpower advisory committee and an acceptable plan." That committee has to involve a number of groups. The mayor is the bossman but you have to have the poor involved, the vocational schools, the employment service, the school system. That is all we said. Any mayor would do that anyway if he intended to have a good program. This doesn't tie his hands. Heaven knows you shouldn't be trying to develop a manpower program without having all of these groups involved. So we say, with them involved, "You people develop the program." We know that there are a lot of places they won't do very well; maybe they don't have the expertise or maybe there are lots of politics, as you know, at the city level. They come up with a very bad program and they leave out the poor people. It is not a good system. So the Governor looks at it and says, "That is not a very good system." The Secretary just says, "Well, you go back and do some more work." That is all he says. That is not much of a problem.

Once you have done that for 3 years and they have really developed, that would be about the time to perhaps go one step further. But I don't see, in looking at this bill real hard, that this tied the hands of the mayors at all. The Mayors' Conference didn't think so and the League of Cities didn't think so. They thought it was fine. They were in favor of it. That was the freedom they wanted. They had no objections to it. It seems to me we ought to go that route again.

Then you have the next problem that you just can't get away from, whether they are right or wrong, and that is the very strong suspicion among all the poor that they will be done in by a whole lot of mayors and governors around this country. I think it's true that they are correct, that a lot of the poor wouldn't be participants anymore under your bill. But even if they were wrong and that wasn't true any place, it is a real matter and they believe in it. They don't see any reason why, if you are going to have a delivery system to the poor that those poor living in the local areas should not be consulted on the program and help to develop it.

Secretary HODGSON. Several times this morning, Senator, in relaying your apprehension of the Manpower Revenue Sharing Act, you have alluded to the desirability, which you pointed out was met in your bill of last year, of soliciting advice from or relating to representative groups in the community, such as the poor, the minorities, and others.

I conclude that you feel that one of the principal concerns you have about this concept is that we have not provided for any mechanism for such representation. Is that right?

Senator NELSON. That is one of several things, yes. They all feel that way, too, and I think rightfully so.

Let me add to Mr. Lovell's comment. I don't have any suspicion of the intent. There is no intent on the part of the administration to design a program that doesn't service the poor. I am absolutely certain of that. I am just saying that it is my judgment that this proceeding, this method at this stage in history, would in fact disillusion the poor and in many cities leave them out, and destroy a lot of marvelous relationships that have been developed. That is my worry. It is real to me and it is real to them.

Mr. Schweiker?

Senator SCHWEIKER. Thank you, Mr. Chairman.

Senator NELSON. I don't want you to think I have given up, but Senator Schweiker is entitled to ask some questions.

Senator SCHWEIKER. Mr. Secretary, concerning the Job Corps, I think you people have done a remarkable job of redirecting it and restructuring it, and I think the statistics you cite in your testimony are really quite encouraging. I felt we had some real basic weaknesses in the program and I feel that you folks have done a great job of turning it around, particularly in such areas of weaknesses as turnover, "no-shows" and placement, and other things you so well cite.

I think the chairman did mention the outlying rural Job Corps centers as to financing. One area that I would be concerned about is that where there are fragmented local governments as in Pennsylvania—a center city with surrounding county governments—it might be virtually impossible, politically or fiscally, for the city and counties to fund on some joint basis the continuation of an urban Job Corps center. I just wonder how you envision this problem being met. I know in Pittsburgh, for example, where you are going ahead with plans there, it might be virtually impossible, unless I misread your approach here, to really continue such a center. First you have a city government in Pittsburgh and then you have a county government that overlaps the city government. Then you have interurban counties. Unless you had a coalition of all those units it might be tough to get funding for an urban Job Corps center to continue in its present form. This is something that concerns me.

Secretary HODGSON. I understand your concern about the Job Corps. We have planned to fund all the Job Corps centers through June 30, 1972, in our bill. The Department envisions that as soon as the act would be passed, it would start negotiations with the recipient units of government to ascertain their desires for the utilization of these various Job Corps facilities. We believe that those negotiations would center on about four issues. There would be the desire of the recipient units of government to fund and operate the existing centers that can serve residents of a single metropolitan area or a single State. There would be the desire of the units of government to operate the existing centers to serve an interstate clientele providing that funds could be obtained from those States and local communities that would be sending their citizens away to the interstate center. Then there is the desire of other units of government to establish and operate residential training centers similar in purpose to the Job Corps. A great many of them might. Finally, there would be the desire of the various recipients to

use their own manpower revenue-sharing resources to pay tuition charges for their citizens to go away from home to the interstate centers. We are sure that many of them would. Our discussion with some of them has indicated that.

The Department would make available to all these government units the data on Job Corps purposes, their effectiveness, and their cost. I suppose you would have to say until these negotiations have been completed that it just has to be a matter of speculation as to which ones, in what form, whether expanded or revised or in lesser size or numbers, would be continued.

There are a number of centers that have many things going for them. They are already in place. They are operative so that the client services could be provided on an uninterrupted basis.

The recipient units of government would inherit a sizable investment here and it is an investment that they would be well-advised and I think in most cases desirous of taking advantage of. There would be no startup costs for these existing centers. I think on this basis we could reasonably anticipate that many, if not all, of the Job Corps centers would continue as is or be revised to meet ascertained needs in some way. I imagine that some of them would actually be expanded. The real question is how reasonable is this expectation.

I think in contrast to the initial centers, the new centers established in 1969 have been basically designed to serve enrollees from a single metropolitan center. These centers are uniquely suited for sponsorship by a recipient unit of government. In all cases there has been prior planning with the local government units and there is strong support for these centers. In fact, the ones that we haven't been able to erect were where we could not get that support. Consequently, the ones that are there are strongly supported. In many cases they are operated by the State or by local governments. Many other centers which are now serving their State enrollees are of such a size that they could easily be redesigned to serve enrollees from a more localized area.

In addition there are another 13 conservation centers that could read ily have input from only the States in which they are located. In fact, several of the 30 now are in exactly that category. So it seems to us that of the 75 centers planned to be in operation by 1972, many appear ideally suited for operation by the recipient unit of government. Some $91 million are involved.

But I think residential training must be examined not only for what it is under Federal supervision but also from what scope it might achieve under local government operation. Placing a Job Corps type of program under the auspices of local and State government opens up new possibilities. Total responsibility at the local level would result in more effective linkages with ongoing activities such as local health clinics, vocational rehabilitation, the CAA, and others. We would see that Government effort and support would involve in these cases the health professions, local industry groups, service organizations, and employers. Each center would reflect the requirements of the local situation.

At the State level there are some interesting possibilities that you can see would be open. I have made notes on some. Some Job Corps centers might be expanded to perform the role of State residential

vocational schools. As you know, there is an ideal opportunity here to couple the innovative experience of Job Corps residential kinds of centers with State vocational programs. This, it seems to us, is an approach that has some promise. The idea of also providing a kind of tuition arrangement for out-of-State and out-of-city areas to support programs in other areas is not without precedent. We know that a great many States have arrangements with other States on medical schools where they will pay tuition supplements for people who come from the originating State to go to school in the other State. We feel that there is a basis for building this kind of situation, and while I would expect there would be some change—there has been some change already and there will probably be more in order to make them effective—that the idea of residential training will continue and I would think through the years, from the experience we are starting to generate, it would probably be enhanced through this general relating of need to responsibility as the idea of the Manpower Revenue Sharing Act proposal involves.

Senator SCHWEIKER. Let me ask you a leading question. Looking for some area of compromise between the administration proposed and other manpower proposals and trying to pick the best of both worlds, you suggested 15 percent, if I recall, for national programs, 15 percent of the money. Is that correct?

Secretary HODGSON. That is correct.

Senator SCHWEIKER. Chairman Nelson was saying earlier that our bill last year allocated 66 percent to the local. How about if we split the difference here? You are talking of needing 15 percent to do some things you want to do. The bill we had last year was 65 percent, roughly. There is only 80 percent. What if we took 20 percent and said there are certain things that have a national purpose, a national emphasis, as the chairman said, and we will allocate 20 percent of these moneys for national purposes and national emphasis projects. Then we will underwrite to the tune of maybe 20 percent, when local governments join together, the cost of something like a Job Corps center. That way you are combining the best of both worlds. You are using 60-some percent of your money for strictly locally initiated projects and retaining 20 percent that you feel is necessary for purely national programs. But then we are also putting a national theme in the program whereby we say that 20 percent—and I have just pulled a figure out of the hat—would be allocated to areas that jointly cooperated in projects such as this and that they could expect to get 20 percent of their Job Corps center pay if the surrounding units of government will kick in 80. You see, there is an incentive to have a national program and a nation purpose. They still have 60 percent of the money to use for individual initiative and local projects. How would you feel about a compromise like that?

Secretary HODGSON. Senator, you probably recognize that I am an old collective bargainer and my nostrils dilate slightly when I sense the possibility of making a deal. But I do not think we are quite at that stage of the proceedings at the present time.

My purpose in exploring these various concerns that you and Senator Nelson have mentioned this morning has not been just to rebut them with the idea that necessarily the bill that we have placed before you

is perfect. While I might initially have been naive, I have long since found that that is not the way things work. I imagine there will need to be some consideration of changes of the kind that you have mentioned and some of the kind the Senator has mentioned.

I want to say that the basic objective, however, that we are going to retain as we go forward is that a manpower need and a response to that need can be determined best at the local level. Consequently the amount of authority, funds, and responsibility to be retained at the Federal level needs to be minimal in recognition of the fact that most of the need is at the local and State levels.

Whether it is 85 and 15, or 84 and 16, or 80 and 20, or 90 and 10, I think that with this kind of thing we will have to let ourselves at least have a chink of light in the open door to consider, such alternatives. I do not want to indicate that I think a jump to a porposal like that really resolves what I sense are some fundamental differences in concept that we have. I would like to stay with the present concept of manpower revenue sharing throughout, but I don't believe that the concept as we have defined it and put it in the bill which we have offered here is necessarily the exact end product.

Senator SCHWEIKER. This is just thinking out loud and I realize that is all it is. You shouldn't be expected to be prepared to throw back an answer. It just seems to me that we are going from one extreme to the other, from the categorical programs which we know have both advantages and disadvantages, and then we are going 100 percent the other way, to decentralizing everything which certainly has some appeal but has some disadvantages.

Secretary HODGSON. Please, Senator, not 100 percent.

Senator SCHWEIKER. It just seems to me that we might combine the best elements of both programs by giving a certain percentage of the money for local initiative, local projects, local decisionmaking, and yet on the existing programs that have proven fruitful, that do act as a bridge between local and Federal governments and the Government and the people, which I think is one of the key ingredients of the poverty programs, we keep a national interest by saying that on these key programs which we enunciate we are going to share—if I may use the word "share"—20 percent or 30 percent of the cost because we think it is a good national purpose program.

What I am suggesting might overcome this fragmentation of local governments. I think this fragmentation of local government is really a problem that is not easily surmountable when you go 100 percent to decentralization. It is surmountable if you keep a national incentive in there on things like the urban Job Corps and others to meet this problem. I really think you will begin to get the elements of the best of both worlds. You don't destroy your national structure. You keep your best projection if you give incentives for them to use your best projection. Yet you give them a portion of the money to use locally for something that perhaps national interest would dictate that need. I am just asking you to give it some thought.

Secretary HODGSON. We shall do that.

Senator SCHWEIKER. That is all I have, Mr. Chairman.

Senator NELSON. I noticed that Senator Schweiker said we could split this down the middle. You were suggesting 15 percent and we had

one-third. Now I think Senator Schweiker deals with higher mathematics. I deal with arithmetic. We would have to have 24 percent, wouldn't we?

Senator SCHWEIKER. I will give you 30 percent.

Secretary HODGSON. You fellows go ahead and argue and we will listen.

Senator SCHWEIKER. I think here is a new concept of combining somewhat of the best of both worlds. I don't know whether it would be 20 percent or 30 percent or 40 percent, but it gives some national purpose and meaning. I think it saves what I feel are very important national programs that to some extent get tossed to the wind if you just go 100 percent the other way.

Senator NELSON. What would happen to OIC's?

Mr. LOVELL. I think the OIC's would have the opportunity of soliciting funds at the local and State levels. My experience suggests that they would do very well.

Secretary HODGSON. Very well.

Senator NELSON. They would do very well in Philadelphia where Leon Sullivan is.

Mr. LOVELL. Yes, and as he travels around the country. He is now in Detroit.

Senator NELSON. It is getting near 12 o'clock. I think there are several fundamental differences on this point. That is to say, I agree that the manpower programs have to be developed and controlled at the local level, and so do you, and the question is the mechanics of doing it.

However, if I understand you correctly, I believe very strongly, as I think a substantial percentage in the Congress, that there should be some substantial amount of money for national programs. I think that is probably where we differ. Maybe that is fundamental. I think the local governments, prime sponsors whoever they are, whether it is State governments or areas around the States with less than 100,000 population, and the cities, have to develop their own programs. But I think it is also very important that we have some national emphasis programs and a lot of them that are doing a great job are going to be wiped out. I don't agree that they should be wiped out or even run the risk of being wiped out in competition with another program that is just as good or might be better. The good programs that we have experimented with shouldn't be wiped out, and I fear they will be under your bill. I think this is a very strong point among the members of Congress.

We will take testimony and, of course, we will hear all witnesses, but I think you are going to hear that all beneficiaries of the programs, the supposed beneficiaries, the poor people, the spokesmen for the poor, the organizations involved, are all going to oppose your proposal because, as I said earlier, rightly or wrongly, they just feel that probably wipes them out and in many cities it will. I think that is a very fundamental question you have to address yourselves to.

Secretary HODGSON. It is indeed. However, I wish it were equally easy for you to tap the nonbeneficiaries of existing programs who might be benefited by the Manpower Revenue Sharing Act. Unfortunately, that is a little difficult to do.

In a quick assessment of our discussion here this morning, I conclude that the two principal concerns that you have are the apportionment formula and the desirability of involving community groups in local level decisions concerning manpower activities.

Senator NELSON. I think that is very important and we agree on that last year in the State and local prime sponsor system we developed. In fact, I think it was the administration's insistence with which we agreed, that you have a manpower services council, which I thought was a very fine concept. That came from the administration and that is exactly what we did in that bill. I haven't given up on your very fine suggestion of last year.

Secretary HODGSON. As I mentioned to you in a previous hearing, I realize that we have sort of played dirty pool with you by starting to play ball in a different ball park and then coming here with this revenue-sharing proposal. Nonetheless, we are very convinced of its value.

Senator NELSON. I want to thank you very much and I will get on with hearings as rapidly as we can. Of course, we are happy to give you the opportunity to respond to criticisms and testimony. You are entitled to be in the cleanup position as far as I am concerned. You can come in last, or in the middle and last also. So any time you feel that you would like to put in some input while we are having hearings, we will be glad to schedule it on any open day. We will be glad to have you see the whole record and come in after looking at the record and put in further testimony.

Secretary HODGSON. Thank you very much.

Senator NELSON. You will find I am very cooperative as long as I get my way.

(Whereupon, at 11:55 a.m., the hearing was adjourned, subject to the call of the Chair.)

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

(Legal Services Program)

TUESDAY, MAY 11, 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 a.m., pursuant to recess, in room 4232, New Senate Office Building, Senator Walter F. Mondale, presiding pro tempore.

Present: Senators Mondale, Taft, and Cranston.

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

Senator MONDALE. The hearing will be in order.

We are beginning hearings on legislation to create a new structure for OEO's legal services program.

I believe that legal services is one of the most important and successful programs ever created by the Federal Government.

The program has attracted outstanding young lawyers, who came with the belief that there would be no political strings tied to their representation of the poor.

But as the program has succeeded, it has aroused the opposition of powerful private interests and various public officials.

While legal services has survived past attacks on its independence and integrity, each challenge has drained its energy and resources. As long as the program remains vulnerable to political attack or manipulation, this damage will grow worse until it could be fatal.

No attorney can meet his professional responsibilities if there are outside restraints on cases or issues he can raise. No large corporation would tolerate such outside interference. The poor should not have to tolerate it.

If legal services lawyers are not free from all political pressures, if they cannot represent their clients without interference from vested interests, then legal services for the poor is a sham.

In order to insure the independence of legal services and to protect the integrity of the attorney-client relationship, a bipartisan group of Senators and Congressmen have introduced legislation to create a National Legal Services Corporation.

This bill, S. 1305, establishes a private, nonprofit corporation, funded by the Federal Government—which would provide a permanent and independent institution to furnish legal assistance to those who cannot now afford it.

62-792 O-71-pt. 4——16

The administration has also submitted legislation to create a private, nonprofit Legal Services corporation. But I think that there are some serious deficiencies in this measure.

While claiming to create a politically independent corporation, the administration bill instead establishes a board of directors with all 11 members appointed by the President.

There is absolutely no assurance that such a board will represent Legal Services' primary constituent groups—the organized bar, Legal Services lawyers, and the poor. And a board totally controlled by the President is likely to create precisely the same political problems which exist in the present program.

In contrast, the board of directors established by S. 1305 is carefully balanced to insure representation by the public, the organized bar, Legal Services lawyers, and clients.

In addition to the corporation's structure, there are other aspects of the administration bill which could cause unwarranted interference with the attorney-client relationship.

For example, the administration bill would prohibit Legal Services attorneys from influencing legislation except upon request from legislative bodies or their members. Such a restriction not only makes it difficult to achieve vitally needed law reform—it also contradicts the Canons of Ethics and the Code of Professional Responsibility.

Other provisions of the administration bill could be interpreted as limiting suits against the Federal Government and the funding of organizations concerned with the broad legal interests of the poor.

This is not a partisan issue. S. 1305 has been sponsored by approximately 120 Members of both Houses of Congress—including Republicans and Democrats of widely varying philosophies.

And this is not a partisan controversy. It is a controversy between those who want the poor to have free and unfettered legal representation and those who would deny such representation—either out of fear or neglect.

We begin hearing this morning from a panel representing the organized bar, represented by Edward L. Wright, president of the American Bar Association, and he is accompanied by John D. Robb, chairman of the standing committee on legal aid and indigent defendants; Jacob D. Fuchsberg, American Trial Lawyers Association; John C. Douglas, National Legal Aid and Defenders Association; and James W. Cobb, president-elect, National Bar Association.

Senator MONDALE. Welcome to the committee, gentlemen.

May I say to each of you and to your organizations that we have been greatly impressed by the way the organized bar has spoken up for the need to permit the poor to have full and complete access to the courts.

I have been most impressed by each of your organizations during these various struggles that come before the Congress and before the executive agencies. We are truly grateful.

Indeed, I think if it had not been for the support of the organized bar, the OEO Legal Services program would either have died, or have been twisted into a program not worthy of its promise.

With that, I am very pleased to open these hearings with Mr. Wright, president of the American Bar Association.

STATEMENT OF EDWARD L. WRIGHT, PRESIDENT, AMERICAN BAR ASSOCIATION; ACCOMPANIED BY JOHN D. ROBB, CHAIRMAN, STANDING COMMITTEE ON LEGAL AID AND INDIGENT DEFENDANTS; JACOB D. FUCHSBERG, AMERICAN TRIAL LAWYERS ASSOCIATION; JOHN C. DOUGLAS, NATIONAL LEGAL AID AND DEFENDERS ASSOCIATION; AND JAMES W. COBB, PRESIDENT-ELECT, NATIONAL BAR ASSOCIATION

Mr. WRIGHT. Mr. Chairman, unless the Chair indicates a preference otherwise, I will read my prepared statement which is relatively brief.

Mr. Chairman and members of the committee, my name is Edward L. Wright. I am a practicing lawyer in Little Rock, Ark., and currently serve as president of the American Bar Association. Accompanying me is John D. Robb, Jr., a private practitioner from Albuquerque, N. Mex., who has served since August 1966 as chairman of the ABA Standing Committee on Legal Aid and Indigent Defendants.

We appreciate the opportunity to appear before you today to present the views of the association on the establishment of a federally-funded, nonprofit corporation to assume the responsibility of funding programs that will make a broad range of legal services available to persons unable to employ a lawyer. The committee will be interested to know that the board of governors of the association, meeting in Williamsburg, Va., on April 29, 1971, adopted a resolution supporting, in principle, the creation of such a corporation. (A copy of the board's resolution is attached to this statement as exhibit No. 1.)

The association has long been concerned with the need for a new home for the Legal Services program. In February of 1969, a delegation led by William T. Gossett, then president of the association, suggested to Cabinet officials of this administration that an independent agency, foundation, or quasi-public corporation might provide the best solution to problems then being experienced.

In testimony in May of 1969, my immediate predecessor, Bernard G. Segal, who was then president-elect of the association made this statement:

> We would urge that the status of the Program [Legal Services] within the overall agency structure be re-examined at the appropriate time. Although we feel that it is perhaps too early to urge the establishment of a separate entity within the Federal structure, this course may be the best solution.

It appears that the appropriate time has come. In the board of governors of the association I found very strong support for the concept of a nonprofit corporation. It appears that the administration and a significant number of Members of Congress are also in agreement on the concept. We are hopeful that the differences in the various approaches can be resolved satisfactorily and that meaningful legislation can be enacted at the earliest practicable moment.

It may be helpful to the committee if I spend a moment reviewing the close involvement, concern, and interest of the American Bar Association in making legal services available to the poor.

At our annual meeting in St. Louis in 1970, the association celebrated the 50th anniversary of the establishment of the association's committee on legal aid, the first chairman of which was Charles Evans

Hughes. In securing its charter as a standing committee of the association, the committee put forward the following statement of purpose:

> There should be a direct relationship between the American Bar Association and legal aid work in its national aspects and as a national movement.
> (Reports of the ABA, 1921, p. 493)

Since the establishment of that committee in 1920 and in concert with the National Legal Aid and Defender Association (NLADA), the organized bar has provided leadership and support to the expansion of legal aid in both civil and criminal matters.

The modern history of the legal aid movement, as this committee well knows, began on February 8, 1965, when the house of delegates of the American Bar Association adopted a resolution pledging its cooperation and support to the Office of Economic Opportunity * * *

> . . . in the development and implementation of programs for expanding availability of legal services to indigents, and persons of low-income, such programs to utilize to the maximum extent deemed feasible the experience and facilities of the organized Bar, such as legal aid, legal defender, and lawyer referral, and such legal services to be performed by lawyers in accordance with ethical standards of the legal profession.

(A copy of the 1965 resolution appears as exhibit No. 2 on p. 1465.)

Prior to the adoption of that resolution, extensive negotiations were held between representatives of the Office of Economic Opportunity and leaders of the organized bar. In these negotiations, the bar sought and received assurances that the program would provide high quality legal assistance in a manner consistent with the standards and ethical mandates of the profession, that the program would be managed by lawyers, and, further, that the professional independence of the lawyers and the integrity of the lawyer-client relationship would be assiduously preserved.

A national conference of law and poverty was convened in June 1965 under the cosponsorship of the Attorney General of the United States and the Director of the Office of Economic Opportunity as part of the implementation of these understandings. I participated in the conference as chairman of the association's special committee on evaluation of ethical standards. Representatives of the association who served on the steering committee of the 1965 conference included Lewis F. Powell, Jr., president of the association; John W. Cummiskey, chairman of the committee on legal aid and indigent defendants, and currently a member of our board of governors; and Orison S. Marden, the president-elect of the association. Theodore Voorhees, president of NLADA, and Theodore Coggs, president of the National Bar Association, also served on the steering committee.

The national advisory committee was later established pursuant to the understanding between OEO and the bar to assure the continued cooperation and support of the organized bar and to provide a voice for it in policies affecting the operations of the program. This advisory committee has been an effective force in monitoring program operations and assuring the continued adherence of the parties to the commitments exchanged in 1965.

Since the adoption of the 1965 resolution, the American Bar Association and the other professional organizations appearing with us today, have more than fulfilled the commitment reflected in the lan-

guage of the resolution. In this regard, virtually every president of the association since 1965 has appeared before committees of Congress to urge the expansion of the program and to report upon its activities from the standpoint of the profession.

The association has come to the defense of the program on several occasions when threats of encroachment on its professionalism or the independence of its lawyers were put forward in the form of proposed amendments to the Economic Opportunity Act, such as the so-called Murphy amendments offered in the 90th and 91st Congresses, or other legislation such as the Social Security Act proposed, but not adopted. in the 91st Congress.

Similarly, the association has vigorously and successfully opposed administrative actions which were considered by the bar to endanger the quality and professionalism of the program by shifting responsibility for its operations and decisionmaking from lawyers to nonlawyer administrators. I am referring here to the proposed implementation of the McKenzie management study in 1967 and the proposed implementation of the "regionalization" concept and "decentralization" guidelines in 1970.

These recurring attacks on the Legal Services program have helped to shape our view that the Legal Services program should be provided with a new and independent home. A discussion of these problems and their possible solutions appears in a recent article by John D. Robb, Jr., who accompanies me here today. (The article is attached as exhibit No. 3.)

The main focus of the association and its authorized representatives has been the protection and continuation of the program in a framework through which the lawyer could serve his clients to the extent of his professional responsibility and the ethical mandates of the profession. The maintenance of this professionalism is absolutely essential for the success of any legal services program.

At the time of the meeting of the ABA Board of Governors on April 29, 1971, the administration's legislation proposing a Legal Services Corporation had not been introduced in the Congress, and, therefore, was not available to the board. Because of this, the board in adopting its resolution, did not consider any specific legislation. Since, however, the board on behalf of the association has taken a position in support of the establishment of a nonprofit corporation, it is appropriate that we make known to the committee some of our concerns which we hope will be reflected in whatever legislation is adopted.

As reflected in the April resolution, the charter of the Corporation should contain specific assurances that the independence of lawyers involved in the provision of legal services to represent clients in a manner consistent with ethical mandates of the profession shall be safeguarded. The independence of lawyers and the integrity of the lawyer-client relationship are the very proper bases upon which the Canons of Ethics and the Code of Professional Responsibility are built; they must be observed whether the lawyer is being paid personally by his client or is being compensated by the Federal Government through a nonprofit corporation. (Applicable provisions from the Code of Professional Responsibility are attached hereto as exhibit No. 3A.) In no other way can those unable to obtain counsel receive

the effective representation required by the fundamental concept of "equal justice for all". Only through assuring the professional independence of the lawyer can the trust and confidence of the clients be obtained.

The association recommends that all effective steps be taken to insulate the Corporation and its lawyers from political influences that might in any way jeopardize the independent professional judgment required of all lawyers. In this regard, we would hope that no political clearances would be applied in the staffing of the Corporation.

The maintenance of the interest and participation by State and local bar associations should be encouraged. In this regard, it is suggested that grant applications be submitted to affected State and local bar associations for comment as is prescribed in the existing statute governing the Legal Services program. Our experience indicates that many of the problems and tensions in the operations of the Legal Services program have resulted from failure on the part of the program and the local bar associations to communicate with and understand each other. On our part, we have encouraged bar participation in the programs and counseled the young legal services lawyers to actively join in bar activities.

It is of paramount importance that the influence of the national organized bar in the operations of the program be continued. The active participation of representatives of the bar in a policymaking role on the National Advisory Committee as described earlier in this statement has had considerable influence on the professionalism of the program as well as its credibility with Congress and the bar. The organized bar should continue to have an important voice in the affairs of the Corporation.

We recognize the necessity and desirability of allowing the board of a local grantee to establish and enforce broad policies regarding the eligibility of clients and priorities consistent with the needs of the community and the resources available to the project. A recent opinion of the American Bar Association Committee on ethics and professional responsibility on this point will be of interest and is attached as exhibit No. 4.

Because you will hear from the witnesses representing the Association of American Law Schools later in these hearings, we will not dwell upon the substantial impact which the Legal Services program has had upon legal education in the United States. The American Bar Association is one of the cosponsors of the Council on Legal Education Opportunity (CLEO) and participates actively in this successful effort to increase the number of lawyers from disadvantaged groups. The CLEO program should be continued and adequately supported.

The Legal Services program has also had substantial and favorable influence on the law school curriculum. The availability of legal service projects as clinical education facilities has proved of mutual benefit to the program and the law school as well as the administration of justice in this country. The continued cooperation of legal education and legal services to the poor must be encouraged.

The association is also concerned with the level of funding which will be made available to the Corporation. There has long been urged a minimum appropriation for legal services to the poor of $90 million

which was the amount authorized by the Congress for the current fiscal year. This figure does not contemplate the assumption of administrative costs now borne by the Office of Economic Opportunity. We would recommend that adequate funds be made available and that the appropriations extend for a period of 3 years, a period of time consistent with preserving the public accountability of the Corporation.

Our views can perhaps be best summarized by a statement made by the board of governors in its resolution opposing the Murphy Amendment in 1969. The board referred to the association's—

> Commitment to secure full and effective legal services to the poor by providing every person in our society with access to the independent professional services of a lawyer of integrity and competence.

EXHIBIT NO. 1

Resolution Adopted at ABA Board of Governors Meeting
in Williamsburg, Virginia--April 29, 1971.

Non-Profit Corporation for Legal Services

WHEREAS, the American Bar Association in furtherance of policy positions adopted by the House of Delegates in February, 1965, and the Board of Governors in August and October, 1969, has vigorously supported the expansion of legal services to those unable to afford the services of an attorney through the Legal Services Program of the Office of Economic Opportunity; and

WHEREAS, the American Bar Association has insisted that the independence and professional integrity of the lawyers involved in rendering such service be maintained, with particular emphasis on protection of the attorney-client relationship and compliance with the Code of Professional Responsibility and Canons of Ethics of the Legal Profession; and

WHEREAS, pronouncements of this Administration and legislation currently pending in both Houses of Congress propose the establishment of a federally-funded, non-profit corporation to assume the responsibility of funding programs which will make a broad range of legal services available to persons unable to afford the services of an attorney which corporation will not be an agency or establishment of the United States Government; and

WHEREAS, the establishment with adequate safeguards of such non-profit corporation will tend to further the insistence of the American Bar Association on the independence and professional integrity of the Legal Services Program,

NOW, THEREFORE, BE IT RESOLVED, that the American Bar Association supports, in principle, the creation of a federally-funded non-profit corporation to administer monies which will be used to fund programs which will provide a broad range of legal services to persons unable to afford the services of an attorney, the charter of which shall contain assurances that the independence of lawyers involved in the Legal Services Program to represent clients in a manner consistent with the professional mandates shall be maintained, and,

BE IT FURTHER RESOLVED, that representatives of the American Bar Association designated by the President be authorized to present testimony on behalf of the Association before the appropriate committees of the Congress consistent with this resolution.

4/29/71

EXHIBIT NO. 2

Resolution Adopted by House of Delegates
American Bar Association
February 8, 1965

WHEREAS, the organized Bar has long acknowledged its responsibility to make legal services available to all who need them, and this Association has been a leader in discharging this responsibility; and

WHEREAS, the organized Bar, under the leadership of the National Legal Aid and Defender Association and of this Association, has extended legal services to indigents for more than three quarters of a century, and there are now some 247 legal aid offices and 136 volunteer legal aid committees rendering these services; and

WHEREAS, the organized Bar, under the leadership of this Association, has also extended legal services to persons of modest or low incomes for many years through lawyer referral programs, and there are now some 203 lawyer referral agencies in operation; and

WHEREAS, individual lawyers traditionally have rendered service without charge to those who cannot pay; and

WHEREAS, despite this considerable effort of individual lawyers and the organized Bar over many decades, it is recognized that the growing complexities of modern life, shifts of large portions of our population and enlarged demands for legal services in many new fields of activity warrant increased concern for the unfulfilled need for legal services, particularly as to persons of low income, and that the organized Bar has an urgent duty to extend and improve existing services and also to develop more effective means of assuring that legal services are in fact available at reasonable cost for all who need them; and

WHEREAS, the Economic Opportunity Act of 1964 provides for co-operative programs with state and local agencies through which various services, including legal services, may be rendered to persons of low incomes who need advice and assistance; and

WHEREAS, freedom and justice have flourished only where the practice of law is a profession and where legal services are performed by trained and independent lawyers;

NOW, THEREFORE, BE IT RESOLVED, that the American Bar Association reaffirms its deep concern with the problem of providing legal services to all who need them and particularly to indigents and to persons of low income who, without guidance or assistance, have difficulty in obtaining access to competent legal services at reasonable cost; and authorizes the officers and appropriate Sections and Committees of the Association, including such additional special committee (if any) as the Board of Governors may establish, in cooperation with state and local bar associations and the National Legal Aid and Defender Association, to improve existing methods and to develop more effective methodes for meeting the public need for adequate legal services; and

FURTHER RESOLVED, that the Association, through its officers and appropriate Committees, shall cooperate with the Office of Economic Opportunity and other appropriate groups in the development and implementation of programs for expanding availability of legal services to indigents and persons of low income, such programs to utilize to the maximum extent deemed feasible the experience and facilities of the organized Bar such as legal aid, legal defender, and lawyer referral, and such legal services to be performed by lawyers in accordance with ethical standards of the legal profession; and

FURTHER RESOLVED, that the Association's Committees on Legal Aid and Indigent Defendants and on Lawyer Referral Service shall, in the absence of the creation of a special committee for the purpose, have primary responsibility for (i) implementing these resolutions, (ii) co-ordinating with the appropriate Committees and Sections, and (iii) reporting back to this House at the Annual Meeting in August, 1965.

EXHIBIT 3

[From the Cornell Law Forum, Winter 1971]

INTERFERENCE WITH LEGAL SERVICES FOR THE POOR

(By John R. Robb, Jr.)

Editor's Note: John D. Robb was born in New York City in 1924. He attended Yale University and the University of New Mexico, and received his B.S.L. (1948) and LL.B. (1949) degrees from the University of Minnesota. Engaged in private practice in Alburquerque, New Mexico since 1959, he is now a partner in the firm of Rodey, Dickason, Sloan, Akin & Robb. Mr. Robb has been a Director of the National Legal Aid and Defender Association and of the Albuquerque Legal Aid Society as well as working with the Navajo Legal Services Program. For the past six years he has served as National Chairman of the ABA Standing Committee on Legal Aid and Indigent Defendants, as a Vice-President of the Executive Committee of the National Legal Aid and Defender Association, and as a member of the National Advisory Committee of the OEO Legal Services Program.

The OEO Legal Services Program has been providing legal services to the poor on a greatly expanded basis during the last six years. The basic premise of the program is that the rights of the poor are entitled to the same vigorous protection as those of the rich; that such equality is the cornerstone of a democratic society founded upon the rule of law. To insure the rendering of high quality professional legal services the program must be conducted by lawyers who are free to look after only the interests of the clients to be served. Although these principles would seem self-evident there have been numerous concerted efforts to interfere with the rendering of such services by lawyers and to subject administrative lawyers within the structure of OEO to the domination of laymen. The purpose of this article is to explore the various obstacles which have been placed in the path of the Legal Services Program (LSP) and to suggest a solution for minimizing them.

Interference emanating from outside of OEO increased from the inception of the program so that in 1969 alone there were 49 principal incidents according to a compilation made by the National Legal Aid and Defender Association and supplemented by the author. There have been a variety of cases which have sparked this interference. Approximately one-half have involved suits against government agencies, including class actions and "law improvement," i.e., test cases and administrative or legislative action for the purpose of bringing about vital changes affecting those in poverty. About one-half of the disputed actions against local, state or federal agencies have been against law enforcement agencies, housing authorities or officials thereof. Labor and welfare matters and disputes involving food programs comprise most of the remaining suits. Landlord and tenant and domestic relations cases have caused most of the complaints in non-governmental actions. The interference has generally taken the form of "investigations" and other harrassment or unfounded criticisms, action or threats against local funding sources such as the United Fund and federal funds furnished by OEO, and professional grievances filed with bar associations against legal services laywers. This action has come primarily from lawyers, bar associations and unhappy governmental agencies or officials. Lawyers and bar associations together have accounted for about 40% of these complaints. Only one instance of disciplinary action by a bar association has been reported to the American Bar Association (ABA) or the National Legal Aid and Defender Association (NLADA). This indicates that a number of bar associations and individual lawyers still do not understand the objectives and the rights of lawyers engaged in rendering such services or that groundless complaints are purposely being brought. The ABA, NLADA and some local bar associations have defended against these unjustified attacks.

On a national level much of the interference has come from California. In the fall of 1969, Senator George Murphy introduced his Murphy Amendment. The purpose of this amendment was to furnish the Governor of each State with an absolute veto power over the funding of all or any part of a legal services program. This proposal would have eliminated the right of the Director of OEO to override a gubernatorial veto. The Murphy Amendment was a direct result of Governor Reagan's reprisal against the California Rural Legal Assistance Program which had prevailed in significant battles on behalf of its clients, includ-

ing one involving Governor Regan's attempted cutbacks in the California Medi-Cal Program. Senator Murphy's acknowledged reason for proposing the amendment was to eliminate suits against government agencies and efforts to achieve changes in the law ("law improvement"). Unlike a similar amendment which had been readily defeated in the Senate in 1967, the Murphy Amendment passed the Senate. OEO and the organized bar launched a vigorous protest against the amendment and it was not offered in the House. The Murphy Amendment was considered by the organized bar as political interference with the program and with the attorney-client relationship, as well as an unfair elimination of remedies important to the poor.

Surprisingly enough, attempted interference with some of the foregoing basic principles have come from within OEO itself from time to time, although until recently such obstruction attracted little publicity. These internal conflicts have occurred at all levels of administration within OEO. Most have involved disputes between legal services personnel on the one hand and officials of the Community Action Program (CAP) on the other. Some have occurred within local legal services programs themselves. Interference within such local programs has stemmed generally from efforts by well meaning boards and individual directors to screen determinations of eligibility and to oversee the acceptance of employment and the handling of controversial cases. Enforcement of these efforts has sometimes been attempted by threats to discharge legal services lawyers. Many of the administrative problems within OEO have arisen from an inadequate definition of the respective roles of CAP and the legal services personnel. Throughout nearly all of the program's existence, it has operated as a part of CAP with lawyers having primary responsibility for its administration and full responsibility for enforcement of its professional policies. Policies governing the program have been recommended by a National Advisory Committee of distinguished lawyers. Enforcement has for the most part been provided by the Director of Legal Services and his staff in Washington with assistance from regional legal services lawyers. Disputes between the CAP and legal services personnel have involved the making of grants and modifications thereof, the selection, pay and promotion of lawyers in the regions, staffing levels, the determination of administrative budgets, conflicts between policies of CAP and LSP and the like.

In addition to exasperating bureaucratic delays and unnecessary diversion of effort caused by the foregoing conflicts, there have been three major attempts to place the program in the hands of laymen. The first, which would also have transferred many of the LSP's activities to the regions, occurred in 1967 as a result of a management study known as the McKenzie Report. It would also have changed the role of lawyers in the regions from having primary operational responsibility to becoming technical consultants. Following issuance of the *Fuchsberg Report* by the National Advisory Committee, which objected strenuously to the recommendations, McKenzie was not applied to the program. However, attempts to establish the proper relationship between CAP and the LSP foundered in numerous unproductive negotiating sessions between representatives of the National Advisory Committee and those of the CAP.

Following the unsuccessful negotiations, the second major instance of administrative encroachment occurred in October, 1968, when the Director of OEO issued a series of four orders which would have stripped the Director of the LSP of almost all authority had they been completely implemented. Under these orders the regional directors succeeded to most of the duties previously vested in the Legal Services Director. Responding to the suggestions of the organized bar, including particularly the ABA and the NLADA, the Nixon Administration in July of 1969 established the LSP as a separate division within the agency. It also upgraded its Director to the post of Assistant Director of OEO.

The third and most concerted onslaught from within OEO occurred in the spring and summer of 1970 when its Deputy Director concluded to adopt a "regionalization" proposal. A blueprint of the McKenzie proposal, "regionalization" would have transferred the administration of the program to OEO regional directors most of whom were laymen. Advocates for the plan contended that it would achieve management efficiency, coordination of the program with the overall war on poverty, would make the program more responsive to local needs and would accomplish the program's necessary subordination to the

broader policies of the CAP in case of conflict between the policies of each. Opponents argued that "regionalization" was contrary to congressional policy, would cause political interference with the handling of cases and the attorney-client relationship, would pose ethical problems for lawyers, would cause resignations by many of the best lawyers in the program, would jeopardize the quality of service to the poor, cause them to lose confidence in the LSP and deprive it of the enthusiasm and close supervision by the bar. Only staunch efforts by the National Advisory Committee, legal services lawyers, the organized bar, influential committees and members of Congress and stiff press opposition headed off the "regionalization" proposal. However, the rescission of the "regionalization" plan was accompanied by the issuance of "coordination" guidelines which would have created an administrative paralysis, encouraged disputes between the LSP and the Office of Operations (formerly CAP) and in effect transferred most of the major disputed decisions from the Director of Legal Services to the Director of OEO. In addition, the following week the Director of OEO fired the Director and Deputy Director of the LSP on the grounds that they were either unable or unwilling to administer the program. They, in turn, charged that their discharge resulted from their unrelenting efforts to protect the LSP from political interference. Once again OEO withdrew the "coordination" guidelines only in the face of stout opposition from the organized bar, legal services lawyers and members of Congress.

The tenacity of legal services lawyers, backed up by most segments of the organized bar, has prevented these attempted encroachments upon the program from having any marked effect upon the services rendered to the poor. Few instances have been reported where actual restraints on advocacy have resulted. However, these attacks have demoralized many lawyers in the program resulting in excessive turnover and have caused a major diversion of effort by lawyers in order to resist this action. The toll from these assaults has been more evident among administrative lawyers within the OEO structure. However, even here, lawyers on the whole have maintained their professional independence with the exception of a brief period in late 1968 and early 1969. The foregoing, together with the administration's avowed purpose to remove successfully operating programs from OEO, strongly suggests that a new home will have to be provided for the LSP. OEO's efforts to implement the administration's new federalism by placing more governmental responsibility in the regions and states will expose the various legal services programs to increased political pressure and interference. If such conflicts of interest and administrative difficulties exist within OEO, the anti-poverty objectives of which are closely allied with those of the LSP, it seems doubtful if the program can satisfactorily co-exist within other existing departments or agencies, few of which would have such a close identity of interests. The best solution for preserving the independence of the LSP would seem to lie in placing it in a new, single purpose agency. However, such an answer would require careful consideration of the type of organization, protection against political interference, adequate funding levels and assurance of the continuing support from the bar and other groups. Until this can be accomplished the bar, legal services lawyers and others interested in the program must continue to protect it from further attacks.

EXHIBIT NO. 3A

PERTINENT EXCERPTS FROM THE CANONS OF ETHICS AND THE CODE OF PROFESSIONAL RESPONSIBILITY

Canons of Ethics

Under the Canons of Ethics, a lawyer is enjoined to avoid adverse influences and conflicting interests; he may not represent such interests and must disclose any such matters to his client (Canon 6); he owes "undivided fidelity to his client and is forbidden to acquire interests in litigation in which he is engaged" (Canon 10); a lawyer may not use his own personal gain to abuse his client's confidence (Canon 11); he owes "entire devotion" to the client's interest, zealousness, the use of "his utmost learning and ability", not restrained by "fear of judicial disfavor" or "public unpopularity"; he must assert every "remedy or defense" (Canon 15); his services may not be controlled or exploited by any lay agency which interferes between client and lawyer since a lawyer's obligations are direct to his client; however, charitable societies are exempted from this requirement (Canon 35); he may withdraw from employment only for good cause but is required to withdraw if incapable of conducting his case effectively (Canon 44); he is forbidden to permit himself to be used by others to engage in unlawful practices (Canon 47).

Code of Professional Responsibility

Canon 2 states: " a lawyer should assist the legal profession in fulfilling its duty to make legal counsel available".

Section E. C. 2-25 makes clear that it is the responsibility of every individual lawyer to become personally involved in assisting efforts to meet the need for legal services by the disadvantaged.

Section E. C. 2-27 reads in part: "Regardless of his personal feelings, a lawyer should not decline representation because a client or a cause is unpopular or community reaction is adverse."

Section E. C. 2-28 reads: "The personal preference of a lawyer to avoid adverse alignment against judges, other lawyers, public officials, or influential members of the community does not justify his rejection of tendered employment."

Canon V provides : (Section E. C. 5-1 states:) "The professional judgment of a lawyer should be exercised, within the bounds of the law, solely for the benefit of his client and free of compromising influences and loyalties. Neither his personal interests, the interest of other clients nor the desires of third persons should be permitted to dilute his loyalty to his client."

Sections E. C. 5-21 and 5-23 alert the lawyer to certain "strong economic, political or social pressures" against which he must remain alert. They specifically require the lawyer to guard against any interference by persons or organizations who pay or furnish lawyers to represent others. That this includes interference by a legal aid board is clearly spelled out in Section E. C. 5-24, in which lawyers are forbidden to accept employment from such programs "unless the board sets only broad policies and there is no interference in the relationship of the lawyer and individual client he serves". Canon VII of the new code succinctly states : "A lawyer should represent a client zealously within the bounds of the law." Moreover, he cannot "...fail to seek lawful objectives of the client through reasonably available means..." (Section E. C. 7-101 (A) (1).

(Exhibit No. 4)

[From the American Bar Association Journal, December 1970]

OPINIONS OF THE COMMITTEE ON ETHICS AND PROFESSIONAL RESPONSIBILITY

FORMAL OPINION 324 (AUGUST 9, 1970) LEGAL AID AGENCIES

The governing board or body of a legal aid society has the right and obligation to establish and enforce broad policy regarding the operation of the agency, but beyond this function the board must scrupulously guard against unreasonable interference with the handling of specific cases or the representation of specific clients by staff attorneys.

CANONS INTERPRETED: Professional Ethics 6, 8, 15, 35 and 37.

CODE OF PROFESSIONAL RESPONSIBILITY: Canons 2, 4 and 5; Ethical Considerations 2–25, 2–27, 2–28, 4–2, 5–1, 5–21, 5–23 and 5–24; Disciplinary Rules 2–103(D)(1); 4–101(B)(1) and 5–107(B).

Recent years have fortunately witnessed a burgeoning of legal aid programs for the poor and others unable to afford reasonable fees for legal services. Subject to local variations, legal aid programs have as their goals one or more of the following: (1) providing legal assistance for persons unable to afford the cost of legal services; (2) educating the community as to the existence of legal problems; (3) achieving law reforms through suggested legislation or test cases; and (4) conducting research into the substantive and procedural law affecting the poor and others whom legal aid programs serve. Depending upon each legal aid society's articles of incorporation, charter or constitution, as the case may be, the programs are often administered by a board of directors or similar body whose membership may consist solely of attorneys, solely of lay persons, or of both attorneys and lay persons. The nature and extent of the control exercised by the board over the lawyers employed by the society does, of course, vary considerably.

The activities of a legal aid society were the subject of criticism by various public officials and certain of the news media. As a result of this criticism, the legal aid society's activities were examined by a special committee of the local metropolitan bar association, which concluded its report by using the following language with respect to the primary complaint directed against the society's representation of "militant" groups and causes:

Unquestionably, the society has, by its representations in certain cases . . . given support, direct or indirect, to causes or activities which may be considered militant. However, up to the present time, representations of this kind have been relatively few in relation to the some 5,000 representations afforded by the society during the period January 1 to November 30, 1969. It is probable that publicly expressed concern as to the Society's support of "militant" causes would appear to relate more to what it may do rather than to what it has already done.

The president and director of the Society made it quite clear to your committee, as they have in the press, that the society intends to undertake the representations of groups of poor persons where it feels they have a just cause, regardless of whether such groups are generally regarded as militant. Such representation may be expected to take a variety of forms, from the representation of rent strikers and a class action to reform the disciplinary procedures of the [Forest Park] Junior College, as had already been undertaken, to suits against governmental agencies to reform their procedures and practices. Further than that, it is the intention of the society to undertake legal reform, either by direct suit or by advocating legislative change, in any case where such action would appear desirable in the interest of the poor. As stated by the director, the only condition is that the action taken be within the law. In short, it is clear that the society's future activity will be expanded far beyond the traditional concept of simply rendering legal service to individual poor persons. To what extent, if any, this broadened activity may militate against the society's capacity to serve the individual poor is unknown. The director of the society feels that it will not.

In any event, your committee believes that the bar association should be aware of the broader and more active role that the legal aid society intends to play in support of causes which it deems to be for the good of the poor. Unquestionably, this increased activity will be abrasive, and controversial, and

the bar association, which necessarily assumes a large direct responsibility for the legal aid society will have to keep abreast of its activities to support them or to work for their correction, as the case may require.

The executive committee of the metropolitan bar association thereafter submitted certain proposals to the legal aid society urging, *inter alia*, prior approval by the society's board of directors before any legal matter may be undertaken for an organization whose representation has not been authorized by the board, and before class actions can be instituted by staff attorneys. The statement of the executive committee said in part:

> We feel that the board of directors of the legal aid society . . . should assume that dominant and controlling position in directing the policy of the society. In our opinion, the policy of the society should be established by its board of directors. The members of the board have a duty to be responsive to the attitudes of the entire community in establishing that policy. They also have a duty to insist that the operating director abide by the letter and full spirit of the board's policy, or he should be dismissed.

The questions presented for decisions are:

(1) To what extent should a board of directors or the govering body of a legal aid society be able to control the activities of lawyers employed by the society to provide legal services for indigents and others?

(2) To what extent can a lawyer employed by a legal aid society submit to this control under the Code of Professional Responsibility and the Canons of Ethics?

Canon 5 of the Code of Professional Responsibility states the broad rule that "A lawyer should exercise independent professional judgment on behalf of a client."

EC 5–1 provides:

> The professional judgment of a lawyer should be exercised, within the bounds of the law, solely for the benefit of his client and free of compromising influences and loyalties. Neither his personal interests, the interests of other clients, nor the desires of third persons should be permitted to dilute his loyalty to his client.

Similarly, EC 5–21 provides:

> The obligation of a lawyer to exercise professional judgment solely on behalf of his client requires that he disregard the desires of others that might impair his free judgment. The desires of a third person will seldom adversely affect a lawyer unless that person is in a position to exert strong economic, political, or social pressures upon the lawyer. These influences are often subtle, and a lawyer must be alert to their existence. . . .

Insofar as is relevant to the specific questions with which we are presented, EC 5–23 provides:

> A person or organization that pays or furnishes lawyers to represent others possesses a potential power to exert strong pressures against the independent judgment of those lawyers. Some employers may be interested in furthering their own economic, political or social goals without regard to the professional responsibility of the lawyer to his individual client. Others may be far more concerned with establishment or extension of legal principles than in the immediate protection of the rights of the lawyers' individual client. On some occasions, decisions on priority of work may be made by the employer rather than the lawyer with the result that prosecution of work already undertaken for clients is postponed to their detriment. . . .

EC 5–24 stresses that the functions of the board of directors of a legal aid society should be limited to setting broad policy guidelines for the operation of the society:

> . . . Various types of legal aid offices are administered by boards of directors composed of lawyers and laymen. A lawyer should not accept employment from such an organization unless the board sets only broad policies and there is no interference in the relationship of the lawyer and the individual client he serves. Where a lawyer is employed by an organization, a written agreement that defines the relationship between him and the organization and provides for his independence is desirable since it may serve to prevent misunderstanding as to their respective roles. Although other innovations in the means of supplying legal counsel may develop, the responsibility of the lawyer to maintain his professional independence remains constant,

and the legal profession must insure that changing circumstances do not result in loss of the professional independence of the lawyer.

Moreover, DR 2–103(D)(1) clearly provides that a lawyer's professional judgment cannot be interfered with by any legal service agency by whom he is employed:

> A lawyer shall not knowingly assist a person or organization that recommends, furnishes, or pays for legal services to promote the use of his services or those of his partners or associates. However, he may cooperate in a dignified manner with the legal service activities of any of the following, providing that his independent professional judgment is exercised in behalf of his client without interference or control by an organization or other person: (1) a legal aid office . . .

Finally, DR 5–107(B) provides:

> A lawyer shall not permit a person who recommends, employs, or pays him to render legal services for another to direct or regulate his professional judgment in rendering such legal services.

We believe that the foregoing quotations from the Code of Professional Responsibility militate against any interference with the lawyer-client relationship by the directors of a legal aid society after a case has been assigned to a staff attorney.

The questions presented for decision can be more easily resolved by using a two-step analysis of the problem. We must first determine the scope of the authority a legal aid society board of directors has to prohibit its staff attorneys from accepting certain types of cases or representing certain types of clients. Only after this determination is made can we consider the control the directors should exercise over the handling of specific cases assigned to staff attorneys.

We believe that under EC 5–24 of the Code of Professional Responsibility, the governing board of a legal aid society has a moral and ethical obligation to the community to determine such broad policy matters as the financial and similar criteria of persons eligible to participate in the legal aid program, selection of the various services which the society will make available to these persons, setting priorities in the allocation of available resources and manpower, and determining the types or kinds of cases staff attorneys may undertake to handle and the type of clients they may represent. In this regard, the board functions much like the managing or senior partners in a law firm, except that the board's role is expressly circumscribed by the code to making broad, rather than narrow, policy decisions

The composition of the board of directors may be important in determining the propriety of board-imposed limitations or restrictions upon the types of cases a legal aid society permits its staff attorneys to undertake or the type of clients it permits them to represent. Where, for example, a board consists partially or solely of lawyers, these members in determining board policy should strenuously attempt to fulfill their broad obligations under Canon 2 of the Code of Professional Responsibility by setting policies designed to make legal services as fully available to all who need them as resources permit. See EC 2–25. Furthermore, just as an individual attorney should not decline representation of an unpopular client or cause, an attorney member of a legal aid society's board of directors is under a similar obligation not to reject certain types of clients or particular kinds of cases merely because of their controversial nature, anticipated adverse community reaction, or because of a desire to avoid alignment against public officials, governmental agencies, or influential members of the community. See EC 2–27 and EC 2–28.

We believe that it is more desirable for a board of directors of a legal aid society, in determining which clients its attorneys may undertake to represent and the cases its attorneys may prosecute, to set broad guidelines respecting the categories or kinds of clients and cases rather than to act on a case-by-case, client-by-client basis. There is in a case-by-case consideration the very real danger that the more controversial causes—those which often provide opportunities for law reforms aiding the poor—will be subject to board veto solely because of a fear of criticism from certain influential segments of the community. A broader policy approach, we believe, is not only mandated by the Code of Professional Responsibility, specially EC 5–24 and DR 5–107 (B), but is also a reasonable accommodation of the sometimes conflicting responsibilities that a legal aid board and its staff attorneys feel towards the community.

In addition to establishing broad policy, the board has the concomitant obliga-

tion to insure that its policies are being faithfully carried out by the society's executive director (who, of course, has no more latitude than the board he represents) and staff attorneys. To this end, the board may employ reasonable procedures to review periodically the actions of society personnel to determine whether the board's policy directives have been adhered to. Although a staff attorney may be asked to divulge certain information pertaining to his clients for the purpose of determining whether the board's criteria have been satisfied, we do not consider this an unreasonable encroachment upon a lawyer's independence, nor do we believe that a lawyer breaches Canon 4 and EC 4–2 or DR 4–101 (B) (1) of the Code of Professional Responsibility, or Canon 37 of the prior Canons of Ethics, by divulging this information.

After the attorney has accepted a client or case of the nature and type sanctioned by board policy, the board must take special precautions not to interfere with its attorney's independent professional judgment in the handling of the matter. The staff attorney must similarly prevent his actions in handling particular cases from being directly or indirectly influenced by the board or by individual board members, thus impairing his primary obligation of loyalty to his client. It goes without saying he must also act in accordance with the Code of Professional Responsibility or the Canons of Ethics, whichever is applicable.

Difficulties may arise, however, where a case assigned to or otherwise in the hands of a staff attorney is suitable for expansion into a class action, thereby offering greater possibilities for broader relief or substantial law reforms. Whether or not an attorney should be able to expand his case into a class action without prior board approval will depend on the guidelines established by the board determining priorities among the goals of the particular legal aid society. If, for example, the board establishes law reform as the primary goal of its program, it would be reasonable to allow the attorney in charge of a particular case to expand the action into a class suit without the prior approval of the board. On the other hand, if law reform is not one of the primary goals of the particular legal aid society, prior approval of the board may well be required before an ordinary suit is enlarged into a class action.

As we have noted earlier, it has been proposed that prior approval of the legal aid society board of directors be required before any legal matter may be undertaken for an organization whose representation has not been authorized by the board and before class actions can be instituted by staff attorneys. These restrictions, if adopted by the board of directors of the society, would, we believe, extend the board's authority beyond the limits prescribed by the Code of Professional Responsibility and the Canons of Ethics in that such restraints would grant to the board the power to make narrow rather than broad policy decisions and would, in addition, constitute an unreasonable interference with the lawyer-client interference with the lawyer-client relationship. Although the board may establish policy relating to financial criteria and other general matters governing the representation of organizations and individuals, it should not make this determination on a case-by-case basis. By its inherent nature, a case-by-case or client-by-client determination makes representation more vulnerable to board veto where the particular organization individual or cause is controversial or unpopular in the community and/or among the directors. So long as the board's general criteria are satisfied, the society should undertake to represent the client if sufficient resources are available so that other more pressing work is not neglected. Further, if the goals of the society, as its president and director have stated, encompass broad-scale legal reforms in addition to the rendering of legal services to individual client, the requirement of board approval of each contemplated class action will be an unwarranted interference with the lawyer's handling of the case.

We believe, therefore, that the following principles should govern the relationship between the board of directors of a legal aid society and the society's staff attorneys:

(1) The board's functions are limited to formulating broad goals and policies pertaining to the operation of the society.

(2) To this end, the board may establish guidelines respecting the categories or kinds of clints staff attorneys may represent and the types of cases they may handle.

(3) The board may require staff attorneys to disclose to the board such information about their clients and cases as is reasonably necessary to determine whether the board's policies are being carried out.

(4) Staff attorneys should endeavor at all times to fulfill the broad policies formulated by the board and should insure that their conduct in representing clients or causes is in conformity with the Code of Professional Responsibility or the Canons of Ethics, whichever is applicable.

(5) Attorney members of the board of directors are proscribed by the Code of Professional Responsibility from exercising their authority so as to discourage the representation of controversial clients and causes or matters which would align the legal aid society against public officials, governmental agencies or influential members of the community.

(6) Once the attorney has accepted a client or case of the nature and type sanctioned by board policy, the board must take special precautions not to interfere with its attorney's independent professional judgment in the handling of the matter.

We believe that the foregoing opinion would be equally appropriate under the former Canons of Ethics.

Senator MONDALE. You may proceed, Mr. Fuchsberg.

STATEMENT OF JACOB FUCHSBERG, AMERICAN TRIAL LAWYERS ASSOCIATION

Mr. FUCHSBERG. Thank you very much, Mr. Chairman.

My name is Jacob D. Fuchsberg, and, for the record, I have the disadvantage of practicing law in the largest city of this country, which, as you know, unfortunately, has largest number of poor people; and no doubt, to paraphrase both our mayor and his political adversaries, the greatest number of problems in the area with which we are concerned.

I would like to say at the outset that I am not going to repeat, but rather subscribe to the general statement made by Mr. Wright, about the history and philosophy behind the legal services program.

It has been my privilege to have been an active member of the national advisory committee under several administrations now for a number of years, and I presently serve as an executive committee member of that committee. Back in 1967, which is only a short time ago, chronologically, but does begin to seem like a long time in areas of this kind, I headed up the subcommittee which fought off an attack to try to clip the wings of this program. So I think I have a feeling about the guts of it, and what I would like to do is direct my attention not to generalities, because I am not under the disability under which Mr. Wright finds himself this morning. I would like to focus in on four or five primary areas of possible controversy, in determining the type of bill that should be passed by the Congress in setting up a Legal Services Corporation.

I might, first, in a general, preliminary way, say that we subscribe to what seems to now be almost the unanimous opinion that this part of the OEO program, probably its most successful and, in many ways—I do not say it in a competitive sense—as meaningful socially and nationally as any other, must not only be saved, but must be encouraged. Perhaps the best way to nurture it is through the form of an independent corporation of the type that is contemplated, and to the extent that the administration has proposed that kind of a bill, the idea, the concept, we applaud it.

However, we think it is very important to make sure that this transition is not used as an opportunity, or an excuse, to subvert many of the areas of promise that the present program already has shown.

Now, I am going to direct my attention first of all to a matter that is perhaps procedural and organizational, and I would hope should not be too controversial, and that is the type of board of directors to be selected.

The administration bill largely depends on direct appointment by the President, with a very few restrictions, and that we believe would open up, certainly in the hands of some future administration, the possibility of the appointees being politically oriented to a point beyond the desirability of the program.

On the other hand, Senate bill 1305, which I believe is sponsored by you, Senator Mondale, does provide for a broader scope of representation, and, specifically, I would like to applaud the fact that it specifically provides for representation of the bar, in the form of naming as members of the board the presidents of the country's leading bar associations of national scope, including the American Bar Association, the National Bar Association, the American Trial Lawyers Association, of which I am former president, and several other such organizations, who have a concern with this field. That, of course, assures us that we will have on the board the makings of the kind of standards that assure for a quality of legal services that is comparable to the type of services provided for private clients.

We also endorse the fact that your bill would provide for representation of the clients of the program, so that we have an input of their needs, and experiences and problems. The answer to those who say they are of a transitory nature, is that, in the foreseeable future, it would be almost impossible to conceive that, with the handicaps which so many of our population have by way of age, health, disability, lack of educational opportunity, and social deprivation, unfortunately, we must recognize the truism that there are many people who are in a chronic state, and will continue to be so, of being a part of our population that is in a subpoverty level, particularly from the point of view of their ability to earn their own way economically. With this kind of a permanent client class, it seems only right there be representation of it on this board.

Finally, the men, and most usually young men, who man this program as lawyers, should have an opportunity to participate in the making of policies on the basis of what they know in the field.

Your bill would provide for all of these things. However, I would suggest one change. Your bill provides for the automatic selection, as to bar association representatives, of their presidents. I believe, instead of that, an alternative should be set up so that those organizations have the right to select others than the president of the organizations, as their nominees for board of directorship. There are three obvious reasons why that should be so.

A man elected president, though he is generally the most prestigious man in the organization, at least for that year, is only there for that year. When his year is over, by the time he has learned what the antipoverty operation is like, you would get a successor, so we would not have a desirable continuity.

The second thing is that during that year while he is in office, he is usually the busiest man in the organization. He is concerned with many

activities. It seems to me we should have an opportunity to get somebody who has more time for the job.

Thirdly, very often, the man who is president of one of these organizations is not necessarily dedicated primarily to the interests of the antipoverty operations. His expertise in a particular year may be corporate law, it may be trial law, it may be patent law.

It seems to me a great flexibility in the choice by these organizations ought to be written into the bill, and, in fact, speaking informally, and without stating an official ABA position on it, I was delighted to find that Mr. Wright stated yesterday he subscribed to the view that there should be that flexibility.

Senator MONDALE. I think that makes a great deal of sense, and I would be in support of such a change.

Mr. FUCHSBERG. Thank you very much. I would like to move from that into what I think is probably the principal difference in the two bills, and that is in the legislative drafting and class action provisions.

I suppose the greatest contribution the legal services program could make and has been making in this country is that it has provided a viable opportunity for a legal means for the obtaining of social and legal justice in this country, as opposed to resort to violence, and other things, that, I am sure, we would all join in denouncing.

It seems to me that if this bill, or any bill does not emphasize, or accomplish that, then everything is for naught, and a concentration. Purely on the right to take care of individual cases for individual clients, may very well be the sort of thing where you do not take care of the woods, because you are busy taking care of the trees.

One of the things we must do is win confidence of the poor in our legal establishment, and, if we do not accomplish that, then we have accomplished nothing.

Now, one of the ways in which we can do that is by assuring that anything that the right man, anything that the middle-class client can get a lawyer to do, can be done for poor people as well.

One of those things is the business of trying to get reform of substantive and procedural law.

It is lobbying, if you will. It is taking class action, where you are concerned with an accomplishment for the community.

Well, it is stopping the pollution generally. It is going after the manufacturer who may indirectly, commercially, and I hate to use a harsh word, be stealing $10 a piece from a million consumers, so that it just makes no sense even for a poverty program to go after the $10, unless you are going after it for a million people at one time.

It seems to me the extent to which the administraion's bill would eliminate the right to do this, make it passive, limiting appearances before legislative bodies only on invitation, this is to destroy the type of equality in this area to which the poor are entitled, and, therefore, I want to emphasize that those features of the Senate bill 1305 are very much to be preferred.

Now, I would like to move from that into what is known as a vital kind of thing, because it gets right down to the guts of almost any program, and that is the matter of money.

I suppose that there are very few things in this life that are as important as justice. In fact, I heard a deeply religious friend of mine recently suggest that God Himself is justice.

Perhaps at the same time it is regrettable that justice is one of the more starved areas of our society, and I suppose the reason for it is that justice, like most of the valuable things in life, whether it be love, it could almost be health; is in some ways an intangible, and intangibles are hard to get people to subscribe to in dollars and cents.

Now, our program as conducted presently has taken care of 1,200,000 cases this past year.

That is a doubling of the number of cases that have had to be taken care of in the past 2 years, but the budget has remained standstill, even under inflationary pressures.

This job cannot be done without adequate resources. The administration bill would propose a budget of about $70 million, which allowing for some inflation, just keeps things frozen at the present state.

Your bill would provide for $140 million the first year and $170 million the second year.

It is far, far from being too much. It is a step in the right direction. It is a move toward adequacy, and we say that it is most urgent that that kind of appropriation be written in for the operation of this program.

I would like to now talk for a moment or two, in dealing with those few matters that I have selected for emphasis, about the scope of the administration of this corporation as it is proposed.

There is in the administration bill no power to coordinate, give technical assistance, monitor, or evaluate other Federal legal programs for the poor. There are such programs now run by HEW, HUD, and other governmental agencies.

This would be the only corporation in which the efforts, the know-how, and the interest of the organized bar would be funneled and concentrated.

It would be the only one where there is basic representation of the poor, and of the lawyer in this field, and it seems to me this is the opportunity to infuse a standard for poverty law operations in this country, throughout the entire poverty-law establishment, and to have failed to give this corporation that kind of breath of power, of scope, would be to lose a very valuable opportunity.

Your bill would appear to make that possible, and we say that, whatever compromises may be necessary in the course of the legislative process, there ought to be no compromise in this area.

This business of very much narrowing the scope of the corporation is manifested at least in two other areas.

The bill provides, the administration bill, that the Corporation shall have the power to engage in criminal law cases.

It is not, I am sure, the intention to now get into criminal law, because that is covered by other agencies, but there are many cases where there is an interrelationship, or a choice between a civil and criminal remedy, and it does seem to me that the matter of ultimate power and flexibility of the Corporation ought to be such that it should be left to its judgment as to when it may use its resources in criminal activity.

I might say, Senator, very often, as the aftermath of some of the disturbances we have had in this country, and they do not just

involve black people, but they involve white people as well, as the aftermath of many of them, we have found it would be helpful to have all antipoverty lawyers available to meet with criminal crises in various areas. That flexibility we believe should be left with the directors of the Corporation.

Finally, there should be no limitation such as is written into the administration bill about the type of public interest firms, law firms, which might be supported, and this is for reasons I have already stated, in the course of my preliminary remarks.

Now, I would like to get to the final matter, and unfortunately, we get around to money again.

This is money, not the amount of money which would be provided by the Congress for this operation, but the money that we might be asking from the clients, the people for whose benefit this program is required.

Now, there is a provision for graduated fees in the bill set out by the administration.

That of course would require an examination of the resources, and the ability to pay in part, of many people, who are in a marginal poverty area.

This would give us an area of adminstration that would bring a whole new dimension of problems to the adminstration of the program.

I want to suggest to you that as matter of principle, and this program ought to be proclaimed as free, so that justice for the poor becomes just as free as the air, and the sun, and all of the basic things of life. In addition, it is perhaps an unfortunate, but true commentary, that the amount of legal services that is needed for the poor in the foreseeable future is so great, that we do not have to be even concerned, and it would be academic, for us to think of ever getting into an area where we would begin to deal with people who may have some money to pay toward legal services.

The class of people who cannot pay at all is so great, and their legal needs are so great, that we ought to confine our interests, because that is all we are talking about at the present time, to those who cannot pay at all, and I might tell you that, so far as I see it, the better thing, administratively, would be to think about ability to pay only in connection with setting the poverty level. That ought to be our concentration, rather than worrying about whether somebody might make some miniscule payment toward the fees, which in the end could make very little contribution financially, if anything, toward the cost of running this program anyhow.

It is more important to oppose very strongly putting poor people in a position where too often they would have to choose between bread and justice.

Both of those things should be provided in our society for everybody, or be available to everybody, and this business, the question of a part payment by a poor person hang in the balance in evaluating whether he pursues his legal rights but not to be a conflict to which he is exposed.

Now, on a collateral thing, I oppose both bills, if you please, Senator.

There is a provision in each bill about giving priorities in the acceptance of cases based on the degrees of poverty, and I suggest to you, most respectfully, that justice is something that cannot be determined

by the size of the matter or the degree of poverty, because these things are all relative and very subjective, and, once a case is eligible for care by a poverty lawyer, it ought to be subject to no means classification, because this in itself would be breaking a large poverty class into subclasses of poverty. I certainly believe no such mandated restrictions should be placed on any proposed corporation.

Now, in conclusion, I would like to say that I believe that a bill along the lines that has been proposed by this committee, as proposed by you, Senator Mondale, and with care to assure that the matters, that we are discussing here today, are written into this bill for the protection of the public, could provide a Magna Carta for poverty law for the poor in this country.

Now, we have a great middle class that has its problems, and perhaps one of these days we will move into doing something about that as well, but at least we will be meeting one of the great needs of our society by dealing more fully with poverty law programs now under discussion.

This bill presents a great opportunity. It ought not to be one to starve justice. It ought to be one to make it ripen and bloom, and we thank you very much for this opportunity, I do, to express some viewpoints in this area.

Senator MONDALE. Thank you, Mr. Fuchsberg.

(The prepared statement of Mr. Fuchsberg follows:)

STATEMENT OF

JACOB D. FUCHSBERG

Member of Executive Committee of
National Advisory Committee for
Legal Services Program of the
Office of Economic Opportunity

and

former President of the
American Trial Lawyers Association

Before the

SENATE SUBCOMMITTEE ON EMPLOYMENT, MANPOWER AND POVERTY

of the

SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE

May 11, 1971

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I am pleased to express my views on some aspects of the pending bills to establish a national private non-profit corporation as successor to the present Legal Services Program of the Office of Economic Opportunity. In doing so, I shall make particular reference to S. 1305 as well as the so-called Administration bill. My comments represent a consensus of the views of the approximately 25,000 litigating lawyers who constitute the membership of the American Trial Lawyers Association.

It is our hope that the legislation that will eventuate will be a legal service Magna Charta for the indigent.

Legislative Drafting

The first matter I would like to stress is the importance of not confining the area of interest of the corporation to the individual case or the individual client.

For years, the National Advisory Committee has consistently and successfully fought for the right to have Legal Services lawyers engage in the shaping of legislation to reform substantive and procedural law. There has also been support for public interest law offices concerned with the rights of the public generally, or at least large groups or classes of people.

The Administration bill would severely shackle poverty lawyers in that regard. It would assign them a limited and passive role. An entire

dimension of representation which makes lawyers such valuable functionaries of the democratic process would be eliminated.

Such services are now performed by lawyers for the affluent and the middle class. To restrict them for the poor, who perhaps need them most, would subvert the broadest and greatest social purpose of legal service programs for the poor: a continuing demonstration that access to legal services, which is the key to equality under law, is available equally without restriction to all. Anything which, for the poor client only, limits the role his lawyer may play on his behalf is bound to undermine attempts to convince him that orderly means for justice and just change are readily available to him.

It is axiomatic that the law must not only be fair, but, equally important, it must appear to be so. Second-hand justice for the poor would destroy confidence.

I respectfully commend to you the enactment of the provisions of S. 1305 on this point.

Funding

The practicalities of life give this subject special importance. The Administration bill, regrettably, gives no assurance that the means will be provided for the corporation to fulfill its potential. No program in the O. E. O. has been more successful than that of Legal Services. Yet at a time when the achievement of social justice has become recognized

as a national need, this peaceful and lawful means of accomplishing it has been starved. Only yesterday's paper told us that the ravages of inflation have added to these under the poverty level. The Legal Services Program caseload has doubled in the last two years. But the requests for funding were cut in half.

S. 1305 proposes $140,000,000 and $170,000,000 respectively, for each of the next two years. That receives our hearty endorsement. Our legal establishment, perhaps because it deals with justice, which, like all great concepts, is an intangible, is one of the most starved areas of our national existence.

Such funding would also assure that the right to justice would not become dependent on the corporation's talents for fund-raising. That is not what it is all about.

Scope

The Administration bill is too restrictive of the role of the proposed corporation. We mention three illustrations:

1. It provides for no power to coordinate, give technical assistance, monitor or evaluate other federal legal programs for the poor, as within HEW, HUD and elsewhere. The opportunity to continue to exercise a salutary upgrading influence, as S. 1305 would provide, is much to be preferred.

2. The restrictions on criminal law in the Administration bill should be eliminated. Though its thrust would not now be in that direction, flexibility should be permitted the corporation for the future.

3. The Administration bill's restrictions on funding "public interest law firms" should be removed from the legislation, for the reasons earlier stated.

Fees

As a matter of principle, there should be no graduated or other scale of fees. The financial level of eligibility would take that into account without introducing the problem of judging and studying individual resources. We are too far away from meeting accumulated needs for legal services for the indigent to as yet be at all concerned about partial payment. In the meanwhile, we would only too often be posing an unhealthy choice between bread and justice. Likewise we oppose priorities in the acceptance of cases based on degrees of poverty. This is mentioned in both bills. Justice is not that divisible.

Board of Directors

We prefer the provisions of S. 1305 insofar as they recognize:

1. Directors chosen by the major bar associations and not by political preferment will assure that the muscle of the bar will be behind the corporation. (However, I would grant each named bar group the right to select someone other than its president, so as to give it more flexibility in assuring active representation:)

2. The need for some representation both from legal services lawyers and from the client public.

Senator MONDALE. We will now hear from Mr. John W. Douglas, National Legal Aid and Defender Association.

STATEMENT OF JOHN W. DOUGLAS, NATIONAL LEGAL AID AND DEFENDER ASSOCIATION

Mr. DOUGLAS. Thank you.

Mr. Chairman, I am John W. Douglas, president of the National Legal Aid and Defender Association. I am a practicing attorney here in Washington.

We support the establishment of a National Legal Services Corporation for the reasons which the gentlemen who have testified before you this morning have already stated.

We believe, however, in the makeup of the board of directors, that the provisions contained in the bipartisan bill which you and Senator Cranston introduced, among others, S. 1305, is much to be preferred over the administration bill.

The bill which has been sponsored by this bipartisan group would establish a balanced board of directors. That balance is in our view most useful in assuring the strength and independence of the Legal Services program.

One third would come from the organized bar, which on the whole hase been sympathetic and constructive in its approach to legal services problems.

One third would come from the representatives of the Legal Services attorneys and client communities.

This is important, because they have a great deal of experience, and a great deal in the way of original contributions to make.

Five would be selected by the President, with one being chosen by the Chief Justice. The 19th member would be the executive director.

This is the best way we believe to achieve the kind of independent professional organization, and to get away from some of the political interference and obstruction, which has plagued this program in the past.

I turn then to the matter of the powers of the Corporation.

Here, it seems to us important that the corporation be given broad authority, and not be subject to restrictive provisions which would go beyond those imposed on the present program.

The establishment of the corporation should not be a vehicle for bringing in through the back door crippling amendments and provisions which would hurt the program and which opponents of this program who have sought unsuccessfully to impose in the past.

The first such proposal which concerns us in the administration bill is that which would largely prohibit legislative activity.

This, as we read the administration's proposal, would mean that poverty lawyers would not be able to represent their clients in truly effective fashion.

There will be occasions when a legislative solution to a problem is called for, where such a solution is not only just but expeditious as well. It would be unfair to tell poverty lawyers in poverty programs that while the affluent and the middle class can hire lawyers to come down and lobby for particular measures the poor should be barred somehow from access to the same kind of legal representation.

Senator MONDALE. Most of those fees are deducted from income taxes, so in a sense it is indirect public support.

Mr. DOUGLAS. That is correct. It is an accepted way for groups in this country to express themselves in legislative forums. There is no reason why there should be one rule for the poor, and another rule for the more affluent.

The second point I would like to make, Mr. Chairman, is that the administration bill is deficient in setting up a review panel to control appeals by Legal Services attorneys.

The ostensible purpose of that review panel is to prevent frivolous appeals.

The determination of whether an appeal should be taken or not is a matter which has to rest under the code of proformed responsibility with the attorney and the client.

It cannot be turned over to an outside panel, no matter how well intentioned or how well versed that outside panel might be.

It is not right for an attorney who has prosecuted a case and lost to be overruled by an outside panel as to whether an appeal should be taken or not.

It is not a professional way to do things. I do not think a conscientious attorney would wish to participate in such a program.

We all know there are frivolous appeals in private practice. We know appeals sometimes should not be taken in Government cases. This is a problem which occurs throughout our system of justice, and there is no good reason why there should be a particular review panel set up with respect to lawyers for the poor than there would be to set up such a panel for review by any other group of attorneys. So we think that the bill which has been introduced by the bipartisan group, S. 1305, is preferable to the administration bill, H.R. 8163, in that the former bill does not contain any such restrictions on the professional conduct of appeals.

The third point I would like to make is that the administration bill would go beyond the current restrictions, with respect to any participation by Legal Services attorneys in criminal proceedings.

We believe that here, too, the best practice is to leave this to the corporation. Let the Corporation lay down its guidelines and let it see that the local programs have proper standards, recognizing of course that the overriding concern of the local programs has to be with civil legal aid. But there should not be a statutory nationwide prohibition against participation in any kind of criminal litigation under any set of circumstances.

Mr. Fuchsberg is absolutely right that there are occasions of mass arrests, where the judges cry out for all legal assistance they can get. It is in the paper interest of society, of the individuals, of the police, and of the courts, to have those cases processed as quickly as is possiable.

Senator MONDALE. I have had poverty attorneys tell me that their clients have been threatened with criminal action if they brought a certain civil suit; so if you prohibit Legal Services attorneys from defending such criminal cases, they will be unable to represent a client who faces criminal charges because of a civil action filed by Legal Services.

Mr. DOUGLAS. I think you are right, Senator. I think another example of that kind of unfortunate consequence of the administration's bill is to be found, for example, in a landlord and tenant case.

The tenant may have engaged a Legal Services attorney, in a continuing dispute of a civil nature between the landlord and the tenant.

In the course of this controversy, there may be some kind of allegation of physical altercation. The landlord will swear out a warrant possibly. There may be an arrest. Yet the whole dispute arose out of the original civil controversy. I do not think it makes sense in such an extraordinary circumstance, if such it be, for the Legal Services attorney to be barred by statute from participating in the criminal representation, at least in some point in those proceedings. So we believe that the present statute, frankly, is to be preferred over the proposal advanced by the administration. Further, we think the procedures suggested by your bill, Senator Mondale, and Senator Cranston, is, for the same reason, to be preferred over the administration's bill.

I also subscribe to the views which Mr. Fuchsberg has expressed about opposition to the proposed graduated fee schedule that is set forth in the administration's bill.

It seems to me that if there is to be a graduated fee schedule, that means almost by definition that everyone is going to be expected to pay something. Ten cents, fifteen cents, fifty cents, a dollar. There are some who feel that you ought to pay for something in order to appreciate it, so that you will not use the service in an indiscriminate fashion. But once that is done, two things will happen.

First of all, you are going to turn off a great many people who need legal assistance and you are going to turn the lawyers into welfare workers. Second, you are going to set up a bureaucratic monstrosity, which may cost the administration more to finance and to administer than it would receive in funds.

I think it would be disastrous to have that kind of graduated fee schedule, when the poor have had 5 years of experience in receiving free legal service, and where any change at this point would be a step backward.

We believe, also, some of the proposals in the administration bill with respect to the private lives of Legal Service attorneys are not warranted.

For example, as we read the administration's bill, it would prohibit Legal Service attorneys from coming to Washington to lobby against the Vietnam war on their own time, or to lobby against pollution on their own time and at their own expense.

This would make the legal services attorneys second class citizens in a sense. Private attorneys who are paid by clients, are under no such prohibition.

Once again, we get back to the fundamental proposition that justice for the poor and representation for the poor should be placed in the same basis as representation for those who can afford to pay for it.

In addition, we believe that there should be no prohibition, as in the administration's bill, against providing funds to public interest law firms.

This is a matter which again should be left to the discretion of the Corporation. We believe that the type of standards which are drawn

in the administration's bill are awfully difficult to justify by application of some flat prohibition.

The point is that the Corporation should have the power to make such grants if it so desires.

As I understand it, OEO now has that power. I see no reason why there should be any different policy in the proposed administration bill.

For that reason, we favor the elimination of such restrictions.

Finally, I would like to state briefly, that the funding proposed in the bipartisan bill is a modest proposal. It is not extreme. As a matter of fact, if one takes the present funding level, and adds to it the support which OEO now provides, I suppose that would come out around $70 million. Yet I think in the President's message, he points out that four out of five people, who need legal assistance and cannot afford to pay for it, are not now receiving it.

I do not think it is out of the question to suggest that one could apply five times the present amount, under that approach, and come up with the figure of $350 million as a kind of desirable goal.

Senator MONDALE. Would you yield there? We are now hearing testimony on the Kennedy health measure. We are trying to deal with health. We are talking about $70 billion, maybe $60 billion. No one knows for sure. I don't know what proportion of that goes to medical costs for the poor, but involves billions of dollars.

In the housing field, we routinely pass multibillion dollar authorizations.

We support nutrition programs with food stamps, school lunches, and these programs now amount to nearly two billion dollars; we pass these programs, but when it comes to the basic issue of justice—the need for an American to have his constitutional and legal rights protected—we are talking about only $69 million, $70 million, in the face of public admissions that there are several million Americans who could not possibly be served under any such modest appropriation.

Mr. DOUGLAS. I agree with that a hundred percent, Senator.

I think you put it very well, and in some ways, the legal services program is essential to health.

Senator MONDALE. But it is health, it is education, it is housing, it is all of those things, because every program we have passed, which has been later studied—whether it is the title I, education to the poor, education for the Indians, emergency school programs—everyone of them upon analysis has been taught with wholesale violations of the law.

Mr. DOUGLAS. That was the point I was getting at, Senator.

It is one thing to pass one of these bills, but it does not make much sense to pass them if you cannot enforce the rights which are conferred by them. So I subscribed to that a hundred percent.

Well, that really completes my testimony. I would only say that it is terribly important to have an independent Legal Services Corporation, but I think it would be a tragedy if the establishment of such a corporation were accompanied by unnecessary and unwarranted restrictions which had their genesis in continuing opposition of some persons to the whole concept of legal services.

Thank you, Senator, for inviting me to appear.

Senator MONDALE. Thank you, Mr. Douglas, for a most enlightening statement.

Our next witness this morning is James W. Cobb, president-elect of the National Bar Association.

You may proceed with your statement, Mr. Cobb. Your prepared statement will appear at the end of your testimony.

STATEMENT OF JAMES W. COBB, PRESIDENT-ELECT, NATIONAL BAR ASSOCIATION

Mr. COBB. Thank you, Mr. Chairman.

I sit here first of all to subscribe to most of the views that have been expressed this morning, and my brother to the right, I think he most succinctly analyzed the position of the National Bar Association.

I would express two areas that do concern us. We do subscribe to the concept of such a corporation, but by the very nature of the term "corporation," the first impulse is to be a little afraid, because we recognize when we think of a corporation and its legal complexities, when you establish this, unless it is certainly committed to the kind of thing that is needed, and you must be sure you do not create a Frankenstein that no one can control, so I would like to direct my attention to who should represent this corporation.

I would urge as I did in my prepared statement, that certainly those representatives from the various bar associations should be accepted by the administration, rather than selected by the administration.

I certainly agree with Mr. Fuchsberg, that there should be representatives, and whether he be the president or not, that does not particularly concern me, but I would be very anxious that those representatives from the National Bar Association, be those that the National Bar Association select and submit to the administration, because we have experienced too often the fact that those persons who are selected, rather than accepted, are those who are perhaps politically, economically, or socially not responsive, and certainly those of us in our various organizations know better than anyone else the kinds of men who we represent, and, certainly, if we will submit a nominee, it will be a person committed.

The other aspects, certainly of your bill, which pleases me, as as mentioned in the House bill, is the role of the private practitioner.

I think this is an area that has for too long been ignored.

It sort of smells of a little judiciary. It smells sort of a vouchering system, but I think certainly the smaller private practitioner should welcome this opportunity to really play a meaningful role.

Up to this point he had been placed in a rather awkward situation. He lives in the community, he pays taxes in the community, he worships in the community, and yet when the problems develop in the community, somebody else represents these people, and I would suggest that he is rather uniquely qualified to provide the kind of service, with a meaningful kind of payment, and when I say meaningful, I would hope that wherever this board of directors establishes a criteria, will be one in which he can really participate, and not one he will have to again sort of yield to some other creature organization.

I think if this is firmly outlined, with the comments that have been made this morning, this can truly be a viable corporation.

The credibility will come from this small or individual practitioner,

because now for the first time he can participate, and whatever problems some of the legal representatives have had of the poor, I would attribute it to the fact that there are so many missing links, that he could not possibly answer all of the questions, that they could not possibly yield the kinds of guidance that would be necessary.

Up to this point, he has been systematically excluded, unless he chose to give up his very small office, and a job with one of the sort of major organizations, he could not make any input.

Of course, very interestingly, he is almost constantly asked to serve on an advisory committee, and this has bothered him since time immemorial, and it will bother him with this legislation to again set him in an advisory committee capacity, and, really, the board is not bound to accept his policy suggestions, and that would sort of do insult to injury.

Let us accept this legal corporation, let us develop certainly all of the items that have been suggested here today, but to leave a real role for this private practitioner who lives within that community.

With that, Senator, I appreciate the opportunity to join with these gentlemen and express our views.

Senator MONDALE. Indeed, even the bipartisan bill—S. 1305—could interfere with the normal attorney-client relationship.

Our bill interposes a third party—a National Legal Services Corporation—and I think we must recognize that such a body could be theoretically used to diminish the scope of legal services.

We hope it will not, and we must try to establish a body that will be sensitive to the Canons of Ethics, and to the legal needs of the poor; and that makes it even more important that the corporation be responsive to the clients.

Mr. COBB. Yes, Senator, I certainly subscribe to that, and this is what honestly frightens me and those persons I represent.

Do we here create a creature that will even more exclude or be even less effective than some of the existing organizations?

I would submit that if the board, the members of this board are honestly accepted, and by acceptance, I emphasize again, these are persons who we know are committed to the causes, and the principles of both bills, to afford a more effective representation, but if we are going to be selective, then you are going to have another creature that will perhaps haunt the organized bar even more, but, certainly, this initial board will be so very important, because this board will establish the guidelines, and the criteria for participation in these various programs, and I think the most exciting part of these bills, and one that has not been addressed to it, is the private practitioner to really play a role, because for the first time you can get the guy who lives there, and he said up until this point I would really like to do these things, but I cannot, and indeed, the so-called practitioner is almost dead now, and this would bother all of us, because this is one voice that has kept us a little bit honest, but he could not afford to make this kind of commitment, but now he can do it, providing the credibility of this initial board gives him the right answer.

(The prepared statement of Mr. Cobb follows:)

STATEMENT OF THE NATIONAL BAR ASSOCIATION, BY JAMES W. COBB, PRESIDENT-ELECT

Although we have not had the opportunity to examine, in detail, all of the ramifications of the Administration's bill, the National Bar Association appreciates the opportunity to make a statement regarding our areas of concern.

First, we share the President's view that....

"A large measure of credit is due the organized bar acting in accordance with the highest standards of its profession. It has given admirable and consistent support to the legal services concept...."

It would, then follow, that it remains the responsibility of our legal community and concerned citizens to develop the vehicle and the mechanics for achieving the objectives. The separate, non-profit Legal Services Corporation is the administration's answer or suggestion to achieve these objectives in addition to assuring—

1. "That the corporation itself be structed and financed so that it will be assured of independence."

2. "That the lawyers in the program have full freedom to protect the best interests of their clients in keeping with the Canons of Ethics and the high standards of the legal profession," and

3. "That the Nation be encouraged to continue giving the program the support it needs in order to become a permanent and vital part of the American system of justice."

At first impression the idea of a corporate structure to protect these very important rights of citizens seems obnoxious. The very nature of the corporate complex with the inherent authority of its officers and Directors requires us to examine the proposal closely.

There will be many who could criticize the intrusion of such a large corporate entity into the profession. Particularly when the destiny of so many will be subject to the control of so few.

The nature of the corporate structure has historically been designed to protect the interests of a certain group in order to exclude others. The nonprofit corporation concept was an effort to expand this restriction with certain benefits, but the corporate protection with all of its legal technicalities remain the same. The law has made no real distinction as to the kinds of nonprofit corporations and thus we must again examine the proposal cautiously.

Among the concerns of the poor and the disadvantaged, that this legislation purports to serve, is that of de-centralization. We would hope that if structured honestly and properly, policies could be established with this vehicle to guarantee that we no longer have this concern.

Indeed, the honest and unrestricted grants to individuals or small firms could help eliminate this concern. This would give the client the right to services and the opportunity to select his preference for his legal representative. He would know that the attorney of his choice is not necessarily part of the governmental establishment. Our personal reservations about the corporate structure yields to a viable and real opportunty in this area in addition to the existing legal service organizations. None of this can possibly be achieved unless the logistics and individuals involved reflect the kind of credibility that he needs and the times demand.

Secondly, the drafters of this legislation know that the membership of a Board of Directors and the offices of President and Chairman are the key to the effectiveness and acceptability of the corporate design. We urge you not to relegate the input of the truly affected to the normal sanctuary of an "Advisory Committee" For too long this has been the fate of the committed and honestly concerned.

These directors and officers, with their legally constructed power, must truly reflect the ideals of the "committed" and the "concerned." They should also, of course, reflect the ideals of the organized bar. More important, it should reflect the concerned and committed bar. We fear, as we have experienced in the past, that the political structure will only select the least offensive of the most socially acceptable. The proposal can only be meaningful if the fear of the corporate complex can be minimized with the selection of the kinds of directors and officers that a dynamic program of this sort should be *all about.*

Representatives for these positions should be *accepted* from the various bar associations, client groups, etc., with due economic, sociological and geographical considerations.

We believe in the need of a "new direction" as outlined in the President's press release. We are afraid that, as usual, the criteria will exclude those of us who are most affected.

You are reminded that there are those of us who live and work in the communities which the Legal Services Corporation would serve.

If we are ignored for political expediency this will be the greatest fraud perpetuated against the largest numbers of people of our time.

Senator MONDALE. We will now begin a question and answer of the entire panel, and, Senator Cranston, I believe you have some questions.

Senator CRANSTON. I would like first to say it has been a great privilege to work with the two Senators I am seated with, Senator Nelson and Senator Mondale, on the measure we have introduced.

I feel we have come up with a balanced bill that can be of great benefit in dealing with the problems which beset the poor in this country.

I have a number of questions that I would like to address, primarily to you, Mr. Wright, but if the others wish to comment, too, they may do so.

One of the purposes of this committee in this area is to make sure that we prepare legislation that serves and enforces the integrity of the attorney-client relationship; that protects the independence of the lawyer and promotes the best interests of the client.

This, it seems to me, means legislation that implements the code of professional responsibility of the American Bar Association.

I understand that you served as chairman of the American Bar Association committee that drafted the code?

Mr. WRIGHT. Yes.

Senator CRANSTON. I believe you and your associates could be of very great help if you would share your legal experiences with us.

I have a series of questions regarding the code that I will ask, and I would appreciate it if later on you could supplement your answers with all appropriate quotes and citations for the record.

Mr. WRIGHT. I would be happy to, Senator.

Senator CRANSTON. I am first interested in learning more about the confidential nature of the attorney-client relationship.

What is the purpose behind the canon stating that the lawyer should preserve the confidences and secrets of the client?

Mr. WRIGHT. It is fundamental to the proper discharge of the relationship with the client, whether he is paying the lawyer a fee, or someone else is paying the fee. The client must rely on the secure knowledge that whatever he discloses will be held inviolable.

Obviously, a lawyer cannot effectively represent his client unless he has possession of the full facts—the entire story.

Nothing will encourage or inspire a client to disclose all of the facts as much as the realization that the seal is on the lips of his lawyer, and that no person or institution can get from his lawyer any disclosure of the client—any disclosure the client makes.

Now, simply using your question as a springboard, Senator, to amplify that, the code of professional responsibility is clear: that there are not ranks or priorities or types of lawyers.

A lawyer representing a client has the same obligation without variation, merely because the lawyer may have been recommended, or supplied, or paid for by someone else; it does not destroy the relationship between him and his client.

The legal services staff field lawyer has no professional obligation to anyone other than his client, once he assumes representation of the client.

It is his positive obligation to exercise independent professional judgment on behalf of the client, and he owes no answers nor need answer to any institution except to his client.

Senator MONDALE. That is a very explicit and helpful answer.

Senator CRANSTON. Is it just as important for a lawyer whose clients are poor to preserve the confidences and secrets of those clients as it is for a Wall Street lawyer to preserve the confidences and secrets of his wealthiest client?

Mr. WRIGHT. Yes, sir. There is no distinction.

Senator CRANSTON. I thought the answer would be obvious. I wanted it on the record.

If somebody other than the client pays the lawyer's fee, is that other person entitled to be told the confidences and secrets the client reveals to the lawyer, assuming, of course, that the client has not willingly given permission for that disclosure?

Mr. WRIGHT. No, sir. That would be a gross impropriety that cannot be condoned. I should like to add a footnote there.

The question has arisen, Senator, in the field, as to the propriety of a staff lawyer, giving statistical information on his caseload, or his workload.

There is no impropriety in that, as long as he does not disclose any confidences, but certainly proper administrative supervision requires knowledge as to how many cases or what type of cases a lawyer is handling at a given time; but beyond that, there cannot be any disclosure, not only of the true confidence, but also a secret which is a little different animal from a confidence.

A secret is something that is defined by the code to be a matter which for personal reasons the client would not want disclosed to someone else, as distinguished from the traditional confidence privilege that the courts have recognized all through the years.

Senator CRANSTON. When a client tells a lawyer about his case, is the lawyer free to reveal that information to someone else, say another lawyer, in order to find out whether that person thinks the client has a good case or not, again assuming, of course, the client does not willingly give his consent to the disclosure?

Mr. WRIGHT. It is difficult to give a categorical answer, but I will endeavor to be specific in two areas.

The code provides that there is no impropriety in a lawyer discussing with his partner, or an associate, the facts of a case that has been tendered to him, so long as the client has not specifically prohibited such discussion.

Broadly speaking, a lawyer is not privileged to boot about the facts that have been disclosed to him by his client, even to a brother lawyer.

I think we get into some twilight zones, where a lawyer is conscientiously seeking counsel from more experienced lawyers as to whether he should proceed, or how he should proceed.

I would admonish the lawyer, and I think there could be appropriate guidelines clearly established on this, that before he discloses those facts, he should obtain permission from his client, and if it is not granted, there can be no disclosure.

Senator CRANSTON. Then, Mr. Wright, it would appear to be unethical for a legal services lawyer to reveal his client's secrets and confidences to other lawyers and possibly laymen on, say, the board of the agency that was paying his salary, in order to obtain their advice about whether the client's case was frivolous or duplicative?

Mr. WRIGHT. We could say for any purpose, Senator.

Senator CRANSTON. I am also interested in what the code has to say about the lawyer's role as an advocate.

If a lawyer's own best udgment is that the court will almost certainly rule against his client's case, should be still make the argument?

Mr. WRIGHT. The lawyer does not self-define himself professionally.

If he makes what is to him subjectively a good-faith argument, that the law as it exists should be changed, or modified, and merely because there may be hard, cold precedent against him, it is no reason why he cannot urge a different view if in conscience he belives that he has compelling reasons to effect a change.

Senator CRANSTON. Thank you. I want to remind the other members of the panel: If any of you have any comments at any point, or anything to add, please do not hesitate before I proceed to the next question.

I still have quite a few to ask.

Mr. FUCHSBERG. I would like to say, particularly in this area, Mr. Wright is our expert.

Senator CRANSTON. Mr. Wright, is it fair to say that a poor person who cannot afford any attorney other than a legal services lawyer would be denied effective access to counsel if the board of a legal services agency unilaterally decides an appeal would be frivolous and refuses to allow a court to even pass on the issue?

Mr. WRIGHT. I will answer the question directly in my own words, Senator, rather than in response to a leading question.

I will say I did not mean that at all to discourage you. I would say that the lawyer, whether he is an OEO Legal Services lawyer, or anybody else, has the sole right to determine whether an appeal should be prosecuted, once he has accepted the employment.

Senator MONDALE. I am also interested in this client's role in the decisionmaking process involving all of this.

If the client is paying an attorney, and he wants him to file a complaint, or enter a certain defense or file an appeal, will the attorney do it, even if the lawyer advises his client against that particular action?

Mr. WRIGHT. He may. The code provides that if a client disregards the advice of the lawyer, that the lawyer may withdraw from the employment providing such withdrawal does not in any way prejudice the client's rights.

Now, having stated that general rule, I could conceive of the problems where a poor person has access to other counsel.

He comes in, and he is assigned to a particular lawyer. I would say, without attempting to lay down a rule to fit every factual situation in this area, by far the safer course to follow is that of "client's dictate."

If the client wants to interpose a defense to an action that the lawyer believes to be notorious, the lawyer should nevertheless do it,

and I have been told on occasion that one will go ahead and do it with no confidence in the result, and come out ahead, so here the client should have the ultimate right to say; he should be informed on the front end.

He should not just capriciously make up a direction without knowing what is involved.

Mr. Fuchsberg has reminded me that sometimes the lawyers have experienced situations where clients have insisted on a course of action that lawyers thought not be prudent, and likely not to be profitable, but it turns out they were right. We have all had that happen.

Senator CRANSTON. I assume this rule applies no matter who pays the attorney?

Mr. WRIGHT. You are correct, Senator.

Senator CRANSTON. I gather then, that if a client wanted to file an appeal on the same issue that had been raised on appeal by someone else somewhere else in the country, the lawyer would still be bound to file that appeal even though in some sense that appeal might be duplicative?

Mr. WRIGHT. Yes. We can get into all kinds of fine shadings.

Suppose that you and I, poor persons, on the same day bought the same article from the same merchant, under the same written contract.

The sole legal question to be concluded from the document itself was whether the transaction was usurious.

I think as a practical matter, we all agree, that a decision in your case would in effect determine the outcome of my case. However, that should not preclude a lawyer from pursuing his professional conviction that there is merit in an appeal on an identical matter.

Senator CRANSTON. Is this true regardless of what jurisdiction may be involved, whether they are the same, or different or what?

Mr. WRIGHT. Yes, but I think we get down to some practical considerations. We will call your case the Cranston case, and mine the Wright case, and if the Cranston case was affirmed one week, I do not think any lawyer would have much heart for pursuing the Wright case the next week, where the matter had been fully considered, but if there is any possible area of distinction, I think we have to recognize there is such a thing as res judicata, although many of us out of law school have been shaken.

Senator CRANSTON. And this would be true for a legal services lawyer representing a legal services client?

Mr. WRIGHT. You are correct.

Senator CRANSTON. I have frequently seen reference to the "independent professional judgment" of the lawyer.

How does that work when someone other than the client is paying the attorney?

Mr. WRIGHT. It cannot affect it at all. It does not make any difference who pays the fee.

Once the relationship is established between lawyer and client, the obligation is the same.

Senator CRANSTON. Is the decision to file an appeal, for instance, a professional judgment?

Mr. WRIGHT. Indeed so.

Senator CRANSTON. Is a lawyer working for a legal services organi-

zation expected to retain his independent professional judgment in the area of decisions concerning appeals or is he to surrender that judgment to someone else in the organization, such as the board?

Mr. WRIGHT. He cannot surrender that.

Senator CRANSTON. I want to switch the grounds slightly, and ask a few questions concerning legislative advocacy, which has become an issue involved in all of this because of restraints proposed in the administration bill.

I am interested in knowing if there is anything in the code addressed to the issue of law reform, improving the laws and the legal system.

Does the code authorize lawyers to engage in law reform?

Mr. WRIGHT. Yes.

Senator CRANSTON. Does the code admonish lawyers to undertake to secure the passage of legislation?

Mr. WRIGHT. Yes.

Senator CRANSTON. Why does the code suggest lawyers have an affirmative duty to seek passage of legislation?

Mr. WRIGHT. I think it is self-evident, but so we can have it in the record, the law in its broadest concept involves the drafting of documents, to establish legal relationships, where the parties, and the documents are never subject to court action.

It all involves the judicial process, in the very broad sense. The law involves the legislative process in a very broad sense. It is a matter of history with which we are all familiar, that laws are changed following particular court decisions that have been believed to be unjust or inequitable, and one of the vehicles available for improving judicial systems as we all know, is the obtaining of new legislation.

Senator CRANSTON. Does the code limit a lawyer's duty to support the passage of legislation to situations where a legislative body seeks their advice, or does the duty extend to the initiation of change?

Mr. WRIGHT. That is correct, it does not limit it.

Senator CRANSTON. Would a restriction which prohibited a whole class of lawyers from initiating any legislative change be inconsistent with the positive demands of the code of professional responsibility?

Mr. WRIGHT. Senator, I think I have been unequivocal in my answers, and very responsive. I think we get into a good many shadows here. Certainly, it is within the province of any legal services program administration to define areas where lawyers may not act.

We all recognize, with regard to the present OEO legal services program, that a personal injury case, or other types of fee-generating cases are not handled.

Some boards may exclude other particular types. I think it is legally possible for a board to say that a lawyer shall not engage in legislative activity, and a lawyer would undertake representation knowing of that limitation.

That gets into a philosophical matter, but to answer your question, lawyers are not only not prohibited by the code, from engaging in those activities, but they are encouraged.

Senator CRANSTON. Would not such a restriction be especially onerous if it applied to a class of lawyers who are daily working in the areas of the law where the imperfections are greatest and the need for change greatest?

Mr. WRIGHT. Senator, as I said before you came in, I am here under a rather narrow stricture.

I have been definitive and responsive to all questions. At the time that the Board of Governors of the American Bar Association met on April 29, 1971, less than two weeks ago, they authorized me to appear, and there was a very strong endorsement of the concept of a nonprofit corporation to administer the federally funded legal services program.

The administration bill had not been introduced at that time. There was no comparison of the two bills, as I explained to Senator Mondale earlier, and I have no authority to examine either philosophically or otherwise go beyond what I have done. I believe I have answered fully your main line of questions.

Mr. FUCHSBERG. Only because Mr. Wright is under wraps on that question, to use the vernacular, may I try to comment very briefly in response to your question.

It seems to me that lawyer as an advocate is not merely an advocate in a courtroom, or a counselor in his office, but he is also potentially and it is one of the strengths of lawyers in a democratic process, an advocate for his client, in the broader sense, so that he may in certain situations perhaps speak to a legislative body for his client, and he may initiate, he in a sense becomes the spokesman, so that people's rights are not dependent upon the ability to articulate by the client, or of the individual client's knowledge of the law.

It does seem to me, on the question of the limitation that is set forth in the administration's bill in this area, the important thing is not the license to the individual poverty lawyer.

The important thing is not that license, but it is so that a client, a poverty client comes to the poverty lawyer, and he says, I want to offer a bill, or go to a legislature, that that must necessarily be the client's right to insist on it.

I think there are limits to that, but what we are concerned with now is whether the Corporation here shall have the right to set guidelines, or procedures, when it will authorize its lawyers to do so, and the administration bill would set these limits, and bars on the Corporation's powers to authorize its lawyers to act.

It may very well be that administratively it may be necessary to set limitations on how in the broad public area, poverty lawyers may be compelled by individual clients to go out and advocate things for them, but the Corporation, as an overall organization, operating in this area, should not be so circumscribed.

I think that this is basically our position, so far as this bill is concerned.

Senator CRANSTON. Thank you very much, Mr. Fuchsberg.

I would like to say to Mr. Wright, I understand your position on certain of the questions I am asking, and I am very, very grateful for your direct and helpful responses to many of my questions.

Mr. DOUGLAS. Senator, I think that the question was a good one. I think it would be difficult to have that kind of distinction between those lawyers who can engage in legislative activity on behalf of clients. I think there is no sound basis for distinguishing between legislative activity on behalf of poor clients and on behalf of those who can afford to hire their own attorneys.

It is important to recognize that there is no such prohibition now in effect and that legal services attorneys are now authorized to engage in legislative activity.

The only point is that obviously this has to be kept within bounds. It can be dealt with best by the Corporation itself, which can lay down appropriate guidelines to see that such activity does not get out of hand. But to prevent legislative activity on the part of legal services attorneys not only discriminates against the poor in a way, but also would result in a drastic step backward from the whole proposition of providing effective legal services to the poor.

Mr. ROBB. Senator, while I am under the same stricture as the President of the American Bar Association, I would like to say that the resolution adopted by the Board of Governors of the American Bar Association did not back away in any measure whatever from the support that has been given to the legal services program in the past by the American Bar Association.

That resolution specifically referred to the basic resolution of endorsement of the OEO legal services program adopted by the American Bar Association in 1965.

It specifically referred to the strong position taken by the American Bar Association against the Murphy amendment, which as you know, would have attempted to curb a portion of the law reform activities indulged in by legal services lawyers.

While the thrust of that legislation was to attack the right to bring suits against Government agencies, and also with respect to veto power of a Governor, the legislative process, and certain parts of the legislative process has always been an integral part of the law reform program.

The American Bar Association through its participation on the National Advisory Committee, approved the seeking of needed legislative changes by legal services lawyers as part of the guidelines of the legal services program, and it has operated under those guidelines ever since that time.

Representatives of this association appeared before this very committee on November 13, 1969, and at that time reaffirmed the full vitality of the law reform provisions that governed the legal services program. I might add that President Earl Morris, of the American Bar Association, in March of 1968, referred to the program as the brightest star in the OEO crown.

Senator CRANSTON. Thank you very much.

I have just a few more questions, and I would like to direct them at the entire panel, whoever feels like responding, please do.

A general question, do clients have a right under the code to expect their attorneys to pursue any lawful objectives through any lawful means?

Mr. WRIGHT. I think the answer is yes, Senator.

Senator CRANSTON. Thank you.

Is urging a change in the law through the passage of legislation the pursuit of a lawful objective through legal means?

Mr. WRIGHT. Yes, sir.

Senator CRANSTON. Are clients who can afford to pay for attorneys entitled to have their attorneys seek changes in statutes in the legislatures or before Congress?

Mr. WRIGHT. I believe that has been answered in a prior question. The answer would be yes, sir.

Senator CRANSTON. The answer is yes?

Mr. WRIGHT. Yes, sir.

Senator CRANSTON. One final question.

Are the provisions of the code intended to extend its duties and protections to every client irrespective of whether he can pay for a private attorney?

Mr. WRIGHT. Absolutely.

Senator CRANSTON. Thank you very much. Your answers have been most helpful, and I am very, very grateful.

(Information subsequently supplied by Mr. Wright follows:)

AMERICAN BAR ASSOCIATION

OFFICE OF THE PRESIDENT
EDWARD L. WRIGHT
AMERICAN BAR CENTER
CHICAGO, ILLINOIS 60637
TELEPHONE (312) 493-0533

PLEASE REPLY TO:
1705 DESALES STREET, N. W.
WASHINGTON, D. C. 20036

June 3, 1971

Honorable Gaylord A. Nelson
Chairman, Subcommittee on
Employment, Manpower and Poverty
Senate Committee on Labor and
Public Welfare
401 Annex Building
Washington, D. C. 20510

Dear Senator Nelson:

In hearings before the Subcommittee on May 11, 1971, Senator Cranston addressed a series of questions to me regarding the Code of Professional Responsibility of the American Bar Association. Senator Cranston prefaced his questions with the suggestion that I supplement the record with appropriate quotations and citations from the Code.

I would direct the Subcommittee's attention to Exhibit No. 4 of the Association's prepared statement, Formal Opinion No. 324 of the ABA Standing Committee on Ethics and Professional Responsibility, which addresses a number of the questions raised by the Senator and interprets certain provisions of the Code and their application to legal aid programs and lawyers.

The questions raised by Senator Cranston are addressed specifically in Canons 4, 5, 7 and 8 of the Code which provide as follows:

Canon 4: "A Lawyer Should Preserve the Confidences and Secrets of a Client"

Canon 5: "A Lawyer Should Exercise Independent Professional Judgment on Behalf of a Client"

Canon 7: "A Lawyer Should Represent a Client Zealously Within the Bounds of the Law"

Canon 8: "A Lawyer Should Assist in Improving the Legal System"

In addition to the Canons which are statements of axiomatic norms expressing in general terms the standards of professional conduct expected of lawyers in their relationships with the public, the legal system, and the profession, the Code also contains Ethical Considerations and Disciplinary Rules which interrelate with the Canons. Ethical Considerations are aspirational in character and represent the objectives toward which lawyers should strive. Disciplinary Rules, on the other hand, are mandatory in character and state the minimum level of conduct below which no lawyer can fall without being subject to disciplinary action.

Enclosed herewith are pertinent excerpts from the Code of Professional Responsibility which would appear responsive to the questions raised by Senator Cranston.

I am also enclosing for the information of the Subcommittee a copy of the Code of Professional Responsibility.

Sincerely,

Edward L. Wright

Edward L. Wright

Enclosures
cc: Honorable Alan Cranston

PERTINENT EXCERPTS FROM
THE CODE OF PROFESSIONAL RESPONSIBILITY

Canon 4 : A Lawyer Should Preserve the Confidences and Secrets of a Client

EC 4-1 (Ethical Considerations)

Both the fiduciary relationship existing between lawyer and client and the proper functioning of the legal system require the preservation by the lawyer of confidences and secrets of one who has employed or sought to employ him. A client must feel free to discuss whatever he wishes with his lawyer and a lawyer must be equally free to obtain information beyond that volunteered by his client. A lawyer should be fully informed of all the facts of the matter he is handling in order for his client to obtain the full advantage of our legal system. It is for the lawyer in the exercise of his independent professional judgment to separate the relevant and important from the irrelevant and unimportant. The observance of the ethical obligation of a lawyer to hold inviolate the confidences and secrets of his client not only facilitates the full development of facts essential to proper representation of the client but also encourages laymen to seek early legal assistance.

EC 4-2

The obligation to protect confidences and secrets obviously does not preclude a lawyer from revealing information when his client consents after full disclosure, when necessary to perform his professional employment, when permitted by a Disciplinary Rule, or when required by law. Unless the client otherwise directs, a lawyer may disclose the affairs of his client to partners or associates of his firm. It is a matter of common knowledge that the normal operation of a law office exposes confidential professional information to non-lawyer employees of the office, particularly secretaries and those having access to the files; and this obligates a lawyer to exercise care in selecting and training his employees so that the sanctity of all confidences and secrets of his clients may be preserved. If the obligation extends to two or more clients as to the same information, a lawyer should obtain the permission of all before revealing the information. A lawyer must always be sensitive to the rights and wishes of his client and act scrupulously in the making of decisions which may involve the disclosure of information obtained in his professional relationship. Thus, in the absence of consent of his client after full disclosure, a lawyer should not associate another lawyer in the handling of a matter; nor should he, in the absence of consent, seek counsel from another lawyer if there is a reasonable possibility that the identity of the client or his confidences or secrets would be revealed to such lawyer. Both social amenities and professional duty should cause a lawyer to shun indiscreet conversations concerning his clients.

EC 4-3

Unless the client otherwise directs, it is not improper for a lawyer to give limited information from his files to an outside agency necessary for statistical, bookkeeping, accounting, data processing, banking, printing, or other legitimate purposes, provided he exercises due care in the selection of the agency and warns the agency that the information must be kept confidential.

EC 4-4

The attorney-client privilege is more limited than the ethical obligation of a lawyer to guard the confidences and secrets of his client. This ethical precept, unlike the evidentiary privilege, exists without regard to the nature or source of information or the fact that others share the knowledge. A lawyer should endeavor to act in a manner which preserves the evidentiary privilege; for example, he should avoid professional discussions in the presence of persons to whom the privilege does not extend. A lawyer owes an obligation to advise the client of the attorney-client privilege and timely to assert the privilege unless it is waived by the client.

EC 4-5

A lawyer should not use information acquired in the course of the representation of a client to the disadvantage of the client and a lawyer should not use, except with the consent of his client after full disclosure, such information for his own purposes. Likewise, a lawyer should be diligent in his efforts to prevent the misuse of such information by his employees and associates. Care should be exercised by a lawyer to prevent the disclosure of the confidences and secrets of one client to another, and no employment should be accepted that might require such disclosure.

EC 4-6

The obligation of a lawyer to preserve the confidences and secrets of his client continues after the termination of his employment. Thus a lawyer should not attempt to sell a law practice as a going business because, among other reasons, to do so would involve the disclosure of confidences and secrets. A lawyer should also provide for the protection of the confidences and secrets of his client following the termination of the practice of the lawyer, whether termination is due to death, disability, or retirement. For example, a lawyer might provide for the personal papers of the client to be returned to him and for the papers of the lawyer to be delivered to another lawyer or to be destroyed. In determining the method of disposition, the instructions and wishes of the client should be a dominant consideration.

Code of Professional Responsibility

DR 4-101 (Disciplinary Rules)

Preservation of Confidences and Secrets of a Client

A. "Confidence" refers to information protected by the attorney-client privilege under applicable law, and "secret" refers to other information gained in the professional relationship that the client has requested be held inviolate or the disclosure of which would be embarrassing or would be likely to be detrimental to the client.

B. Except when permitted under DR 4-101 (C), a lawyer shall not knowingly:

(1) Reveal a confidence or secret of his client
(2) Use a confidence or secret of his client to the disadvantage of the client
(3) Use a confidence or secret of his client for the advantage of himself or of a third person, unless the client consents after full disclosure.

C. A lawyer may reveal:

(1) Confidences or secrets with the consent of the client or clients affected, but only after a full disclosure to them
(2) Confidences or secrets when permitted under Disciplinary Rules or required by law or court order
(3) The intention of his client to commit a crime and the information necessary to prevent the crime
(4) Confidences or secrets necessary to establish or collect his fee or to defend himself or his employees or associates against an accusation of wrongful conduct.

D. A lawyer shall exercise reasonable care to prevent his employees, associates, and others whose services are utilized by him from disclosing or using confidences or secrets of a client, except that a lawyer may reveal the information allowed by DR 4-101 (C) through an employee.

Canon 5 : A Lawyer Should Exercise Independent Professional Judgment on Behalf of a Client

EC 5-1

The professional judgment of a lawyer should be exercised, within the bounds of the law, solely for the benefit ofhis client and free of compromising influences and loyalties. Neither his personal interests, the interests of other clients, nor the desires of third persons should be permitted to dilute his loyalty to his client.

Code of Professional Responsibility

EC 5-2

A lawyer should not accept proffered employment if his personal interests or desires will, or there is a reasonable probability that they will, affect adversely the advice to be given or services to be rendered the prospective client. After accepting employment, a lawyer carefully should refrain from acquiring a property right or assuming a position that would tend to make his judgment less protective of the interests of his client.

EC 5-12

Inability of co-counsel to agree on a matter vital to the representation of their client requires that their disagreement be submitted by them jointly to their client for his resolution, and the decision of the client shall control the action to be taken.

EC 5-14

Maintaining the independence of professional judgment required of a lawyer precludes his acceptance or continuation of employment that will adversely affect his judgment on behalf of or dilute his loyalty to a client. This problem arises whenever a lawyer is asked to represent two or more clients who may have differing interests, whether such interests be conflicting, inconsistent, diverse, or otherwise discordant.

EC 5-18

A lawyer employed or retained by a corporation or similar entity owes his allegiance to the entity and not to a stockholder, director, officer, employee, representative, or other person connected with the entity. In advising the entity, a lawyer should keep paramount its interests and his professional judgment should not be influenced by the personal desires of any person or organization. Occasionally a lawyer for an entity is requested by a stockholder, director, officer, employee, representative, or other person connected with the entity to represent him in an individual capacity; in such case the lawyer may serve the individual only if the lawyer is convinced that differing interests are not present.

EC 5-21

The obligation of a lawyer to exercise professional judgment solely on behalf of his client requires that he disregard the desires of others that might impair his free judgment. The desires of a third person will seldom adversely affect a lawyer unless that person is in a position to exert strong economic, political, or social pressures upon the lawyer. These influences are often

subtle, and a lawyer must be alert to their existence. A lawyer subjected to outside pressures should make full disclosure of them to his client; and if he or his client believes that the effectiveness of his representation has been or will be impaired thereby, the lawyer should take proper steps to withdraw from representation of his client.

EC 5-22

Economic, political, or social pressures by third persons are less likely to impinge upon the independent judgment of a lawyer in a matter in which he is compensated directly by his client and his professional work is exclusively with his client. On the other hand, if a lawyer is compensated from a source other than his client, he may feel a sense of responsibility to someone other than his client.

EC 5-23

A person or organization that pays or furnishes lawyers to represent others possesses a potential power to exert strong pressures against the independent judgment of those lawyers. Some employers may be interested in furthering their own economic, political, or social goals without regard to the professional responsibility of the lawyer to his individual client. Others may be far more concerned with establishment or extension of legal principles than in the immediate protection of the rights of the lawyer's individual client. On some occasions, decisions on priority of work may be made by the employer rather than the lawyer with the result that prosecution of work already undertaken for clients is postponed to their detriment. Similarly, an employer may seek, consciously or unconsciously, to further its own economic interests through the actions of the lawyers employed by it. Since a lawyer must always be free to exercise his professional judgment without regard to the interests or motives of a third person, the lawyer who is employed by one to represent another must constantly guard against erosion of his professional freedom.

EC 5-24

To assist a lawyer in preserving his professional independence, a number of courses are available to him. For example, a lawyer should not practice with or in the form of a professional legal corporation, even though the corporate form is permitted by law, if any director, officer, or stockholder of it is a non-lawyer. Although a lawyer may be employed by a business corporation with non-lawyers serving as directors or officers, and they necessarily have the right to make decisions of business policy, a lawyer must decline to accept direction of his professional judgment from any layman. Various types of legal aid offices are administered by boards of directors composed of lawyers and laymen. A lawyer should not accept employment from such an organization unless the board

sets only broad policies and there is no interference in the relationship of the lawyer and the individual client he serves. Where a lawyer is employed by an organization, a written agreement that defines the relationship between him and the organization and provides for his independence is desirable since it may serve to prevent misunderstanding as to their respective roles. Although other innovations in the means of supplying legal counsel may develop, the responsibility of the lawyer to maintain his professional independence remains constant, and the legal profession must insure that changing circumstances do not result in loss of the professional independence of the lawyer.

DR 5-107

Avoiding Influence by Others than the Client

B. A lawyer shall not permit a person who recommends, employs, or pays him to render legal services for another to direct or regulate his professional judgment in rendering such legal services.

C. A lawyer shall not practice with or in the form of a professional corporation or association authorized to practice law for a profit, if:

(1) A non-lawyer owns any interest therein, except that a fiduciary representative of the estate of a lawyer may hold the stock or interest of the lawyer for a reasonable time during administration;
(2) A non-lawyer is a corporate director or officer thereof; or
(3) A non-lawyer has the right to direct or control the professional judgment of a lawyer.

Canon 7: A Lawyer Should Represent a Client Zealously Within the Bounds of the Law

EC 7-1

The duty of a lawyer, both to his client and to the legal system, is to represent his client zealously within the bounds of the law, which includes Disciplinary Rules and enforceable professional regulations. The professional responsibility of a lawyer derives from his membership in a profession which has the duty of assisting members of the public to secure and protect available legal rights and benefits. In our government of laws and not of men, each member of our society is entitled to have his conduct judged and regulated in accordance with the law; to seek any lawful objective through legally permissible means; and to present for adjudication any lawful claim, issue, or defense.

Code of Professional Responsibility

EC 7-2

The bounds of the law in a given case are often difficult to ascertain. The language of legislative enactments and judicial opinions may be uncertain as applied to varying factual situations. The limits and specific meaning of apparently relevant law may be made doubtful by changing or developing constitutional interpretations, inadequately expressed statutes or judicial opinions, and changing public and judicial attitudes . Certainty of law ranges from well-settled rules through areas of conflicting authority to areas without precedent.

EC 7-3

Where the bounds of law are uncertain, the action of a lawyer may depend on whether he is serving as advocate or adviser. A lawyer may serve simultaneously as both advocate and adviser, but the two roles are essentially different. In asserting a position on behalf of his client, an advocate for the most part deals with past conduct and must take the facts as he finds them. By contrast, a lawyer serving as adviser primarily assists his client in determining the course of future conduct and relationships. While serving as advocate, a lawyer should resolve in favor of his client doubts as to the bounds of the law. In serving a client as adviser, a lawyer in appropriate circumstances should give his professional opinion as to what the ultimate decisions of the courts would likely be as to the applicable law.

EC 7-4

The advocate may urge any permissible construction of the law favorable to his client, without regard to his professional opinion as to the likelihood that the construction will ultimately prevail. His conduct is within the bounds of the law, and therefore permissible, if the position taken is supported by the law or is supportable by a good faith argument for an extension, modification, or reversal of the law. However, a lawyer is not justified in asserting a position in litigation that is frivolous.

EC 7-5

A lawyer as adviser furthers the interest of his client by giving his professional opinion as to what he believes would likely be the ultimate decision of the courts on the matter at hand and by informing his client of the practical effect of such decision. He may continue in the representation of his client even though his client has elected to pursue a course of conduct contrary to the advice of the lawyer so long as he does not thereby knowingly assist the client to engage in illegal conduct or to take a frivolous legal position. A lawyer should never encourage or aid his client to commit criminal acts or counsel his client on how to violate the law and avoid punishment therfor.

Code of Professional Responsibility

EC 7-6

Whether the proposed action of a lawyer is within the bounds of the law may be a perplexing question when his client is contemplating a course of conduct having legal consequences that vary according to the client's intent, motive, or desires at the time of the action. Often a lawyer is asked to assist his client in developing evidence relevant to the state of mind of the client at a particular time. He may properly assist his client in the development and preservation of evidence of existing motive, intent, or desire; obviously, he may not do anything furthering the creation or preservation of false evidence. In many cases, a lawyer may not be certain as to the state of mind of his client, and in those situations he should resolve reasonable doubts in favor of his client.

EC 7-7

In certain areas of legal representation not affecting the merits of the cause or substantially prejudicing the rights of a client, a lawyer is entitled to make decisions on his own. But otherwise the authority to make decisions is exclusively that of the client and, if made within the framework of the law, such decisions are binding on his lawyer. As typical examples in civil cases, it is for the client to decide whether he will accept a settlement offer or whether he will waive his right to plead an affirmative defense. A defense lawyer in a criminal case has the duty to advise his client fully on whether a particular plea to a charge appears to be desirable and as to the prospects of success on appeal, but it is for the client to decide what plea should be entered and whether an appeal should be taken.

EC 7-8

A lawyer should exert his best efforts to insure that decisions of his client are made only after the client has been informed of relevant considerations. A lawyer ought to initiate this decision-making process if the client does not do so. Advice of a lawyer to his client need not be confined to purely legal considerations. A lawyer should advise his client of the possible effect of each legal alternative. A lawyer should bring to bear upon this decision-making process the fullness of his experience as well as his objective viewpoint. In assisting his client to reach a proper decision, it is often desirable for a lawyer to point out those factors which may lead to a decision that is morally just as well as legally permissible. He may emphasize the possibility of harsh consequences that might result from assertion of legally permissible positions. In the final analysis, however, the lawyer should always remember that the decision whether to forego legally available objectives or methods because of non-legal factors is ultimately for the client and not for himself. In the event that the client in a non-adjudicatory matter insists upon a course of conduct

that is contrary to the judgment and advice of the lawyer but not prohibited by Disciplinary Rules, the lawyer may withdraw from the employment.

EC 7-9

In the exercise of his professional judgment on those decisions which are for his determination in the handling of a legal matter, a lawyer should always act in a manner consistent with the best interests of his client. However, when an action in the best interest of his client seems to him to be unjust, he may ask his client for permission to forego such action.

EC 7-19

Our legal system provides for the adjudication of disputes governed by the rules of substantive, evidentiary, and procedural law. An adversary presentation counters the natural human tendency to judge too swiftly in terms of the familiar that which is not yet fully known; the advocate, by his zealous preparation and presentation of facts and law, enables the tribunal to come to the hearing with an open and neutral mind and to render impartial judgments. The duty of a lawyer to his client and his duty to the legal system are the same: to represent his client zealously within the bounds of the law.

DR 7-102

Representing a Client Within the Bounds of the Law

A. In his representation of a client, a lawyer shall not:

(2) Knowingly advance a claim or defense that is unwarranted under existing law, except that he may advance such claim or defense if it can be supported by good faith argument for an extension, modification, or reversal of existing law.

Canon 8 : A Lawyer Should Assist in Improving the Legal System

EC 8-1

Changes in human affairs and imperfections in human institutions make necessary constant efforts to maintain and improve our legal system. This system should function in a manner that commands public respect and fosters the use of legal remedies to achieve redress of grievances. By reason of education and experience, lawyers are especially qualified to recognize deficiencies in the legal system and to initiate corrective measures therein. Thus they should participate in proposing and supporting legislation and programs to improve the system, without regard to the general interests or desires of clients or former clients.

Code of Professional Responsibility

EC 8-2

Rules of law are deficient if they are not just, understandable, and responsive to the needs of society. If a lawyer believes that the existence or absence of a rule of law, substantive or procedural, causes or contributes to an unjust result, he should endeavor by lawful means to obtain appropriate changes in the law. He should encourage the simplification of laws and the repeal or amendment of laws that are outmoded. Likewise, legal procedures should be improved whenever experience indicates a change is needed.

EC 8-4

Whenever a lawyer seeks legislative or administrative changes, he should identify the capacity in which he appears, whether on behalf of himself, a client, or the public. A lawyer may advocate such changes on behalf of a client even though he does not agree with them. But when a lawyer purports to act on behalf of the public, he should espouse only those changes which he conscientiously believes to be in the public interest.

EC 8-9

The advancement of our legal system is of vital importance in maintaining the rule of law and in facilitating orderly changes; therefore, lawyers should encourage, and should aid in making, needed changes and improvements.

Senator MONDALE. Senator Taft.

Senator TAFT. Let me apologize for being late this morning.

I had another committee meeting, but if I repeat any question, I hope you may excuse me.

I particularly like to have your comments, first on the makeup of the governing body of the Legal Services Corporation.

As you know, there are differences between the two bills, 1769 and 1305.

Could you comment on the merits and demerits of the proposal?

Mr. FUCHSBERG. Mr. Wright suggested I comment on it.

I would assume from that, he knowing my view on it, that he goes along with it, and I think so do the gentlemen who represent the other organizations.

I say categorically that we by far prefer the proposal set forth in S. 1305, and some of the reasons are as follows:

I think, first, generally, we are all in agreement that it is necessary to remove the composition of this Board as far away as possible from possible political motivation in the future, and obviously a direct appointment without limitation as to the sources, identity, or fixed type of representation, such as is proposed by the administration bill, which leaves it almost entirely to the discretion of a president, is something that would be subject to such possible abuse.

Now, more specifically, the administration bill does not insist upon the representation of certain areas of concern among our population, and our professional organizations who have both by experience and their demonstrated interest, been concerned primarily with the proper working and implementation of such a program.

Now, there are three different classes.

One is the various national bar associations, who have, by putting their muscle behind the existing program, by having universal knowledge of the program, by having necessarily brought to bear a standard of comparison with what is afforded to private clients, made it work.

Now, the S. 1305 does provide that in the selection of members of the board, there must automatically be included the presidents of the major national organizations in this field, such as the American Bar Association, the National Legal Aid & Defenders Association, the National Bar Association, the American Trial Lawyers Association, and the American Association of Law Schools.

Now, I did make a suggestion to this committee, which Senator Mondale was gracious enough to indicate as striking him favorably, and which has also won the concurrence of Mr. Wright, and that is that the limitation that the bar association members of the board be only the president of the associations or president-elect of the associations, not be that restricted. The organizations should be able to "nominate" a member (assuming the formal appointment is by the President of the United States), who is a representative of that organization, but not necessarily limit it to the man who is its president that year, because that president may be too busily engaged elsewhere.

Also, he is the only president for a year, and so you would get too rapid a turnover. Third, he may not be a man whose special interests happened to be in the particular field of poverty law, since different presidents have different complexions insofar as their interests are concerned.

In any event, the principal thing is that the selection be made by those bar associations, and those bar associations as such be represented, which is another way of saying that the lawyers of this country, those who are supporting it everywhere throughout the country, are voices that necessarily must be heard.

There are two other groups of people not provided for, except in an advisory capacity, by the administration bill, but who are directly provided for as directors in the bipartisan bill, S. 1305, and those are, first, the clients of this program. Unfortunately they have become almost fixed in some of our areas because of chronic poverty. It is almost a fixed clientele, and we believe they should be represented so that their views, their aspirations, and above all, their confidence, in the program would be generated, as well as their input into the policies of the program.

Third, the lawyers who from day to day actually do the work in such a program, the antipoverty lawyers, that they be represented.

Now, the administration bill makes no provision for that at all, except in an advisory capacity, and we are universally critical of that.

On the other hand, I am not taking a position that the other areas of representation, that is, the clients and the program's lawyers must necessarily be represented by one director, or two, or three, as set forth in S. 1305, but simply that each have representation on the board, that is, both of those concerned groups do. That, in my opinion, should be provided. So, for a complex of reasons, of which those are the most star-studded ones, we very, very strongly, that is, the bar associations, endorse the provisions of S. 1305 as being far superior, and far more in recognition of the principles that I refer to.

Senator TAFT. This is at least a quasi-public body in S.1305, in making decisions as to the expenditure of Federal funds. I just wondered, if you have any problem in the point of view, first as a matter of policy, of having that authority, delegated to persons not elected by the public, or not appointed by public officials, but rather named by associations of a private nature, informal associations, or formal, as you like. Would that create a problem? Second, as a matter of Constitutional law, is this a proper delegation of power?

Do you see any Constitutional question that arises with regard to establishing a governing body of this sort?

Mr. FUCHSBERG. Well, I have not made a detailed study of the constitutional ramifications, not having done so, and I certainly would not want to give a final definitive opinion but my curbstone opinion would be it is not unconstitutional.

Insofar as the policy matter is concerned, I would point out that we have a careful selection here, and not a random selection of the types of groups that are represented, and we also have behind us now 5 or 6 years' experience in the actual operation.

Remember, this is not really a new-born baby. We are only clothing it in other clothes, and we have had this 5 or 6 years of practical everyday experience.

Senator TAFT. There is no question about that.

Mr. FUCHSBERG. I might say the shaping of the policy has been really in the hands of the National Advisory Committee.

Senator TAFT. The Advisory Committee, the reason I suspect, because of the questions I just raised, it went that way.

Mr. FUCHSBERG. Right, but I would say I think we must remember that this after all will be the product of congressional legislation, and, therefore, always subject to congressional amendment, so, therefore, the overall ultimate supervision inherently lies in the right of the Congress to enact subsequent legislation which would amend this act of incorporation that is always there, so that the ultimate power is really never given up.

Senator TAFT. It is not given up, but the expenditure of the particular dollars——

Mr. FUCHSBERG. In this day-to-day operation, in the immediate future, we do that anytime, we act through agents, which we have to do, but if we find it is not working out right, Congress can always go back and amend it.

Mr. DOUGLAS. Senator, I think the advantage of the bi-partisan bill, S. 1305, is that it has a balanced board. It seems to use that this is the best guarantee of the independence and vitality of the legal services program.

By having the membership drawn from three different sectors—the organized bar, the appointments by the President, and the representation of the client community, and the legal services attorneys, you have a balanced group, in which the divergent points of view will be represented. As a results, there is less possibility of irresponsible action being taken.

I think what this kind of balanced board will do is to protect legal services against the kind of political attacks which have interfered with the program's operation in the past.

I see no constitutional problem in the Congress, and with the President, if this bill were to be enacted and signed in setting forth the particular persons who should serve in part on this corporation, which is essentially a private nonprofit corporation.

Senator TAFT. Would bringing the courts in this in anyway be of any assistance in the opinion of any of the witnesses here?

Could we have a court system in some way participate in the selection process?

Mr. DOUGLAS. The bipartisan bill does provide one of the appointees would be made by the Chief Justice.

Senator TAFT. You do not have any constitutional question on that?

Mr. DOUGLAS. It's not clear.

Senator TAFT. What consideration do you think would justify the position taken in S. 1769, of not including criminal cases?

Would you eliminate criminal cases as covered by this type of corporation?

Mr. DOUGLAS. Could I start off on that?

Is H.R.—is that Senate 1769, that is the administration's bill?

Senator TAFT. Yes.

Mr. DOUGLAS. I think a flat, national prohibition against any participation by Legal Services' attorneys in any criminal matters such as is contemplated under the administration's bill would be a great mistake.

It would prohibit nationwide any representation by legal services attorneys.

That is not the restriction which operates today. Under the present

statute, such representation is permissible under extraordinary circumstances.

For example, in cases of mass arrests and mass trials there is going to be a need on occasion for all of the legal services that may be available in a particular community. I am sure there are situations in which the judges cry out for all of the lawyers they can get.

This is a matter that is best left, I think, to the corporation, and to the individual Legal Services program, to establish guidelines to see that the concentration remains on civil legal aid.

Senator TAFT. Could there be connected cases as well, civil cases and criminal cases, covering the same subject matter?

Mr. DOUGLAS. Yes, sir.

Mr. FUCHSBERG. We had gone into that earlier, and, in fact, Mr. Douglas had given some illustration.

Senator TAFT. You do not view the Corporation as being a substitute for the public defender systems?

Mr. FUCHSBERG. No, sir; but since there are areas, where there are sort of hyphenated circumstances, situations, where the alternatives to obtaining relief, and sometimes they are intermingled, are both criminal and civil, it becomes impractical to look for a separate lawyer for the criminal aspect of it, and, also, we think, with shifting things in society, while it is not the intent of the Corporation, certainly at this time, as we generally view it, to go into criminal law as such, this should be left for development in the future.

Senator TAFT. I do not know if it was covered earlier, but I would be interested in hearing comments on restrictions, or lack of restrictions, with regard to suits against the Federal Government, Federal Government agencies, and also, or a taxpayer's suit?

Mr. COBB. Senator, I think we should all agree there should not be such a restriction in the very nature of the law, such a restriction would not be practicing law, and I think Mr. Wright, in responding to some of the questions, he suggested even the Canon of Ethics will allow him to do these kind of things, and anything tending to curb that would be just a little too much to be effective.

Senator TAFT. There was no mention made here on the subject of undergraduate legal aid society.

For instance, as I understand it, at Georgetown University, there is such a legal aid society made up of students and operating, I guess, with the approval of the courts and the legal aid society, and some of them seem to be in need of continuing financial aid.

Do you think there is a need to support those types of societies, and if there is, should there be any encouragement for it?

Mr. DOUGLAS. I think the Corporation should be authorized to give grants of this kind. I think clinical legal education is an accepted form of education. It has proven to be advantageous to the society and to the courts and to our judicial system.

Senator TAFT. Do you think this legislation does that?

Mr. DOUGLAS. I think the administration bill does not provide such authorization, as I read it, and that is another reason why I prefer the bipartisan bill, which does authorize the Corporation to make grants of that kind.

Mr. FUCHSBERG. I believe, Senator, it might be well to note that more

and more of our States have enacted laws that have permitted law students under proper supervision to participate actually in the legal representation process as lawyers, so all this would be doing is not breaking new ground, but permitting in the antipoverty program the same sort of thing that is happening in private society.

Senator TAFT. Thank you very much.

Senator MONDALE. Senator Cranston.

Senator CRANSTON. I have one more question that I would like to address to the panel.

We are seeking regardless of our various viewpoints, to insulate from politics this legal assistance to the poor.

What is your opinion of a requirement that the political party of proposed members of the Board of the proposed Corporation be taken into account in appointing members to that Board? Is that injecting more politics into the situation, or can it be considered a part of the insulated process?

Mr. COBB. Senator, could I open with the initial response?

Senator CRANSTON. Yes.

Mr. COBB. I would hate to see it divided, x number of Republicans and x number of Democrats and x number of judges.

I think if we establish a criteria for members of this board, and if this criteria is an honest criteria, we require that those persons who sit on this board, the kinds of committed persons I have talked about, I think the corporate concept is really an intrusion into the profession that is rather unique, but I think necessary under the circumstances, but to give it the right kind of credibility, I think if you start placing a number of Republicans, a number of Democrats, I think you might open up something that none of us would want to live with, but if we set up the guidelines, some description for the kinds of persons that we want, where he lives, the kinds of work that he has been involved in from the various organizations, certainly this is why I subscribe to the Senate bill, that at least we can give to you the kinds of persons that we know are going to make these kinds of commitments, but if we make it a political game of numbers, then I think we might find it is not what we desire.

Mr. FUCHSBERG. Senator Cranston, I have a slightly different view on that.

I might say, parenthetically, there has been an obvious and mighty unanimity of the views as to most of the items we have been discussing this morning, among the various representatives of the different bar associations here.

I think it would be well to mention this has not been as a result of any prior consultation of which there has been none. By way of background, the different bar associations representatives here have very different emphases in their interests, so that the unanimity only probably speaks very eloquently, I would hope, about the correctness of the views expressed, and their importance, and I think it is fair to put that in that kind of perspective.

Now, as to the specific question, I would like to say this: In the President's bill, the administration bill, the one that came from the White House, all of the members are in a sense public members, but two-thirds are selected also by another qualifying method.

We have no problem as to divergent parties as to them, but as to the one-third intended to be purely public members, generally without restriction, I would like to be a pragmatist about that. I do not think that politics is a dirty word, and I am not sure political viewpoints should not be heard. As to the philosophy of the program, I do think that, since inherent in the selection of those six members on this proposed board of 18, is a possible political equation, it is just as well to recognize the reality of that situation, and provide for a limitation on it by providing for an approximately even division between the two parties.

It may be in this particular case, since we are dealing with an even number, six, perhaps the division ought to be three Democrats and three Republicans, rather than thinking in terms of the majority and minority parties, as they change from time to time.

In any event, I take the practical view, that I think it is all right.

Senator CRANSTON. Are there any other views to be expressed on this matter of making the political affiliation of an individual thought to be qualified a requirement for membership on the board?

Those are all the questions I have.

Senator MONDALE. I would like to make a comment on this.

I think the great strength of the Legal Services program has been that there is a unanimity of agreement on the principles of fair and due process—which cuts across the center of American public life, regardless of political party. The American Bar Association and other organizations have stood together on the principle of full and fair access to the courts for all Americans. We might be eroding that basic support by imposing party labels.

Mr. Wright, the American Bar Association, I gather, in supporting the establishment of this Corporation has in effect made a determination that the poor in American society do not now have equal legal access to the courts, administrative tribunals, and to the legislatures and the Congress; is that correct?

Mr. WRIGHT. That is a fair statement.

Senator MONDALE. To help meet that problem, a National Legal Services Corporation should be established and given adequate funds?

Mr. WRIGHT. That is correct.

Senator MONDALE. Is it your judgment that if such a corporation were established and actually funded—under either the administration proposal or the so-called bipartisan proposal—there would still be a substantially unmet need for adequate representation of the poor in this country?

Mr. WRIGHT. I think that is right. I think we are a long way from exhausting a matching of legal manpower to needs.

Senator MONDALE. The reason I asked this is because there was a suggestion yesterday that the adoption of this proposal would provide the poor superior legal services as against the rest of the American society.

Do you agree that might be the case?

Mr. WRIGHT. I heard the discussion, and I think it was in a rather narrow context.

It was not as a general matter.

Senator MONDALE. I would like to ask Mr. Robb whether members

of the American Bar participated in the development of the recommendations dated March 24, 1971, by the National Advisory Committee to the legal services program?

Mr. ROBB. Well, yes. Representatives serve on the National Advisory Committee, and Mr. Segal is chairman of the Executive Committee of the National Advisory Committee, and as such, we are participating along with representation from many other bodies.

Senator MONDALE. I realize this is not an official position of the American Bar Association, but did the representatives of the American Bar Association support the recommendations found in that document?

Mr. ROBB. We participated in that process, yes.

Senator MONDALE. And did you dissent from that?

Mr. ROBB. We did not dissent.

Senator MONDALE. I am asking about the position of the American Bar representatives.

Mr. ROBB. We did not dissent from the recommendations.

Senator MONDALE. At this point I would like that document to be made a part of the record.

Mr. ROBB. I would like to address myself to that document at this time.

We have made an attempt in the American Bar Association to keep a close eye on this program, not only because we are interested in seeing that the basic purposes of the legislation are implemented, but also because we recognize that in any kind of a legal services program of this size, there are possibilities of abuse. I have made a practice as chairman of this committee to insist that at least one-fourth of the legal-services programs in this country are examined, either by representatives of our committee or of the National Legal Aid and Defender Association. About 60 programs a year are examined closely by our representatives on the panels of OEO evaluation teams, and, I am sorry that Senator Cranston had to leave, but as an example, I could give you an idea of the work we do and the position that we take, that this is not a passive role at all.

Two weeks ago I had the privilege of appearing before a panel in San Francisco, examining the charges in the California rural legal assistance program matter.

Now, our Committee in the last 3 years has had very distinguished representatives examining that program, so I was called out to testify as to what our conclusions were of that program.

We looked at it three times, and we testified at that hearing, that in our opinion the California rural legal assistance program, was a quality program which was rendering a good job for people. We have tried to keep on top of the legal services program.

I know of no widespread abuses in the legal services program that require curbing. There are isolated examples of poor judgment exercised by lawyers, as I explained to the panel yesterday, much as, I am sorry to say, similar examples of poor judgment sometimes exercised by younger lawyers in my own office.

Senator MONDALE. You have been chairman of the ABA subcommittee dealing with this issue for how many years now, Mr. Robb?

Mr. ROBB. For 5 years.

Senator MONDALE. You have been personally involved in terms of reviewing these programs for those 5 years, have you not?

Mr. ROBB. Yes, I have been, and members of my staff, and members of the staff of the National Legal Aid and Defenders Association.

Senator MONDALE. How would you characterize the general level of competence of these attorneys in which they are discharging their responsibilities on behalf of their clients?

Mr. ROBB. I would say the level of competence of the OEO legal services lawyer is remarkably good. Many of them are young, and they do not have the depth of experience that we sometimes are privileged to find in some aspects of the private practice.

On the other hand, the dedication far exceeds that of the general practitioner, and I think the latter aspect by far makes up the lack of the former.

I have found that there are usually seasoned lawyers with whom the younger may consult.

Senator MONDALE. I have heard that the OEO legal services program has been able to attract some of the finest law students from our better law schools, and that it has maintained a very high standard of legal scholarship—is that accurate?

Mr. ROBB. In some ways I wish they would not be so successful, because we have a harder time in hiring young lawyers in our own firm, but I think that is one of the things that has made this program go. If we get involved in a situation where these young lawyers are not afforded the opportunities of really giving vigorous representation to their clients, not only will the clients suffer, but you will see many of these young lawyers leave. We then will return to the situation which existed before, where the lawyers while very dedicated in the legal aid movement, were not of the same quality.

Mr. DOUGLAS. Could I underscore that? I have been in charge of hiring at the law firm here in Washington, with which I am associated for the past year and a half, and what Mr. Robb has said is absolutely correct.

Legal service has attracted blue ribbon law school graduates of recent vintage.

There has been in essence a blue ribbon, top-drawer group of young attorneys in legal services. It is important that the new corporation not be structured in such a way as to discourage them.

Senator MONDALE. Thank you.

Mr. Robb, I would like to return again, if I might, to your work as the chairman of the committee.

A recent gifted team of columnists said that the real issue is whether these funds should be open to provide Federal aid to middle-class warriors—the new left revolutionists—rather than defending the poor.

In your personal examinations of the various OEO legal services programs around the country, have you found that there has been a serious problem with this?

Mr. ROBB. No, we have not found any serious abuse of the eligibility guidelines that are involved in the program.

Don't forget that the private bar, while it has supported this program vigorously, still keeps a close eye on these programs.

The local bar associations particularly see that they are kept within the guidelines, and that is a perfectly proper role for the private bar to follow. But when cases are taken that are borderline, where it appears as though someone may be ineligible, making too much money, or otherwise not qualified for the service, I can testify from personal experience, not only as Chairman of the Committee, but from my experience in the legal services program in Albuquerque. I get calls from lawyers, when there is any question, such as when in court they see their opponent in litigation represented by a legal services lawyer, and the client wears a pretty good looking suit. They immediately call me, and they want me to know why Legal Aid is handling that case. I also get letters from all over the country, from time to time, from lawyers challenging whether or not a proper case was taken by the Legal Aid Society, and I must say, in the investigations we have made, in the overwhelming number of cases, there have been no violations of the guidelines.

Frankly, these lawyers in the legal services program, are too busy to knowingly get involved in abusing guidelines.

Their job, representing the poor, must be confined to the poor, and there are so many qualified clients that they cannot even handle in their offices. They are not going around looking for middle-class citizens to represent.

Senator MONDALE. Have you found many instances where legal services attorneys have forsaken the responsibilities they have to represent the poor, and instead have spent their time trying to defend new left revolutionists?

Mr. ROBB. Well, I cannot say that. I must say this, where a legal services program accepts cases on behalf of people who are politically controversial, they get a tremendous amount of publicity, and a handful of cases can easily result in much criticism where there is representation of people who are politically controversial. This gives an impression that there is widespread representation of controversial people.

Senator MONDALE. As you know, the bipartisan proposal does propose some relaxation of a rigid poverty guideline. While placing priority on meeting the legal needs of the poorest of the poor, it establishes a basic standard of eligibility to include any person unable to afford private legal counsel because of inadequate means.

Are you in a position to comment on that in your personal capacity?

I realize the ABA has taken no position on this.

Mr. ROBB. I do not think I could comment on that as an ABA representative.

Senator MONDALE. Did the advisory committee comment on that in its report?

Mr. ROBB. I do not believe the advisory committee addresses itself to that question.

Senator MONDALE. Would you comment on that?

Mr. COBB. Mr. Chairman, I hope that it will not be overlooked that the bills happen to include a provision where the private practitioner of the private bar can participate in the program.

I am sure since most of the members are so-called practitioners, they have always resisted and watched very cautiously the application

of this income limitation, and they have expressed much concern about it, and in some instances, we have resisted some of the legal aid programs, and we felt they had intruded into these areas.

Certainly, with participation of the private bar, I could see no objection to it, because the objection is to provide the services for all persons who need it, and we might find the $3,900, and the $5,000; we might find some variance, but I certainly would hope, certainly, our endorsement of this program is 90 percent based on the fact, for the first time, you are going to involve the participation of lawyers, who actually live in these communities, and I would hope that this perhaps, too, is the most important part of the program, because heretofore, he has not been involved unless he was hired as an employee.

Now, you are going to give him an opportunity to meaningfully participate, and to bring in the expertise, and his training, and yet maintain the independence that the corporate structure suggests it is trying to do.

Mr. FUCHSBERG. Senator, I do not believe the level chosen should be the one applied to legal services. In fact, it has not been that kind of thing in the past. I earlier suggested avoiding competition between bread and justice. When we talk about statistics, we talk about the need to get food and shelter and a basic living the material things that enter into that. For a more meaningful life though, as distinguished from the mere business of keeping alive, justice is necessary and to secure that maybe we need some other standards. I think there ought to be some other standard. The board ought to be able to set the guidelines with the cooperation of local groups in determining what the special poverty level for legal services should be in each community. That might be completely different, probably higher, than the poverty level for basic human living needs.

Mr. DOUGLAS. Senator, I think the standards set out in the bipartisan bill make a great deal of sense.

They give to the corporation fairly broad powers to proceed with setting standards of eligibility in conjunction with the local programs.

Senator MONDALE. Senator Javits could not be with us this morning.

He asked this question: "In respect to financing, if we eliminate the veto, is there not the danger that as programs become more effective, there will be a greater danger of killing the appropriation?"

Might we not need something more to assure a stronger program?

It has been suggested that we might set aside bonding authority in the Secretary of the Treasury, to purchase bonds, the proceeds of which could then be turned over to the corporation.

This approach was taken in the Housing Act in 1950 and in the Postal Reorganization Act that was passed last year, in order to try to get around the appropriations problem.

Mr. DOUGLAS. I think there may be problems with respect to appropriations, but I would think there would also be problems with respect to the approach which is suggested in Senator Javits' question.

As a matter of fact, I would think, without being an expert on the subject, that you might find the establishment of a legal services corporation jeopardized by that kind of reproach, because you get into all kinds of problems, as to the jurisdiction of different Senate and House

committees, which have their own ideas on purchases of bonds for that kind of a program. So I think that, it is probably safer to proceed along the lines you have outlined in the bipartisan bill.

Senator MONDALE. Very well.

We have kept the panel long after the proper time. We are most greateful to you, and I continue to be deeply impressed by the commitment of the organized bar to the solutions of this problem.

I am most grateful to each of you for your testimony here today. You have been most helpful to the committtee, and, again, I thank you very much.

Mr. WRIGHT. We thank you, Mr. Chairman, for the opportunity of addressing the committee.

Senator MONDALE. Our next witness today is Mrs. Maryellen H. Hamilton, president of the Legal Services Clients Council.

Welcome to the committee, Mrs. Hamilton.

We deeply regret keeping you waiting so long.

You may proceed, Mrs. Hamilton.

STATEMENT OF MRS. MARYELLEN HAMILTON OF THE EXECUTIVE BOARD OF THE NATIONAL CLIENTS COUNCIL, INC.

Mrs. HAMILTON. Mr. Chairman, I have a prepared statement which I would like to be made a part of the record.

Senator MONDALE. Your statement will be made a part of the record at the end of your testimony.

Mrs. HAMILTON. Thank you very much.

My name is Mrs. Maryellen Hamilton, and I am here representing the National Clients Council, Inc., as president and chairman of the executive committee.

I am joined with Mrs. Bobbie Windell, target area representative on the Oklahoma Neighborhood Board in Oklahoma City, Okla., and by Mrs. Adela Houselman, target area representatives of the Toledo Neighborhood Board in Toledo, Ohio.

They are also members of the National Clients Council.

I have enjoyed listening to this morning's testimony by the bar. We have been working pretty close since the poor have decided that they want their voice made on a policymaking level of things that affect them, and the legal services program is one of the greatest things that affects the poor across the country.

I feel that the incorporation by the Federal Government is one of the right steps in the right direction, but we are very concerned in which one of the bills, if it gets through, to make sure we are speaking for the clients across the country.

We conducted hearings all across the country, plus we did surveys.

I would say the majority of the country endorses the Mondale bill, S. 1305.

They feel the Mondale bill gives enough leeway that they will be able to perform some of the things that cannot be done with OEO right now.

They feel it will relieve a lot of the political interference that is going on in the administration right now; and with that they cannot do what they really would like to do for the poor.

The reason is that we have the best example of the program out in California, that was vetoed, and had to be interfered to save the program. I would like to say to Senator Mondale, and his particular statement that when he drafted the bill, he designed the bill especially for the members of the National Clients Council.

His bill so stated specified the client community has a voice, and with this bill the poor people will be able to obtain adequate legal service, which before could not do so because of inadequate financial means, and this bill describes representatives of the National Clients Council, or of the client community as any person who is selected by the members of the client community, and that is what the National Clients Council is composed of.

It is because of our past and present interest that we appear here today to express our views, especially in this most important turn of events.

In proposing this bill, Senator Mondale, you have done this for all of us.

The National Clients Council feels that today we are at the turning point of a fight that will assure adequate legal services for the poor.

We feel, if this bill is passed and it is removed from all interference, we would not have to be fighting the Murphy amendment, the regionalism, the many fights that this legal services program faced in the past.

As you know, this has not only hindered the clients getting good representation, because, after all, the lawyers are one, when today they are faced with one bill, and tomorrow they are faced with another; they are wondering what is going to happen, so we feel that, if there is in the bill as proposed a 2-year funding, that every year we will not be going through the fact of wondering what is going to happen from day to day, and this also would give the clients a lot of leeway.

We feel the President's bill does not give any representation to the client at all on this board, because, regardless of who we pick, most of them would not know of how the clients feel, and their constituents, and I am talking about all of the Senators and Representatives. They are all very concerned about how their Senators are going to vote, because, with the President's bill and the President appointing everybody, we would not have any representation.

We are concerned about who has the power in this corporation, because we are just beginning to understand how to get correct legal representation, and, instead of taking our frustrations out on the street as we did before, we now turn to community education, and we are beginning to find out how to use the court, what the court is for, and to go back to a subject that is very broadly discussed here is criminal representation.

As you know, a major part of the poor, they have income problems, and you can start in the field of civil representations, but you end up in the field of criminal representations, because I know in some cases, from working with the clients, they would start as, maybe, a civil suit, but, before it is all over with, it is a criminal suit.

If the restriction is placed that we cannot go into that field, what happens to these clients that they are representing?

Will they have to drop them?

This is mostly what had happened under the old OEO guideline, and we are very concerned about that.

Will there be some type of mechanism that will help to take care of this particular problem that the clients will be given representation in the criminal field in those types of cases?

Another thing is about the clients not being able to lobby for a bill, and I mean by lobby, to lobby enough like today, to understand what is going on in the Senate, to go back into the community, to tell the people what bills are going to affect them, how no notify their representatives, how they feel, how to tell them their feelings, and I think that even the lawyers would be able to educate us more, but in the OEO restrictions, that would keep them from lobbying, but I do not see anything in your bill, in 1305, that will restrict them from doing any lobbying, expressly for education; however, the National Clients' Council respectfully submits that this does not go far enough to assure that the new corporation is truly responsive to the needs of the poor.

You have all of the attorneys there, because you have all of the bar represented, and we feel that that will present the view of the legal field, and that this will be a project for the attorneys, and that that leaves very little expression for the clients to give their viewpoint, and we are very much concerned about one thing, that in the last 5 years we have learned, and that we have gained a world of expertise knowledge that could be passed over to the attorneys on how to deal with the poor, what are the problems of the poor, and that they should not dictate to the poor, but that the poor should be sort of a watchdog to see that the program is actually doing the things it is supposed to be doing.

We actually want to see that the people of the community get the type of service they should get.

This is what we are concerned about. I imagine it is a small problem to most people, but it is a large problem to us.

Senator MONDALE. The people are worried about the new left, middle-class revolutionaries.

This would be a good way to protect against that, would it not?

Mrs. HAMILTON. Yes, sir. We feel that we can involve ourselves, and we are now in the process of planning a model plan for the new board of directors, and in this action we will include the middle-class people, because they can be a lot of help to us, and I think the big problem is that a lot of people do not realize, if they are not in the community, that the middle-class they have been talking about, everything is for the poor, poor, poor, and the middle-class is sort of resenting it, but if they understand our problem, if they could associate with us, and understand we have the same problems that they have, the only difference is that they are able to pay, and we are not, if they were brought in, I think a lot of the problems that you hear about with the middle-class and the poor could either be avoided, if they were even taught that we are all human beings, and that we all have the same problems, and it is only that one can afford not to pay and the other can afford to pay.

That is what we are very much concerned about, and the President's bill, we are concerned about where he asks for a fee.

Most clients are definitely unable to pay. That is a fact, because I was a user of a legal service, and I know, I did not have the money to pay, so this is what we are concerned about, is the graduated scale, but in the bill of the Senate it does not propose for a fee to be paid by the clients.

We are very concerned about just a few changes in your bill, and we are submitting them in writing to you.

Senator MONDALE. We will read them, and your full statement has been placed in the record as though read.

Mrs. HAMILTON. We would like to leave it open, because we have some more resolutions to come in.

Senator MONDALE. We will receive those, and place them in the record at the conclusion of your testimony.

Are there any other comments?

Mrs. BOBBIE WINDELL. Senator, I have read your bill, but I have not had an opportunity to read the President's bill, but from what I hear of it, I am horrified. I am particularly concerned about the makeup of the national board.

I myself am a low-income representative, a very poor person. I have been on the Legal Services Board in Oklahoma City since it began. In fact, I was put on to help implement the program. They hated me when I came on. They called me the ex-officio member. I outlived all of them, and their terms have expired.

I am very much concerned, as I say, about the proposed bill.

I have no quarrel with representatives from the various bar associations, but I do plead for a balanced board.

One-third makeup sounds suitable. I would certainly limit the number of representatives that the President could appoint.

I am aware that I am a very poor person, and I am in many areas ignorant and unlearned, and, therefore, not in a position to stand in judgment of the President, but speaking from where I am, I would say that I have not found the President particularly sensitive to the needs and wishes of the people, of the public, and in some areas, and, therefore, I would not automatically look to him for sensitivity in this area.

In selecting the board members, I also have no quarrel with the selection with the national party labels in mind, but I would like to say, in making up our board, it had been our policy to put on our enemies, those who actively opposed us, because if they came and watched us month by month, finally they would become sensitive to what we were doing, and they would see we are not such bad guys after all, but all it really did was to destroy our program, and I suggested to our nominating committee, if you want to make friends out of our enemies, take them to lunch, and buy them a fifth of scotch, but keep them off the board.

Thank you very much.

Mrs. HOUSELMAN. I do not know how much more I can add to this, but I do feel in the past, those in power have been insensitive to the needs of the poor.

The poor have been used as pawns for entirely too long as far as your political aspirations are concerned, and I do feel that the many boards are lawyer dominated, and when it comes from input from the poor, they do seem to want to make fools of the representatives of the poor.

I have noticed that all across the country, when we need evaluations, the representatives of the poor that were put on the boards did not know their duties, did not know their powers, and so consequently were very inactive, because you do have lawyer dominated boards, and I do feel there should be some training for the poor, so there can be more input, and if we are going to make changes, this is where it has to be made, and we need people who are going to be sensitive to the needs of the poor, so other than that, I do not have anything else to say.

Mrs. HAMILTON. This is the reason we ask you in your bill to concern the National Clients Council as being the section, or at least a part of the incorporation.

We have attempted, though, to serve the whole country, and OEO only gives $18,000, and, you know, that was not a drop in the bucket to cover the whole United States, Puerto Rico, and Hawaii.

We are attempting to train the board members. We are attempting to unearth some of the problems that actually go on in these different legal service programs.

As I said, we are attempting to see how we can make it a more effective animal, I will use that word, around the country.

This is one of the reasons I was honored that you thought enough to include the Clients Council in your bill, and this is one of the reasons I am very honored that you thought enough to ask the National Clients Council to appear before your committee to give their views of your bill.

We endorse the make-up part of your bill, with the few minor changes that we are submitting for the record, and we would ask if you have any questions of us.

Senator MONDALE. Well, your statements are very useful.

As you know, I asked questions of one of the attorneys whether our proposal was a way of getting between the clients and the courts.

Many people do not understand the poor. They are afraid of them, and they think the poor are irresponsible.

It is because they do not know anything about them. What we are trying to do is to balance much of those political problems in the best way that we can. That is why the bill is written like it is.

You have responsibility, not only to make certain that this program works, but to help educate us, so we can better understand the poor.

I do not think that most Americans are really bad, or want to be. They want to help, but we set our poor off so we do not get to know them—in ghettos and in pockets of rural poverty.

We go by them on freeways, we cut them off. We do not get to know the poor. When I grew up, I think we got to know the poor. Today you do not. They are in public housing. We do not see them.

Your job is to help us better understand what their situation is.

Mrs. HAMILTON. That is the reason I say the new board that you are proposing, it will include people that are just above the border line, and on up, so that they can get to know us, and really understand us, and not just see us as a part set off in the country.

Senator MONDALE. Just let me ask you one question on this fee issue.

When we went around on our hunger hearings, we would find a poor family would have to spend the limited money on first things first—for example, they would spend on rent first of all.

Then maybe they would have a little bit for paying some old medical bills, and then with what is left, they would buy a little food; and things like shoes, medical care, and even heat would often be beyond their limited budget.

Indeed, many times toward the end of the month, they would be out of money, and they could not buy food.

Often toward the end of the month, we would ask poor families what they had eaten for breakfast. They would say, "We did not have breakfast." We would ask what they had for lunch, and they would answer, "We did not have any."

They were too proud to tell us they did not have anything to eat. If that is true of such things like food, what about legal services?

If you tell a poor family he has to spend a certain amount of money to hire a lawyer, will he do that?

No. They will just do without because there is nothing else they can do.

Mrs. HAMILTON. That is our reason, as you know, before 5 years ago, you never saw, really, a poor man in court, because the poor people felt that the court was designed for the rich.

They would not even attempt, if they had received a notice, they would not even attempt to appear before the court to get extension on that notice, because they knew that this landlord was going to win his case, so he was just lost.

Now we are attempting to tell him that he has a right to appear before the court, and there might be some reason why he was unable to pay that rent.

There might be some reason that someone was sick, and he did not have funds to pay that rent, and he might be able to go somewhere to get emergency help that will enable him to stay in that house, but before this time he would not appear in court.

As I listened to the bar talk about the consumer fraud, that is one of the biggest things that has happened to the poor, because they have the many people that go around and will loan you $10 for 25 cents interest on the dollar.

When you get your welfare check, that means that he will come and maybe collect your welfare check, and he gives you $20 or $25 out of that welfare check, and this is not in only one community. This is all over the country, and this is what we mean when we say what we need is class action.

Stopping one person will not help. It is stopping many, many of them that are hurting the poor people and cheating them out of their money, because they have no other means, and they know no other way, and this is the way they have been doing it from generation to generation, and this is the clients council's resonsibility to bring them out from under these problems.

This is one of the things we hope, when this new bill is passed, we get enough funds to really do the job that the clients council wants to do, and this is to get into the back hills of Appalachia and the Delta, Mississippi, and into those kinds of places, and actually school the people on their rights as a citizen of this great country.

This is what we want to do. I think this will eliminate a lot of the legal problems that we have.

We understand a lot of our legal problems come from the lack of knowledge, because they do not know the law, and in this way, they then resent the lawyers.

Some of them do not even want to see a lawyer, but they will accept community people, people like themselves coming into an area, educating them, and then they will accept the lawyer, but first you have to teach them, because I had to be taught that a lawyer could be my friend, so they too have to be taught that he can be their friend, and that the Congressmen here on the Hill can be their friend, and that as you go up the ladder, communication can be established, but you have to be taught.

You cannot just tell a person and expect people to accept it.

It has to come through a learning process.

Senator MONDALE. Thank you very much for a most useful statement.

I appreciate the participation of your organization and the statements by the three of you.

Thank you very much.

(The prepared statement of Mrs. Hamilton follows:)

May 11, 1971

STATEMENT OF MRS. MARYELLEN HAMILTON

of the

EXECUTIVE BOARD OF THE NATIONAL CLIENTS COUNCIL, INC.

Before the Senate Subcommittee

on

Tuesday, May 11, 1971

Mr. Chairman and Members of the Subcommittee:

My name is Maryellen Hamilton. I am here today representing the National Clients Council as President and Chairman of the Executive Board. Joining with me on this statement are clients from the ten regions so designated by OEO across the country and seated with me, Mrs. Bobbie Windell Target Area Representative on Oklahoma Neighborhood board in Oklahoma City, Oklahoma. Also, Mrs. Adela Houselman, Target Area Representative on Toledo Neighborhood Board in Toledo, Ohio. Also both are members of the National Clients Council.

I appeared on December 16, 1970, to testify on the justice of legal services.

This is not the first time that the NCC has appeared before this subcommittee to give testimony on legal services. Mr. George Moore, the Council's Secretary, was here on October 9, 1970 to testify against regionalization of legal services.

As former ex-Director of OEO, is reported to have said of the National Clients Council, "What kind of monster have we created?' Let me tell you briefly about this "monster".

The National Clients Council is an OEO-funded project providing the clients of OEO Legal Services projects with a mechanism through which they can express themselves at the national, regional and local levels. The National Clients Council grew out of a recognition of the need for clients to have a say in policy matters and from a feeling that those who actually received the services processed a unique knowledge about how and whether the program was actually working for them. We are the consumers of legal services, and we have an interest in the product and a right to say something about its quality.

Since our origin at the 1968 National Legal Aid and Defenders Association Conference in Puerto Rico, we, as representatives of 600,000 poor people, have been officially recognized by the organized bar which included the American Bar Association standing Committee on Legal Aid, the National Bar Association, the National Legal Aid and Defenders Association (NLADA) among others. We are elected from the representatives of the poor on the governing Board of legal services programs across the nation. We are elected on the local, state, regional, and the national levels. Our job is to act as a liaison between the poverty community and the lawyers working in legal aid and legal services; to make sure that

this program stays honest and to make sure it delivers Justice to the poor. The NCC has been unearthing those problems which local legal aid services programs have in their relationship to their client community.

As members of this Subcommittee can see, we are the very people and groups envisioned by Senator Mondale's bill to establish a National Legal Services Corporation, S.1305. That bill specifically defines the "client community" as individuals unable to obtain private legal counsel because of inadequate financial means." That describes our members. It describes "representative of the client community" as any person "who is selected by members of the client community whether or not a member of that community." That is the National Client Council.

It is because of our past, present and future interest in the legal services program that we are here today.

I need not detail to this Subcommittee the history of the legal services program---its great achievements and the sorted political pressures which too have often been brought to bear to stop effective advocacy for the poor. In introducing this bill, Senator Mondale has eloquently done this for all of us. As I have said, the National Clients Council has twice appeared before this Subcommittee and presented the client perspective on the operations and future of legal services.

Today, we are at a turning point in the fight to assure adequate legal services to all Americans. Bills have been introduced from both sides of the aisle in this Congress to make the Office of Legal Services into a public non-profit corporation. We of the client community praise this step as one way of assuring that quality legal services will continue to be delivered to the client community so that Equal Justice Under Law becomes a reality. To this end, the National Clients Council supports, in principle, Senator Mondale's bill, S.1305. In their approaches to achieving the end of insultating legal services from the partisan tugs of pressure groups, the Administration bill and S.1305 have taken two different approaches.

The Board of Directors President's bill would establish a board of directors, named by the President, with provision to assure that it is non-partisan. This is a format commonly found in federal regulatory agencies. While it may be suited for those agencies (although the Presidents's own Ash Commission has cast doubt on that), it is not appropriate for a Legal Services Corporation. Experience with the operation of legal service boards has shown that quality programs which are responsive to the needs of the poor comes only with a board which understands first-hand the problems of providing legal service to the poor: lawyers and the clients themselves. In this regard, the bill proposed by Senator Mondale, S.1305, is praiseworthy. It takes a major

step in adapting to the structure of the National Advisory Committee and the local boards of legal service projects to the National Legal Services Corporation.

However, the National Cleints Council respectfully submits that this does not go far enough to assure that the new corporation is truly responsive to the needs of the poor. The Board, as presently proposed, is over-weighted with attorneys. The six public members are clearly supposed to be from and represent the view of the legal profession by virtue of their leadership of the major legal associations. Finally, there are six attorney client members, 3 of whom are selected by the proposed Project Attorneys Advisory Council and 3 by the proposed Clients Advisory Council. We submit that this results in an undesirable imbalance in the structure of the board, in that of 18 members, all but 3 will represent the views of the client community.

We submit that this imbalance flies in the face of all previous experience within the legal services program. Time and time again, the value of the client input has been recognized. The local governing boards of legal services projects are urged to have substantial representation of the poor. OEO has found that the client prespective in evaluating legal services projects is so valuable, that evaluation teams now have to lay members. Even at the highest level of OEO, the

National Advisory Committee, the client community has its own voice, this National Clients Council.

We respectfully submit that this bill, S.1305, should be amended to provide that all six of the attorney-client members shall be selected by the designated Client Advisory Council. However, we recognize that attorneys from individual projects may have meaningful inputs. Therefore, we support the establishment of an Advisory Project Attorneys Advising Council.

COMPOSITION OF CLIENT ADVISORY COUNCIL

Further, the National Clients Council respectfully submits that this Subcommittee should carefully consider the selection of the Client Advisory Council. It is clear that this bill is trying to utilize the past experience with OEO in formulating a new body. It has obviously relied heavily on the model of the NAC for its Board of Directors. In addition, section 904 illustrates that this bill, S.1305, is intended to utilize existing groups whereever possible to assure an institutional quality and stability to the Corporation. Thus, we see the major legal organizations are represented as organizations.

We submit that the final act should apply these principles elsewhere. More specifically, we propose that the bill should designate the National Clients Council, Inc, or its successor as the Client Advisory Council. This proposal is consistent with the other parts of S.1305. It utilizes an already existing agency, the Council, with proven experience and ability in this field. It simplifies the selection of the Client Advisory Council. It assures a continuity with the positive aspects of the present legal services program. It will avoid the manipulation of the membership of the board, by assuring that the client community cannot be "selected" out of participation in this most vital operation. To this end, the National Client Council proposes that section 903 and 905 be amended as indicated in our statement.

62-792 O-71-pt. 4——21

LEGAL SERVICES PERSONAL

We all realize that, regardless of what bill finally is enacted, the Office of Legal Services at OEO will be no more. Yet, at OEO there is a pool of highly-motivated, highly trained professionals who can be of immeasurable assistance in the transition to a public corporation as well as in the operation of the new corporation. Unfortunately, S.1305 has made no clear provision for utilizing the services of these qualified professionals.

To correct this situation, the National Clients Council proposes that language, adopted from the Administrations' bill, be added to section 3(a) of S.1305. An amendment to this effect is included in the attachments to this statement.

PRESENT OBLIGATIONS OF OEO

While S.1305, in section 3(a), states that the Director of OEO, in conjunction with the Executive Director of the National Legal Services Corporation is to "take such action as may be necessary" to arrange for orderly continuance by the Corporation of on-going programs, the National Clients Council feels that a more affirmative statement is necessary to assure that outstanding contracts will not be affected. To this end, we propose to amend section 3(a) of S.1305,

borrowing again from the Administration Bill. The text of the proposed amendment is attached.

Mr. Chairman, and members of this subcommittee, it has been a great honor for me to testify at these hearings out of which will come the new National Legal Services Sorporation. The National Clients Council supports Senator Mondale's S.1305, with the amendments suggested above, and urges this body, its parent Committee and the Senate, the House and the President to adopt it as the vehicle for providing Equal Justice Under Law to all Americans.

AMENDMENTS TO S.1305 PROPOSED BY THE NATIONAL CLIENTS COUNCIL

Sec. 2

Delete Sec. 903(c)(1) and replace it with the following:

"(c)(1) For the purpose of this Act, there shall be established a Clients Advisory Council, to be composed of the Board of Directors of the National Clients Council or its successor. In order to assure that the Clients Advisory Council continuously reflects the needs and interests of the client community, the National Clients Council shall receive adequate and unbroken financial assistance from the Corporation to carry out its mission."

Delete Sec. 903(d) and replace it with the following:

"(d) Not later than 90 days after the enactment of the National Legal Services Corporation Act, the Clients Advisory Council shall meet and appoint six representatives to serve on the initial Board of Directors of the National Legal Services Corporation, as representatives of the client community."

Delete the first sentence of Sec. 904(a)(3) and replace it with the following:

"Client members. Six members who shall be selected by the Clients Advisory Council, as representatives of the client community.

Delete the word "selecting" in Sec. 904(b)(3)(A) and replace it with the word "Client."

Delete the last 11 words of the last sentence of Sec. 905 (b).

Delete the first sentence of sec. 905 (a) and replace it with the following sentence:

"Sec. 905. (a) The Board shall design the Board of Directors of the National Clients Council or its successor as the Clients Advisory Council."

Sec. 3 Delete the second sentence of Sec. 3 (a) and insert the following:

"Grants and contracts for the provision of legal services and related activities which are made by the Office of Economic Opportunity prior the effective date of this Act shall remain valid until their expiration date or their modification or termination as provided therein, provided that the Corporation shall succed the Office of Economic Opportunity as a party hereto, and shall have the same supervisory authority and contractual relationship with respect thereto as the Office of Economic Opportunity has on the day prior to the effective date of this Act. The Office of Economic Opportunity shall cause to be paid promptly to the Corporation the portion of its unexpended balance equal to the unpaid balance of such grants and contracts."

To Sec. 3, add a new sec. 3(b), reading as follows, and redesign sec. 3 (b) as sec. 3 (c): "(b) In employing its personnel, the Corporation shall give due consideration to those persons employed in the Office of Legal Services of the Office of Economic Opportunity on the effective date of this Act."

Senator MONDALE. Our next panel of witnesses represents the Legal Services Attorneys, and consists of Robert Spangenberg, Boston Legal Assistance Project; David Dugan, Camden, N.J., Regional Legal Services; Glenn Carr, Reginald Heber Smith program, Howard University; and he is accompanied by Alfonso Gonzalez, deputy director.

We will hear first from Robert L. Spangenberg.

As you know, we are in very bad shape from a time standpoint. You have a prepared statement, and I hope you will submit it, and it will appear in the record.

STATEMENT OF PANEL REPRESENTING LEGAL SERVICES ATTORNEYS OF ROBERT SPANGENBERG, BOSTON LEGAL ASSISTANCE PROJECT; DAVID DUGAN, CAMDEN, N.J., REGIONAL LEGAL SERVICES; GLENN CARR, REGINALD HEBER SMITH PROGRAM, HOWARD UNIVERSITY, ACCOMPANIED BY ALFONSO GONZALEZ, DEPUTY DIRECTOR

Mr. SPANGENBERG. I am in agreement with that, Mr. Chairman.

Senator MONDALE. Your prepared statement will appear at the end of your testimony.

You have heard most of the points made here today. You might emphasize those things that you think we are ignoring, and underscore those points which you think should be made, Mr. Spangenberg.

Mr. SPANGENBERG. Mr. Chairman. I have a rather lengthy statement, and I trust it will be made a part of the record.

Senator MONDALE. That is correct. It will be made a part of the record.

Mr. SPANGENBERG. My statement compares the two bills in a sense, the so-called bipartisan bill and the administration's bill.

Item by item, at least as to those matters that we feel ought to be brought to the attention of this committee, those we feel very strongly about.

I am here in my capacity as chairman of the project advisory group, which was once described by this committee as management, insofar as legal services lawyers are concerned.

We represent over 30 project directors from all parts of the country, the urban programs, rural programs, Indian programs, and so-called backup centers.

The cross section of views, mostly project directors, is presented in this work.

This group has had an opportunity to examine S. 1305.

This group endorses in principle the provisions set forth in that bill. We have not had an opportunity to meet formally to discuss the administration's bill, although many of us have had an opportunity within the last 2 weeks to examine what I believe was the seventh or eighth draft of the administration's bill, and discuss certain provisions of that bill with officials at OEO in a session that lasted more than 2 hours.

We gave them our views on those measures that were restrictive in the bill, and I might say virtually all of those have been brought out in the testimony this morning, and sitting back and listening particu-

larly to the organized bar, I must say I really felt the support we have had in the past from the organized bar will continue with us in this legislation.

I was particularly interested and pleased to hear the remarks of Mr. Wright in regard to questions involved with the Canons of Ethics, which we feel are very important, and must be examined carefully in terms of some of the restrictive provisions in the administration's bill.

As I said, I have set out in my written testimony the particular provisions of the administration's bill that we feel must be dealt with.

I would like to mention just one or two particular items.

First, in regard to the broad structure, and we share the view of Mr. Fuchsberg and others this morning, that there must be a broad section of opinion represented on that board, and we think that is satisfied under S. 1305.

I am quite concerned that in the administration bill, an advisory council is set forth, and a specific provision for the advisory council is that it contain membership from the organized bar, and the clients council or the client community, which leaves me with the idea that the organized bar and the clients' representatives may very well not serve on the 11-member board as set forth in the administration bill.

I hope that is not a true inference that I have, but that is the inference that I gather.

Second, with regard to the new policy set forth, in regard to grant-making authority; namely, that private individuals, private lawyers from law firms, and so forth participate in this process.

We welcome participation, and I might say, at one time we thought the requirement of local share was very oppressive, but in retrospect, I must say what it has brought is elements of the organized bar and private firms on voluntary time into the Legal Services program, and this concerns me very greatly in terms of that grantmaking authority to private individuals, private lawyers, and law firms. That this voluntary effort that has been built through the Legal Services program and through organized efforts, through organizations such as the group in Washington, the Lawyers Committee for Civil Rights Under Law, we might lose that voluntary time, if funds were made available to pay for it.

For the first time in the history of the legal services program, private law firms are giving associates leaves of absence, up to periods of 6 months, and paying for their salaries. The law firms are doing this while the lawyers are sent to a legal services program.

In Boston we have two young associates in major law firms who are with us in neighborhood offices practicing poverty law, and being paid their normal salary by their law firm.

This whole voluntary effort might be in jeopardy if grants were made to individual lawyers in law firms.

Finally, I would like to expand a little bit on the problem of funding in the administration bill, although the exact amount is not set forth.

We understand that hearings were held yesterday, we were told also prior to that time, that the figure is something like $68.9 million.

Now, $68.9 million, Senator, will not even fund the existing program, as I understand it, because you have 6 to 7 million going toward research and development, and you have several millions of dollars, I don't know how much would be necessary to administer the corporation and the program, so you would start at a level below that of fiscal 1972, that we are presently operating on. This at a time when the administration, by their own admission, informs us that we are now representing not more than 20 percent of all of the clients who have problems in the country.

I think that the grants to private lawyers and law firms at a time when we cannot even afford to keep our own program going would hamper the program.

You need at least a 6- to 8-percent cost-of-living increase to keep your program going year in and year out, so that if we operate at the same level, as we did in fiscal 1971, what it means to me is that you will lose lawyers from the program, because they will have to be terminated, and you will cut back on the lawyers, and on the clients being represented, and, finally, if the act is not sufficiently funded, many programs, such as the one that Mr. Carr is representing today, which I think personally is perhaps the most significant program in all of legal services, will be lost.

This program, has brought minority students, both black and Spanish speaking and Indians into legal services and we drastically need it. These programs will not be able to survive and not be able to receive the amount that they need with such an appropiration, so that I can tell you, I think, in speaking on behalf of the project directors throughout the country, we are satisfied that both bills speak to a private nonprofit corporation. We are pleased that there is no local share requirement. We are pleased there is no gubernatorial veto, but the restrictions set forth by the panels and those in my statement must be dealt with if we art to provide the independence for our lawyers and provide the necessary service for our clients and to see that they have equal access to the law.

Thank you.

Senator MONDALE. Thank you, very much.

(The prepared statement of Mr. Spangenberg follows:)

Testimony of Robert L. Spangenberg, Director
Boston Legal Assistance Project
to the United States Senate Subcommittee on
Employment, Manpower and Poverty,
Washington, D. C., Tuesday, May 11, 1971

My name is Robert Spangenberg and I am the Director of the Boston Legal Assistance Project, the OEO sponsored neighborhood legal services program for the City of Boston, Massachusetts. However, I am here today as Chairman of the Project Advisory Group (PAG) to the Legal Services Program of OEO. The PAG was established almost four years ago as a field advisory unit to the National Director of Legal Services. Along with the PLEA group, we have attempted to present the views of legal services lawyers and clients to the national office. The PAG consists of 30 project directors and staff attorneys from each of the ten OEO regions and is representative of urban, rural, small town and Indian legal services programs. We also have representation from the regional back-up centers.

This panel and Mrs. Maryellen Hamilton represent the 2,000 legal services lawyers and over 1.2 million clients represented by the program in 1970.

At a recent meeting of the PAG, our organization endorsed the principles spelled out in Senate 1305 including the creation of a private non-profit corporation. We feel that such an entity, properly structured in form and substance will provide the level of independence for attorneys in the program required by the Canons of Professional Ethics.

Our organization has not had a formal opportunity to meet and discuss the Administrations bill as it appears in final form. However, we did meet with Mr. Fred Speaker, Director of the Legal Services Program of OEO two weeks ago and expressed our dismay over a number of restrictive provisions contained in the eighth draft. An examination of the final bill discloses that few changes in substance occurred after the eighth draft. Consequently, it is fair to say that the PAG, while pleased that the Administration bill calls for a private, non-profit corporation and eliminates the governor's veto, is also gravely concerned and unalterably opposed to a number of specific provisions which further limit our ability to provide quality representation to our clients.

During the 6 1/2 years of our existence, we have been faced with a number of restrictive policies, both in the legislation and in the administrative operation of the program by OEO.

In 1967, an amendment to the Economic Opportunity Act prohibited the representation of indigent defendants charged with information or indictment. The only exception to this amendment is the granting of a waiver by the Director of OEO in times of civil disorder. We understand the purpose of this amendment to be that the states are required by constitutional law to provide representation in such matters. While in theory, this amendment might seem to make sense, since there never has been enough money in the Act to provide for extensive criminal representation, there are a number of solid reasons why this prohibition should not exist.

First, the legal services program was founded on the proposition that law offices would be opened in the local neighborhoods, to make them more accessible to the poor. Unfortunately, our public defender bretheren either were not able or did not desire to join with us in the neighborhood concept. Consequently, the aim of total legal representation could never exist since clients who walk into our neighborhood offices with criminal problems must be referred downtown to the public defenders office.

Secondly, over a period of years, the neighborhood lawyer becomes just that to local residents. A large measure of respect and support develops as clients return to him with new problems. Other members of the family seek his assistance and he truly becomes the family lawyer as well as the neighborhood lawyer. However, when it comes to criminal matters his hands are tied and the relationship of trust is broken down by the referral. In this same area are cases that may spill over from the civil to the criminal area and yet require the services of two lawyers and two organizations. Among the most common of these problems are family disputes.

Finally, the prohibition against criminal representation falls most severely upon black people in the South. The local legal services program attorney may be the only dedicated lawyer willing to actively pursue the representation of a poor black charged with certain types of crimes.

The new bill filed by the Administration attempts to further restrict the work of our lawyers in criminal proceedings. This we cannot accept and the specific provisions will be dealt with later.

Fortunately, two restrictive requirements under OEO have been eliminated in both bills. They are the 20% local share requirement and the requirement that all legal services programs be funded through the local CAA's, almost without exception. Many of our CAA's have been our staunchest supporters and have assisted us greatly in our political fights, but in several cases, they have been our political enemy and yet we have not been able to sever our ties with them.

As virtually everyone is aware, the legal services program has at times been highly controversial. Law Reform activities have frequently challenged agencies of federal, state and local government to properly provide benefits to recipients who they are charged with serving. Such actions have in some cases brought severe political pressure to bear on local programs and to the whole legal services program nationally. In some cases, OEO officials have reacted to this pressure by attempting to impose internal restrictions on the program.

In October of 1969, an amendment to the Act passed the United States Senate which would have permitted the Governor of a state to veto a legal services program or any portion of it. Fortunately, in December of that year the amendment was defeated by the Congress.

That same year, OEO developed the so-called Oklahoma Plan which would have placed control over local legal services programs in the hands of the 50 governors. After considerable pressure from the Congress and others, OEO backed off and did not adopt the plan.

Again in 1970, OEO attempted to regionalize the legal services program by taking the authority away from the National Office of Legal Services and placing it in the hands of the 10 Regional Directors and the Director of Operations of OEO. It took Senate hearings and a march on Washington to repel this attack.

Many of us remember back to 1968 when all local programs were required by OEO to submit a list of all cases in litigation against any agency of government. This direct threat to the program resulted in many hundreds of hours being spent away from our clients preparing the necessary data.

Many more hours have been spent preparing information in response to Gubernatorial vetoes. They have occurred in Florida, twice in Missouri, twice in Arizona, in Mississippi, in North Dakota and most recently to the California Rural Assistance Project in California. While all of the vetoes have been overridden except CRLA, in some cases, compromises were necessary which may have injured the program. In a number of other cases, vetoes have been threatened and the fear of such a veto may have caused one or more attorneys serious concern before the filing of a law suit.

The greatest test to the program nationally is presently underway in California. As Senator Mondale stated in his Senate speech, ". . . in a blatant example of political interference, Governor Reagan vetoed one of the most outstanding Legal Services programs in the country - California Rural Legal Assistance. While OEO gave this program a six month extension, it refused to directly override the Governor's veto."

It is just this sort of political interference that must be ended with the new legislation. We believe it would be under Senate bill 1305, but we believe it would remain present, in a variety of ways, under the Administration's bill.

The next portion of my testimony will deal with these restrictive provisions contained in the Administration bill and the ways they are eliminated in Senate bill 1305. They are as follows:

1. The Board of Directors - President Nixon in his press release of May 5, 1971 stated, "True independence for a corporation created by the Government demands a governing body drawn from a wide spectrum and safeguarded against partisan interference after its appointment." This is a statement that I am sure would be supported by all legal services lawyers and clients. However, after making this statement, the President proposed a board of eleven, all to be appointed by him for terms of three years. We contend that no organization or corporation can be sufficiently safeguarded against partisan interference when all its members are appointed by any President. The natural tendency will be to appoint

members who share the same philosophy. In order to make the board totally independent from political pressure it must contain representatives of the organized bar, representatives of legal services lawyers and representatives of clients groups. The President gives us no assurance that such individuals will be appointed, but leaves the very strong inference that the first and third groups will not, since they are given seats on the Advisory Council established under Section 902(f). This would lead one to believe that the organized bar and the clients will not serve on the board of directors.

It is crucial to note that once the legislation is passed by the Congress, it will be up to the Board of Director's to define the intent of Congress in adopting guidelines for the new Corporation. There will no doubt be some language in the legislation that will be subject to interpretation. In the best interests of millions of poor people in this country, the board must contain a wide spectrum of thought, for without this, we will be right back where we started.

It is our view that the selection of the board is absolutely crucial, for the reasons mentioned above. The widest spectrum of thought is contained in the board structure contained in Senate 1305. The nineteen members include appointments by the President, members of the judiciary as well as representatives of the organized bar, legal services clients and lawyers. No one will come close to controlling the board and yet a wide spectrum

of thought and interest will be represented. It is only through the establishment of such a board that President Nixon's stated purpose of safeguarding the corporation from partisan interference can be accomplished.

2. Grant Making Authority - Section 904(b)(2) states that the corporation shall have the authority, "To contract with or make grants to individuals, partnerships, firms, organizations, corporations, or other appropriate entities for the purpose of providing legal assistance to eligible clients." The President states that his purpose here is to, ". . . increase the opportunity for the private bar to participate in legal services and will enable the corporation to channel greater resources into rural areas." There are at least three problems with this idea. First, within the past two years, many private lawyers and law firms have been donating their time and money to poverty law work. Law firms in Washington, Boston and Cleveland have released associates for periods up to six months to work with local legal services programs while remaining on the firms payroll. Law firms in New York and Baltimore have opened their own neighborhood law offices. Firms in over a dozen cities are providing free lawyers to work with the Lawyer's Committee for Civil Rights Under Law. Private law firms have finally become convinced that they must share in the work of providing legal assistance to the poor. The whole idea of volunteer resources was once the goal of OEO under this administation. If the federal government, through this corporation decided to

subsidize these lawyers and law firms, the whole volunteer program would cease. Last year alone, Boston lawyers donated over 6,000 hours to the Boston Legal Assistance Project.

Secondly, the President has suggested a first year appropriation of $68.9 million. This apparently would be broken down to approximately $61 million for operating programs and $7.9 million for research and development, the same overall amount currently appropriated for fiscal 1972. In addition, several million would be needed to administer the corporation and is not suggested in the total figure. This means that under the Administration's bill, legal services would operate in the first year at a 3-4 million dollar level below fiscal 1972. On top of this the suggestion is made that additional money be taken away from operating programs to pay private lawyers and law firms. Such a thought makes no sense at all.

Finally, if greater resources are to be provided in rural areas, there must first be more money. Secondly, several prospective legal services grantees are awaiting action on new grants that have not been forthcoming for lack of funds. There has been no indication that private lawyers can do the job better in rural areas than legal services lawyers, to the contrary, some of the finest legal services programs in the country are located in large rural areas of California, Arizona, Mississippi and Florida.

62-792 O-71-pt. 4——22

3. Public Interest Activities of Corporation -

Section 904(3) gives the Corporation authority, "To represent the collective interests of the eligible clients under this Act before Federal agencies with a view to identifying and resolving issues which might otherwise result in multiple litigation arising out of the administration of the agencies' programs." Despite the fact that Section 904(c)(3) states that the, "Corporation shall not interfere with any attorney in carrying out his professional responsibility to his client...," we are concerned that such might be the case under 904(3).

There can be absolutely no interference with the attorney-client relationship regardless of whether multiple litigation exists or not. There are many times when the Canons of Ethics require multiple litigation. Several good examples have been the school lunch cases, food stamp cases and welfare residence cases. If clients in one state have rights that must be enforced, they cannot afford to wait until clients in another state have taken 2-3 years to press their claim before the United States Supreme Court. Obviously, if the Corporation can identify and resolve issues that benefit legal services clients it is all to the good. But the words, ". . . which might otherwise result in multiple litigation. . ." are ominous to legal services lawyers as are the words, ". . . represent the collective interests of the eligible clients under this act." If those clients are the ones already being represented by legal services lawyers, then the Corporation could well be in violation of the Canon of Ethics.

In any regard, if the purpose of this section is to create a public-interest arm within the corporation and not to interfere with existing litigation, then the language should be re-drafted to clearly limit the intent.

4. Users Fee - Section 905(3) states that the Corporation shall, "Establish a graduate schedule of fees which will require the client, if able, to pay at least a portion of the cost of legal services, based upon the factors enumerated in Paragraph (2) of this subsection." One of the primary purposes of the OEO Legal Services Program has been to provide competent legal representation to low income clients at no cost. This has been uniformally applied as have all programs under OEO. To my knowledge, no OEO program has ever required a users fee and this is as it should be.

There is something inconsistent between establishing strict eligibility guidelines under Section 905(a)(2) to assure that the least able to afford legal services are given preference and then requiring the corporation to establish a graduate schedule of fees. At a level of $68.9 million dollars, it seems certain that none of our clients would be able to afford a fee.

Furthermore, there is a great danger that if the Corporation establishes a graduate schedule of fees on a national basis, some clients will not be able to afford access to the judicial system. Already, the United States Supreme Court has started to deal with equal access to the Courts in civil matters in their 1971 decision in Boddie v. Connecticut, 401 U.S. ___,

In that decision, the Court held that Connecticut could not consistently with the Due Process and Equal Protection Clauses deny access to its divorce courts to indigents unable to pay relatively small filing and service of process fees. On May 3, 1971, in denying Certiorari on eight related cases, Mr. Justice Black and two other Justices stated, ". . . I would either overrule Boddie at once or extend the benefits of government paid costs to other civil litigants whose interests are at least as important to an orderly society." And, ". . . since Boddie held that the right to a divorce was 'fundamental,' I can only conclude that almost every other kind of legally enforceable right is also fundamental to our society."

On the same day, the Court decided to note probable jurisdiction in a case involving indigents who cannot post the penalty bonds required to appeal from adverse judgements in housing eviction cases. It is clear the direction the U.S. Supreme Court is heading and for this reason alone, no fees should be required under the Act.

Finally, there is no way that the National Corporation can establish fixed fees because conditions vary from area to area. A national schedule of fees can do nothing more than aggrevate the private bar and deny access to the Judicial System.

5. Prohibition Against Private Practice - Section 905(5) states that the Corporation shall, "Ensure that attorneys employed full-time in legal services programs funded by the Corporation

represent only eligible clients and refrain from any outside practice of law." We agree that no legal services lawyer should have an outside practice that is fee producing. We also understand the need to devote full-time to the job. Most legal services lawyers spend 50-60 hours a week working for their clients. However, there are times when legal services lawyers, on their own time, must represent some clients, without fee. I have previously given the example of the representation of black clients in the South. There are other examples that could be given regarding the representation of unpopular clients. Furthermore, if the neighborhood lawyer is to gain the respect of residents in his neighborhood, he may be asked upon occasion to represent a group or a client on his own time, who does not fulfull all of the eligibility requirements of the program. To do otherwise would endanger his rapport with the community. As long as he does this on his own time and without fee, he must be permitted to do so.

6. Prohibition Against Lobbying - Section 905(a)(6) states that the Corporation shall, "Ensure that all attorneys refrain from undertaking to influence the passage or defeat of any legislation by the Congress or State or local legislative bodies by representations to such bodies, their members or their committees while engaged in activities carried on by legal services programs funded by the Corporation, and that attorneys employed full-time by legal services programs funded by the Corporation refrain from such lobbying at any time." This lobbying restriction goes far beyond those imposed by OEO. An early draft of the Administation's

bill prohibits legal services lawyers from, "drafting or preparing legislation," on behalf of clients. The two most important avenues open to a client of legal services are the Courts and the legislature. Many times, the legislature provides the best solution to a legal problem involving large numbers of low income people. The Administration's bill would permit legal services lawyers to prepare and draft legislation affecting the poor, but prohibit the lawyers from testifying in regard to the bill. The President states that this provision would permit lawyers to respond to inquiries of legislators, but we assume not permit them to testify.

Legislators throughout the country have remarked on many occasions that legal services lawyers have been able to provide expert testimony on many bills affecting the poor. This is because we live daily with such problems and become expert in our work. OEO Legal Services has funded a number of specialized centers in substantive areas of law such as welfare, education, health, consumer and housing problems. Lawyers in these Centers are constantly preparing and drafting legislation and presenting expert testimony to Congress and to State and local legislative bodies. Any prohibition against private lawyers in this area would be unheard of.

If the intent of this section is to prohibit arm twisting tactics in the halls of the legislature, then the language of this section should spell this out clearly. Short of that, there can be

no interference with access to legislative committees and the ability to provide testimony. To do less would restrict the full representation of low income clients and deny equal access to the legislative bodies of this country.

7. Prohibition on Free Time - Section 905(a)(7) prohibits a legal services attorney from engaging, ". . . in any partisan political activity associated with a candidate for a public or party office or an issue specifically identified with a national or state political party." Under present OEO regulations, legal services attorneys are prohibited from engaging in such activity during their regular business hours. As I have previously stated, most legal services lawyers work 50-60 hours per week on behalf of their clients. I have heard no charges leveled at attorneys for not putting in their time. If a lawyer has some free time during the week, he sould be able to spend it as he sees fit. If he chooses to work for a candidate or on an issue of concern to him, he should be free to do it as long as it does not interfere with his work or involve project resources.

This provision has worked well under OEO regulations and there can be no legitimate reason to interfere with ones free time.

8. Establishment of Appellate Review Process - Section 905(a)(8) states that, "The Corporation shall establish guidelines for a system for review of appeals to be implemented by each recipient to ensure the efficient utilization of resources and to prevent the taking of frivolous and duplicative appeals." This section is one

of the most objectionable contained in the Administration's bill and if implemented could violate the Canons of Professional Ethics. Disciplinary Rule 5-107(b) states, "A lawyer shall not permit a person who recommends, employs or pays him to render legal services for another to direct his professional judgement in rendering such legal services." And ethical consideration EC-5-23 states, "Since a lawyer must always be free to exercise his professional judgement without regard to the interest or motives of a third person, the lawyer who is employed by one to represent another must constantly guard against erosion of his professional freedom."

If this is not enough, Formal Opinion 324 issued by the American Bar Association on August 9, 1970 states, "The governing board or body of a Legal Aid Society has the right and obligation to establish and enforce broad policy regarding the operation of the agency, but by this function, the board must scrupulously guard against unreasonable interference with the handling of specific cases or the representation of specific clients by staff attorneys."

In other words, once the attorney-client relationship attaches, and it clearly does before an appeal, no appellate review board can exercise its judgement on whether or not an appeal should be taken. This is a matter solely between the attorney of record and his client. The Courts and local bar associations have adopted sufficient measures to deal with frivalous appeals and the board of directors of a program is prohibited by the Canon of Ethics from interfering in this relationship.

By the way, this has been somewhat of a problem in some instances in the past and in each case, OEO reached the result contained in the passages set out above.

9. Prohibition in Criminal Matters - Section 905(b)(1) indicates that no funds are available, "To provide legal services with respect to any criminal proceeding (including any extraordinary writ, such as habeas corpus and coram nobis, designed to challenge a criminal proceeding). An early draft also denied representation in juvenile matters without the consent of the parent or guardian. We assume that since the latter provision has been stricken from the final draft that we will be able to provide a full range of service in juvenile matters.

As previously indicated in this testimony, under provisions of the OEO Act we were restricted to representation in matters other than following a charge through information and indictment. For all practical purposes, this meant adult felony charges.

The language of this section would go well beyond this restriction to include adult misdemeanors and all extraordinary writs. Furthermore, there is no waiver provision in any case.

Some of the reasons why limited criminal representation is necessary were spelled out earlier and are incorporated herein by reference. In addition, however, the denial of extraordinary writs not only denies access to the courts in post-conviction remedies,

but also precludes the challenge to lower courts. In the City of Boston, for example, there are some judges in the local Municipal Courts who deny counsel to indigent defendants and who deny other procedural and substantive rights to these defendants. The only way for us to cure these ills is by extraordinary writs to the Supreme Judicial Court of Massachusetts. These matters are among the most important that we undertake, for if the Courts are not perceived by defendants as fair and equitable, then the whole judicial process breaks down.

There is no sound reason to restrict further the provisions of the OEO Act in criminal matters and at the least it should be limited to adult felony cases as a general rule, with exceptions for the kinds of cases previously discussed.

10. Public Interest Law Firm Restrictions - Section 905(b)(3) denies the award of grants to, ". . . so-called "public interest law firms" which intend to expend at least 75% of their resources and time litigating issues either in the broad interest of a majority of the public or in the collective interests of the poor, or both." One of the problems we have here is the definition of what a public-interest law firm really is. We are also concerned about what is meant by spending 75% of their resources and time litigating issues. If the latter is to mean that amount of time spent following institution of suit, there is no lawyer or group of lawyers in the country who would fall into this exclusion. If so, then the whole section should be stricken as having no purpose.

We are concerned that the words "litigating issues" might be given such broad interpretation by the Board of Directors as to exclude the funding of our numerous back-up centers.

Finally, if public interest law firms mean what we understand them to mean, we are concerned that such funding might seriously reduce the resources currently available for legal services programs already in existence.

In any regard, it is our view that the language is so confusing and unclear that to do anything other than to strike it completely makes no sense whatsoever.

These then are some of the specific provisions of the Administration Bill we find seriously objectionable. However, our concern does not end here. President Nixon admits in his press release that, ". . . perhaps four out of every five legal problems of the poor still go unattended." And yet he proposes an initial appropriation of only $68.9 million. As previously indicated, this falls several millions of dollars below the current level of operations taking into account the administrative cost of the Corporation. There are a large number of prospective applicants in areas of the country where no legal services program exists who have been waiting for periods up to two years. At a level of 68.9 million, their wait will continue while prospective clients are denied access to the legal system.

Furthermore, existing programs must receive increments of 8-10% each year just to keep up with cost of living increases and other inflationary costs. Since 75-80% of every project's budget goes for the salaries of its personnel, a failure to provide this small increase means that lawyers must be terminated and services cut back. This at a time when we are already meeting only 20% of the need. Remaining at the same level for fiscal 1972 might well mean the loss of 100-200 legal services lawyers throughout the country.

In addition to these direct losses and the inability to provide funds for new programs, such a level could seriously hamper two of our most important programs, the Council on Legal Education Opportunities (CLEO) and the Reginald Heber Smith Fellowship Program. These two programs have done more than anything else to attract badly needed minority lawyers into the legal profession. During the past four years the CLEO program has assisted hundreds of minority students in gaining admission to law school. The Reggie program has then recruited these and other minority students for the legal services program. In 1970 and 1971, over 200 minority lawyers will join the legal services program as a direct result of the Reggie Program. Both programs are prepared to do even more in the future, but need additional funds to operate. We fear that to the contrary, an appropriation of only 68.9 million would cause a serious cut-back in both programs. By the way, Senate 1305 speaks directly to this point through the stated purpose

of the Act contained in Section 906(a)(4).

Just how much is required to provide competent representation is presently unknown, but a bare minimum to begin with would be $140 million suggested in Senate 1305.

Senate 1305, in Section 906(b)(6), requires each local board to have at least one-third of its members from the client community. The Administration Bill has no similar provision.

The Economic Opportunity Act was founded on the principle of maximum feasible representation of the poor. This is the only way for a board to receive direct input from the client community. It also provides a sense of accountability to the client community. The integrity of the program requires at least this level of participation and it must be provided.

In summary, the legal services program of OEO has made great strides since 1965. It has survived severe political attack from within and from without. It has always been under funded. It is currently providing only 20% of the need. What it does not need is further restrictions. What it does need is more money and freedom of political interference. We feel that these requirements are met under Senate 1305 and are not met in the Administration Bill. Senate 1305, from our point of view presents the minimum acceptable standards for the full and complete representation of our clients. They deserve nothing less. It is obvious that in a number of areas the two bills are far apart. It is also obvious that

compromises will be offered to assure the passage of a single piece of legislation. On behalf of the 2,000 poverty lawyers and 1.2 million clients of the program, we urge this Committee in the strongest terms not to compromise in those areas spelled out in this testimony. If equal access to the law is to become a reality, now is not the time for compromise.

STATEMENT OF DAVID DUGAN, CAMDEN, N.J., REGIONAL LEGAL SERVICES

Senator MONDALE. We will now hear from Mr. Dugan.

Mr. DUGAN. I represent the Camden New Jersey Regional Legal Services, Mr. Chairman, and I have a prepared statement that I would like to submit at this time to be inserted into the record.

Senator MONDALE. Your statement shall be inserted in the record as though read at the end of your testimony.

Mr. DUGAN. Thank you, Mr. Chairman.

I represent the employees of Legal Service projects across the country, who have associated in an organization known as Poverty Lawyers for Effective Advocacy (PLEA). Right now we have over 1,200 members in that organization. We are opposed to the administration bill, and we strongly support the bill that you have sponsored S. 1305.

I do not want to reiterate my statement inasmuch as it has been made a part of the record.

It is a 10-page document, much more concise than Mr. Spangenberg's statement.

I want to point out just two things.

First of all, in the administration bill, I see it as designed to drive project attorneys out of the political arena.

That is the arena, it seems to me, where the problems of the poor need to be solved.

We are talking about social and economic reform. The only place to do that short of violence is in the political arena, therefore, the restrictions on lobbying, the restrictions on class actions, the emphasis away from efforts that would serve the community at large, the poverty community at large, all of this is designed to render the program ineffective toward really solving the problems.

A clear example of that in the administration bill is the section dealing with so-called public interest law firms.

As defined, it would be a program devoting 75 percent or more of its resources and time litigating issues in the collective interests of the poor. I do not think there is any clearer proof anywhere in the bill that it has been designed to prevent the poor from becoming sufficiently strong to command a full measure of justice in our society.

Another thing that concerns me a great deal is the emphasis on serving the rural poor, not that I am opposed to that, but the way the bill is structured, it makes clear that there is to be a program of judicare, funded under this bill, and by judicare, I mean Government funding, paid to private attorneys, to represent individual clients, who meet poverty requirements.

Very quickly, I would like to summarize my position. I believe it is the position of the poverty lawyers I represent on judicare, that it is more costly than the traditional legal services approach.

Second, private attorneys tend not to have sufficient expertise, either in poverty law, or in relating to poor clients, particularly, minority group members.

Third, judicare leaves the poor without opportunity for policymaking role in the program that operates in their particular community.

Next, private attorneys frequently face conflicts of interest when

representing the poor, and finally, private attorneys are much less inclined than full-time legal services lawyers to handle class action suits, law reform litigation group projects, and other controversial or time-consuming matters.

Now, this is the sort of stuff that some people object to.

I know Edith Green was saying things about this yesterday, but it seems to me we have to confront that as being where it is at.

This is what has to be done if the poor will get real representation; without going any further I would like to point out at the end of my statement, there are four suggestions for changing your bill, if I may make those suggestions.

I think they would improve it, and I would like to suggest they be considered.

Senator MONDALE. Thank you very much.

(The prepared statement of Mr. Dugan follows:)

PREPARED STATEMENT OF DAVID DUGAN OF THE CAMDEN, N.J., REGIONAL LEGAL SERVICES

On May 5, 1971 President Nixon sent his long-awaited proposal for a new national legal services corporation to Congress.

It contrasts sharply with the proposal introduced last March by more than 100 Republican and Democratic sponsors, particularly with respect to control of the corporation and limits on program attorneys' activities.

A careful analysis of the two bills shows that the bipartisan bill (which might be referred to as the Mondale-Steiger bill because they are its principal sponsors) is a serious and impressive attempt to minimize Federal control and maximize the program's effectiveness in dealing with the underlying needs of the client community.

By comparison, the Nixon bill would perpetuate White House control and severely restrict the activities of program attorneys, substantially undercutting the program's effectiveness.

Ultimately, the differences between the two bills turn on the issue of justice for the poor: the Mondale-Steiger bill is committeed to making that a reality; the Nixon bill is not.

The first and primary part of my testimony will be devoted to an analysis of the Nixon bill. The concluding portion will include a brief description of some of the defects (quite minor) which should be corrected in the Mondale-Steiger bill.

ANALYSIS OF THE NIXON BILL

Control of the Corporation

Nixon's bill would create an inscrutable, irresponsible monster, open and accountable to no one.

All eleven members of the corporate board would be appointed by the President, subject to the advice and consent of the Senate.

The President would have no obligation to appoint client representatives, poverty lawyers and representatives of organized bar groups.

His only limitations would be that a majority must be lawyers and not more than six may be from the same political party. (902(a)).

The executive director (referred to as President in Nixon's bill) would be weak. He would have no vote during Board meetings and any category of contract or grant would be made subject to Board review and approval. (903(a), 905(e)).

There would be an Adivsory Council, but it would be chosen by the Board, would not necessarily include program attorneys or lawyers representing the client community, and it could only be called into session by the President of the corporation (902(f)).

There would be no prohibition against political tests or qualifications for the selection of officers, attorneys, and other employees of the corporation. (Mondale-Steiger has such a prohibition.)

There would be no requirement that the records of the corporation's grants and

contracts be available for public inspection or that all its affairs be subject to the Freedom of Information Act. There is no prescription concerning the items to be covered in the corporation's annual report to Congress (Mondale-Steiger has such requirements.)

The corporation would be authorized to "represent the collective interests" of the poor before Federal agencies and try to work with agency officials to eliminate the need for "multiple litigation." (904(b).) Having no clients to whom it must ethically remain loyal, the corporation could easily undercut the effectiveness of program attorneys litigating the same issues from the field.

Contracts and grants would have to be submitted to state governors for comment at least 30 days prior to approval by the corporation. (905(f).)

While not creating a governor veto power, this provision could also undercut program effectiveness if the Board chooses to prefer peaceful political relations over effective advocacy.

Limitations on Services and Other Requirements

The Nixon bill contains a long list of limitations on the services corporate grantees and contractees may provide to the poor and restrictions on the outside activities of their lawyers.

The bill also changes the funding emphasis from programs concerned with the root problems of poverty and discrimination which affect the whole client community, to programs concerned with more superficial problems of individual clients.

In short, the bill seeks to drive the poor and their lawyers out of the political arena.

They are not to strive for social and economic reforms but must be content with "band-aid" solutions. The chief aim is to eliminate the kind of controversy which has rocked Legal Services the past few years, not by establishing once and for all that the poor have a right to effective representation but by simply eliminating all but the most superficial of services.

1. *Criminal representation.* The Nixon bill eliminates criminal representation in every form, including services which the Constitution does not require of the states, such as habeas corpus petitions and other efforts designed to challenge a criminal proceeding. (905 (b) (1)). Thus, reform of the criminal system is foreclosed, even though it is probably the uppermost concern of the poor.

2. *"Public Interest" law firms.* It also prohibits the funding of so-called public interest law firms, defined in the bill, in part, as programs which devote 75 percent or more of their resources and time litigating issues in the collective interests of the poor. (905 (b) (3)). There is probably no clearer proof anywhere in the bill that it has been designed to prevent the poor from becoming sufficiently strong to command a full measure of justice in our society.

3. *Clinical and minority education programs.* The bill fails to provide for the funding of clinical programs and minority legal education programs. (Such provisions are included in the Mondale-Steiger bill). Again, the Nixon bill seems determined to curtail the availability of well-trained advocates for the poor, particularly minority advocates, who might make the poor too powerful in asserting their legal rights.

4. *Client eligibility standards.* The bill places strict requirements on the eligibility of clients, to "ensure" that those least able to afford a lawyer get preference and that "adequate" legal representation is furnished to rural as well as urban residents (905 (a) (2) and (4)).

In the hands of a conservative board, this requirement could easily be construed to eliminate representation of groups, which by definition are not as indigent as individuals, and to mandate the creation of judicare programs, particularly in rural areas.

While the poorest of the poor should, of course, get preference generally (and Mondale-Steiger recognizes this), the Nixon bill is worded so as to make the preference an inflexible rule.

Instead, the preference should be a flexible guide so that, at times, other factors can be considered, such as the impact of a case upon the broader issues of poverty and discrimination, which affect all of the poor as a group.

If the corporation has unlimited funds, there would be no need for priorities. But having an inadequate budget, the corporation and its grantees and contractees must be free, at times, to allocate time and resources to activities which will have strategic impact in favor of the poor as a whole.

5. *User fees.* The bill gives priority to the most indigent, with funding at the incredibly low level of $68.9 million the first year, and with a requirement that the rural poor have a full share (presumably by means of costly judicare programs), but on top of this the bill mandates that clients must pay at least a part of the cost, if able, pursuant to a graduated schedule of fees (905)(a)(3)).

A schedule of fees migh be suitable if services were to be rendered to people in lower-middle income levels, but this program's funding would never permit that. The inescapable conclusion is that President Nixon intends to charge fees even from those living below the Federal poverty level.

6. *Client representation on local boards.* It has already been noted that the President is not required to appoint representatives of the poor to the corporate board. (Mondale-Steiger, however, requires that at least one-third of the members of local boards be client representatives.)

7. *Prior review of appeals.* The bill also requires that the corporation establish guidelines to ensure a systematic review by local boards of all appeals, to prevent "frivolous and duplicative" appeals (905(a)(8)).

This would be disastrous to many local programs, where conservative boards would use this provision to curb effective program attorneys. It also violates the attorney-client privilege, which may include local project directors but clearly does not include boards.

8. *Judicare.* The bill gives the corporation authority to make grants to "individuals", "partnerships", "firms", and "organizations" as well as corporations and other entities (904)(b)(2)).

This coupled with the duty to provide adequate representation to the rural poor, makes it clear that the President contemplates the establishment of judicare-type programs.

Judicare is unwise for many reasons: it is more costly than the traditional Legal Services approach; private attorneys tend not to have sufficient expertise, either in poverty law or in relating to poor clients, particularly minority group members; judicare leaves the poor without opportunity for a policy-making role; private attorneys frequently face conflicts-of-interest when representing the poor; and, private attorneys are much less inclined than full-time Legal Services lawyers to handle class actions, law reform suits, group projects and other controversial or time-consuming matters.

9. *Lobbying and "pro-bonum" activities.* Finally, the Nixon bill imposes several arbitrary and unreasonable restrictions on the activities of program attorneys, both while employed and, in the case of full-time attorneys, while enjoying off-duty time.

Such attorneys may not lobby in any way for the passage or defeat of legislation, unless requested by a legislative body to testify. (904(a)(6)).

Nor may they engage in any partisan political activity associated with candidates or partisan issues, or help get voters registered or to the polls. (905(a)(7)).

Full-time attorneys may not become involved in any outside law practice. (905(a)(5)).

These provisions are far more restrictive than is necessary of a 501(c)(3) corporation.

All other groups in society have their paid legislative lobbyists. But, again, the bill reflects a fear that the poor might become so strong that they succeed in their quest for justice. The prohibition against outside pracice of law, even "pro-bonum" service, means that poverty lawyers, unlike their friends in private practice, may not use their "free" time to volunteer for projects unless the clients are "eligible" and the services conform to corporate policy—no draft counselling, no representation of hippies, no criminal work, and so forth.

Not all poverty lawyers relish these other legal activities, but some do and they should be free to do so provided it does not interfere with their poverty law work.

Some Defects in the Mondale-Steiger Bill

1. *Process of incorporation.* The six Board members who serve by virtue of their office in other bar-related organizations constitute an incorporating trusteeship. Within 60 days following the passage of the act, the trusteeship must create two "initial" advisory councils—(1) a Clients Council, selected "from among" individuals recommended by the governing boards of local projects, and (2) a Project Attorneys' Council, selected "by" project attorneys.

Within 90 days following passage of the act, these councils must each select three members for the "initial" board of directors, who take office on the 91st day. (903)

Why are these councils merely "initial" rather than permanent?

Who selects the client representatives?

Why not have them selected by representatives of the poor on local boards?

Better yet, why not simply use the existing Clients' Council and PLEA?

2. *The Board.* Like the two sets of councils, there are both "initial" and "subsequent" boards of directors. Any "subsequent" boards, but not the "initial" one, shall provide rules concerning meetings of the councils and the procedures by which they shall select their respective members (three each) to the board (904).

The board is required to "consult with" the councils in doing this, but why should the board do it at all?

In any event, why is it the task of a "subsequent" board and not the "initial" one?

3. *Advisory Councils.* Members of both councils "subsequent" to the "initial" councils are selected "from among" project attorneys and clients, presumably by the board.

They are to be available to advise on general policy. The same section also provides that if the board creates an executive committee, its composition must include one member of either of the councils.

Why can't clients and project attorneys select their own councils?

Why can't the bill provide that the councils "shall advise" rather than that they shall merely be "available"?

And why can't representatives of both clients and project attorneys be on the executive committee?

4. *Open Meetings.* There should be a provision requiring that all meetings of the board, the executive committee and the two councils be open to the public, at least for part of each such meeting, to give outsiders an opportunity to be heard.

STATEMENT OF GLENN CARR, REGINALD HEBER SMITH PROGRAM AT HOWARD UNIVERSITY

Senator MONDALE. We will now hear from Glenn Carr, Reginald Heber Smith program at Howard University.

Mr. CARR. Mr. Chairman, I am here representing the Reginald Heber Smith program.

I would like to submit my prepared statement for the record.

Senator MONDALE. Your prepared statement shall be printed at the end of your testimony.

You may proceed.

Mr. CARR. Over the past 4 years the Reggie program has recruited and trained and funded about 650 of the finest young law students in the country.

We do recruit on a national scale, and we get a tremendous response.

This year we had better than 1,200 applications for 200 slots we were authorized to fill.

During our administration of the Reggie program, which began in December 1969 we were almost immediately confronted with reasons that dictate that Legal Services be placed within a national corporation, not subject to political or racial considerations.

Just a few of those I would like to make reference to.

Last October, for example, when one of our lawyers testified before this subcommittee on the regionalization question, some of our funding was immediately withheld for a considerable length of time, forcing our program in the university to be late on over 400 contractual commitments.

Recently a condition was placed on our grant, which called for all of our lawyers beyond 2 years of experience to be dropped by our program, obviously a political consideration, wasting all of the talent, the experience, and the training these lawyers have had.

In recent weeks, the agency again reneged on a promise to renew the contracts of lawyers who have been in our program less than 1 year, lawyers from the finest schools in the country, and the best law students in the country.

These are some of the kinds of political things that affect our program directly, and we are very concerned that these kinds of things, if they do not stop, that we will not be effective in the job that we are trying to do.

Now, obviously, the administration's bill from our point of view, is totally unsatisfactory, because it would create the same kinds of ills within the Corporation that now exist within OEO.

We do recognize 1305 as a sincere attempt to be responsive to the needs of the poor, and we offer just a few suggestions, as far as making it more completely acceptable to us.

One of those of course is increased clients' participation on the board of directors, where possible.

Increased poverty lawyer participation on the board of directors where possible is another, and then some kind of assurance for the perpetuation of those controversial programs, such as CRLA and others, during the 6 months' transition period, which we feel is perhaps unreasonable, but nonetheless some assurances can be made that some kind of vindicative action could not be taken by the present administration to not continue those programs.

Thank you.

(The prepared statement of Mr. Carr follows:)

TESTIMONY BEFORE THE SENATE

SUBCOMMITTEE ON EMPLOYMENT,

MANPOWER AND POVERTY

RE: S 1305

GLENN E. CARR
EXECUTIVE DIRECTOR
REGINALD HEBER SMITH COMMUNI
LAWYER FELLOWSHIP PROGRAM
HOWARD UNIVERSITY

May 10, 1971

Mr. Chairman,

esteemed Members of the Sub-Committee:

It is with sincere pleasure that I address you here today on behalf of the Reginald Heber Smith Community Lawyer Fellowship Program. The Reggie Program, as it is called, has traditionally been known as the Vanguard of Legal Services. Over the past 4 years 650 of the finest young lawyers in the country have been recruited, trained and funded by the Reggie Program, and assigned to provide assistance to numerous legal services projects and poverty communities throughout the United States, Puerto Rico, and the Virgin Islands. Approximately 80% of those lawyers remain in legal services today.

In 1969, the administration of the Reggie Program was transferred from the University of Pennsylvania School of Law to Howard University. In 1970, the Reggie Program recruited and placed 250 Smith Fellows. For the first time in the program's history, a large percentage of these lawyers were members of minority groups. Due primarily to the efforts of the present Reggie Program staff, more than 90% of the minority lawyers working in the legal services field are Reggie Lawyers. Clearly, the future of legal services is a matter of great concern to those of us associated with the Reggie Program and to the millions of minority group and poor people that we serve.

In 1969, then Director of Legal Services, Terry Lenzner concurred in the position of a group of Black and Brown Reggie Lawyers, that it was imperative that there be more minority input into the one single program that so closely affects the lives of millions of minority people throughout the country. Almost immediately upon our initial negotiation with officials of OEO in October of 1969, we were subjected to the most insidious manifestations of racism and political repression that any program within legal services had ever encountered from any state or Federal agency. Although the grant in question was eventually made to Howard University, it was not without a series of broken promises, racially motivated and unreasonably imposed conditions, and the tragic arrest of 45 Black and Brown lawyers and law students in December of 1969. Needless to say that both myself and the Dean of Howard University Law School were shocked and dismayed at the clear indications of racism and political motivation within OEO, and the irony that these factors so affected those decisions which were intended to serve the needs of the poor. It was at that time that we were first impressed with the urgent necessity to have a legal services program for the poor, which was not administered by a government agency and which was neither encumbered by racial influences nor political considerations.

During the last year and a half of our administration of the Reggie Program we have seen continual evidence of political considerations being given priority over the needs of the poor. On one occasion during the past year, one of the lawyers in the Reggie Program appeared before a committee of the United States Senate to testify on behalf of the legal services program. Almost immediately thereafter, funds which had been previously committed to the Reggie Program were unjustifiably withheld. This action resulted in the Reggie Program and Howard University being unable to fulfill over 400 contractual commitments, and in some instances resulted in attorneys in the field being forced to work temporarily without compensation. In addition, under the guise of forced budgetary limitations, the Reggie Program has been subjected to considerable cut-backs this year, at a time when the need for lawyers by the poor is rapidly increasing. In fact, the number of poor people in this country is on the increase, and the rising unemployment rate will obviously contribute to that number.

On March 2, 1971, we communicated to Frank C. Carlucci, Director of Office of Economic Opportunities our concern that thousands of young law graduates, seeking employment in the legal services field, would be turned away due to inadequate funding. The Reggie Program alone

was forced to reject well over 1,000 applicants, many of whom were from minority groups, and most were well prepared for work in the legal services field. Just a few years before, the Federal Government, through the CLEO Program, had encouraged large numbers of minority students to attend law school, and now that the fruits of these efforts were becoming evident, the present administration was cutting off the avenues by which these sorely needed lawyers could return to their communities. The ironic and tragic nature of this combination of circumstances was pointed out to the Director. Nevertheless, the administrators of OEO did not feel that this was a matter of priority nor a matter of concern, and in line with present administration policies relating to minorities and the poor, it again refused to provide additional funds for legal services. This administration appears to have dedicated itself to the position that the poor of our country are not worthy of the expenditure of millions of dollars a day, as are the people of other countries. It is most tragic when the richest nation of the world does little to alleviate the plight of millions of its poor, and instead promotes the lack of confidence that they already have in the administration of justice. The direction that the present administration has taken can only result in the poor people of this country seeking redress in the streets instead of in the courts. If legal services is to have any

meaningful role in maintaining confidence in the American system of justice, and providing redress for the many legal problems of the poor, political interference with this function must be totally eliminated. A National Legal Services Corporation, if properly structured and administered can accomplish that end.

Recently, the Administration released its Bill on the Legal Services Corporation. In our opinion, this bill is totally unsatisfactory and calculated to create an entity replete with the same ills that presently exist within OEO. For example, the Administrations bill contemplates: an eleven member board of directors, all named by the President; a minimum of client's and legal services attorney's input; further restrictions on the political and professional activities of attorneys; and the avoidance of multiple litigation. These are all matters of serious concern to legal services attorneys, and in the opinion of many, matters already compromised to too great an extent. The Administration's bill purports to be a "new direction", we submit that it would surely turn legal services in the direction of ineffectiveness on a national scale.

Needless to say, Senate Bill 1305 more closely reflects a sincere attempt for providing effective legal services for the poor. However, if Senate Bill 1305 is to be truly responsive to the poor, it must provide greater assurances in the following areas: (1) maximum client participation on the board of directors, (2) increased participation on the board of

directors by experienced legal services attorneys, (3) the perpetuation of those programs which have clearly demonstrated their responsiveness to the legal needs of the poor, and because of their vigorous and aggressive representation have been subjected to gross political assaults, (especially during the proposed transition period), and (4) increased opportunities for minority group input.

We of the Reginald Heber Smith Community Lawyer Fellowship Program support the concepts presented in Senate Bill 1305. However, we sincerely urge amendments in the above-mentioned respects. It is imperative that we never lose sight of the desirability for maximum feasible participation by the poor and minority groups. Legal services exists so that it can serve their interests. The future of legal services, and the future of this country, are to a great extent in their hands. As was wisely said: "Those who make peaceful justice impossible, make violent justice inevitable".

Respectfully submitted,

Glenn E. Carr

GLENN E. CARR
EXECUTIVE DIRECTOR

STATEMENT OF ALFONSO GONZALEZ, DEPUTY DIRECTOR OF THE REGINALD HEBER SMITH PROGRAM AT HOWARD UNIVERSITY

Senator MONDALE. We will now hear from Alfonso Gonzalez, deputy director of the Reginald Heber Smith program at Howard University.

Mr. GONZALEZ. Thank you very much, Mr. Chairman.

Senator, I was asked to appear here today because it was felt that the Spanish-speaking people and community should be insured of involvement in these hearings.

I am the deputy director of the Reginald Heber Smith program.

I have a very brief statement, which I hope will put these two bills in perspective.

I have had an oppotrunity to read both of the bills in the last few days.

The Legal Services was set up because the poor were estranged from the system of justice.

I, for one, am in an awkward position. The administration exaggerates the accomplishments of aggressive legal service attorneys; yet for me the limitations are unbearable.

To the administration, the mere defense of a migrant worker's son against restrictive barriers is equal to a coup against civil authorities. Assertion of a poor man's legal right to redress in the courts becomes a political question, and aggressive advocacy is equated with revolution.

Yet, people are still poor; children still go hungry. The poorest workers still strike for collective bargaining, and black and brown and red and yellow are treated with disdain.

And the truth is that those of us within the legal services community do not know what we are accomplishing, but we do know that there is an even greater demand for more and better legal services representation, and no longer merely matrimonial actions, but to require local housing authorities to adopt its own minimum HUD lease standards, to expose grotesque conditions in junvenile detention centers, and to provide the same quality of health care to the poor which is given to those patients who can afford it.

And, if the truth be known, it is these dark minority communities of this Nation who make up the overwhelming client communities of these legal services. In the many chicano communities of the West, in the Puerto Rican communities of the Northeast, this service, inadequate and often staffed with persons insensitive to the cultural and language differences, this service is now the only contact with the system of justice of the larger community.

For this reason, because our poor communities want it, a strong, viable, legal services corporation is needed.

To be true to a central objective, a few items should be considered in S. 1305 in order to increase its effectiveness.

1. I believe a clear statement providing for the establishment of legal services offices in all areas, or for all segments of the population is necessary.

One of the weaknesses of the present Legal Services is that it serves a small portion of the poor white communities of this Nation.

As a consequence, there is a tendency to view neighborhood legal services offices as an instrument for the realization of the rising expectations of darker racial and ethnic peoples.

To strengthen the base for legal services, it will be necessary to expand services to this large poor white community, and thus earn their confidence in the nationalness of the scope of legal services.

People are always surprised to hear black and brown lawyers urge this reform. They should not be. We know what it means to feel on the outside of a system far too long oriented to ignoring us.

But, even more, political reality requires that we earn the trust of this large segment of the population.

2. The client community should function as a mirror for the board. For the minority communities, the Legal Services still remains the only institution where justice is least a commodity to be purchased by the highest bidder.

The national board must reflect these many peoples: Chicano, Indian, Asian, black, and Puerto Rican. Full citizenship means participation, sharing decisionmaking, and a new authority.

3. Income eligibility should be flexible enough to provide that need should be the primary consideration.

Too often marginal-income clients desperately making ends meet are ineligible for service. The continuation of this practice will insure continued disfavor by large segments of the public who are our natural allies.

Finally, real reform is in the hands of the legislators. No-fault divorce would do more to assist poor people than doubling the budget of Legal Services.

Brown people have no interest in disorder, but disorder is the natural consequence of placing political conditions, as the administration bill proposes, in the path of effective redress.

The poor people of this Nation will quickly see through any attempt to hamper the administration of legal services through political qualification.

The best course is to recognize the rising expectations and encourage responsive institutions.

Senate bill 1305 is a small but positive step in that direction.

Thank you very much, Mr. Chairman, for having an opportunity to speak.

Senator MONDALE. Thank you very much, Mr. Gonzalez.

Mr. Dugan, how would you respond to the argument, which I think is emanating from OEO offices, being leaked to newsmen, that what we are really after here is to fund a new program to finance the middle-class new left revolutionaries?

Mr. DUGAN. It simply is not true. I do not think there is sufficient evidence to show that that is really happening. You can pick a few instances here and there where there have been attorneys associated with legal services programs, representing people that have had politically unpopular views.

I know, for example, the attorneys for my staff—when there were demonstrators, those returning from Washington, they were arrested on the New Jersey Turnpike, and that was a Sunday night, and on their own, perhaps in capacity as volunteers for the ACLU, went over and assisted in the processing through the local municipal court.

I have no problem with that, and I do see serious problems in the administration bill which would prevent that from taking place.

It seems to me, just as attorneys in private practice can spend some of their free time on what they call voluntary work in an area of their particular interests, I see no reason why legal services attorneys should be prevented from doing that.

The important thing is that it not interfere with their regular work, and that they put in a good amount of time for the legal services, as I know they do.

Senator MONDALE. Mr. Spangenberg, do you want to respond to that?

Mr. SPANGENBERG. I think the best response I heard was the one Mr. Robb gave this morning, and he is, in a sense, a member of the establishment from the outside looking in.

His response was that one or two cases received enormous publicity, and national columnists picked them up.

In the rare occasion there perhaps has been a violation, but the fact of the matter is the program last year represented more than 1 million clients.

In the city of Boston alone, we represented approximately 13,000 individual clients, and the number of class actions that we were involved in were very, very few in number, but important cases; so I think that if the facts are really examined, they indicate that such charges are just not at all true, and one or two incidents that reach the attention of the public and are blown up way out of proportion, certain Congressmen hear about them, and they communicate with OEO, and all of a sudden, the whole thing blows up.

The fact of the matter is that we are in neighborhood offices, providing individual representation to a large number of individual clients.

We are doing some classwork, and all we are trying to do is stay within the guidelines, the eligibility standards, of the program within the canons of ethics, and provide the full measure of representation for our clients, and I think, as Mr. Wright indicated this morning, nobody could expect anything less: and certainly not the clients.

Senator MONDALE. Of the 13,000 lawsuits brought in the Boston area, what percentage of them were brought on behalf of middle-class people?

Mr. SPANGENBERG. None to my knowledge.

Senator MONDALE. The argument is 13,000 to nothing.

Mr. SPANGENBERG. Well, again, as Mr. Robb said this morning, an individual lawyer may in his judgment make a mistake. The fact of the matter is that I have received telephone calls from private lawyers on occasion who complained we have been representing an over-income client.

I would like to hear from the private bar, and we always look into those matters, and if in fact, on rare occasions we do not have sufficient information from the client, and the client has not been totally honest with us, and if we find the client has been over the borderline, then we refer him to the lawyer reference service.

Those things do appear occasionally, but they are very, very few in number, and I can assure you, if any of them come to the attention of the private bar, they come to my attention, and I have received very few complaints in the 4 years I have directed the program.

Senator MONDALE. Mr. Dugan, your organization represents over a majority of the OEO Legal Services?

Mr. DUGAN. Yes; that is correct.

Senator MONDALE. Would you give us the same answer, or a different answer based on the experience and productivity of the lawyers in your group with respect to the amount of time they spent serving the interests of the poor?

Mr. DUGAN. I do not fully understand the question.

You mean in representing middle-class clients?

Senator MONDALE. Yes.

Mr. DUGAN. I would say the same thing. In my experience, and I do not get this kind of information from all of the other project attorneys, but in my own experience, there are occasions when private attorneys call and complain about a client they think is not eligible for our services, and it is always a matter of looking into the particular case, and occasionally there are facts to indicate the other attorney is correct, and we withdraw from the case, making arrangement for a substitution of a private attorney, but that is a very rare, extremely rare occasion.

Senator MONDALE. Mr. Carr, would you want to respond to that?

Mr. CARR. Yes, Senator. I would have to concur with the statements made by Mr. Spangenberg and Mr. Dugan.

I will make reference to the statement made by the President, about the fact that last year well over a million poverty clients were served by Legal Services attorneys, and yet four out of five who required legal services, could not get those services due to the lack of attorneys in the field.

Obviously there are some projects overwhelmed with the kinds of work contemplated by the Legal Services program and, therefore, I feel there is very little time left for those to engage in other objectionable practices. I agree that they happen in so few instances, that it is unfortunate that they are so blown out of proportion in these instances.

Senator MONDALE. What I am concerned about is an article—a very recent one in the Post—whch represents that Legal Services lawyers are engaging in objectionable activities; yet it fails to comment on the fact that judges often request all lawyers in their jurisdiction to help alleviate the caseload problem occasioned by demonstrations and mass arrests.

Mr. Gonzalez, would you agree with those statements?

Mr. GONZALEZ. Yes, I would, Senator.

In the last few years a large group of minority group lawyers, young law graduates have joined Legal Services, in particularly through the Smith Fellowship program.

They identify with their communities, and they live in their minority communities, and when disturbances break out, such as those that occurred recently in Los Angeles and when these communities seek justice, these young lawyers who live in those communities, and who come from those communities want to help their people. They have no other interest then in promoting anything but the betterment of their people. I do not think there is anything else to it, and I think the recent statement in the Post, which called Legal Services at-

torneys who helped to control these demonstrations "radicals," is erroneous and extremely misleading.

Senator MONDALE. Thank you very much. I very much regret we do not have the time to explore these matters the way we should. We are most grateful to you for your testimony and for the fine work you are doing.

It is now 1:15, and the Chair cannot stay here any longer.

Unfortunately the representative of the American Civil Liberties Union, Aryeh Neier, the Executive Director, is unable to give his testimony.

We can either take his statement and submit questions in writing or if he can come back tomorrow, we will hear him then.

(The prepared statement of Mr. Neier follows:)

Statement of Aryeh Neier

Executive Director

American Civil Liberties Union
156 Fifth Avenue
New York, New York 10010

on

Legal Services

before the

Subcommittee on Employment Manpower and Poverty

Committee on Labor and Public Welfare
U. S. Senate

May 11, 1971

My name is Aryeh Neier. I am Executive Director of the American Civil Liberties Union and I appear here today on behalf of the ACLU.

The ACLU supports S. 1305, a bill which would amend the Economic Opportunity Act of 1964 to establish an independent National Legal Services Corporation to provide legal services to persons unable to obtain private legal counsel. While we are delighted that President Nixon has endorsed the general concept of an independent corporation to provide legal services, we believe that the President's plan, (as embodied in S. 1769) contains serious deficiencies and should be rejected in favor of S. 1305.

The ACLU's basic reason for favoring S. 1305 over S. 1769 is that while both proposals purport to immunize the legal services program from political pressures, the kind of corporation proposed in S. 1305 is the more likely to be successful in achieving this goal. Under S. 1769, he would appoint all 11 members of the Corporation's Board of Directors. Under S. 1305, the 19 members of the Board would be appointed as follows:

1) Five by the President with the advice and consent of the Senate.

2) One by the Chief Justice of the United States after consultation with the Judicial Conference.

3) Six shall be members by virtue of their offices in the American Bar Association, the National Legal Aid and Defender Association, the American Association of Law Schools, the American Trial Lawyers Association and the National

Bar Association.

4) Three shall be selected by a Clients Advisory Council.

5) Three shall be selected by a Project Attorneys Advisory Council.

6) The Executive Director of the Corporation.

The diversity in the proposition of the members of the board of the corporation contemplated by S. 1305 seems a far better guarantee of immunity from political pressure than the president's proposal that he appoint all the members of the corporation board.

Supporters of S. 1769 will be quick to point out that the President appoints the members of the governing bodies of other agencies of government. However, it would be a great mistake to argue that the governance of a legal services corporation is analogous to the governance of other agencies. There is a crucial difference. It is that difference which leads the ACLU to prefer S. 1305 to S. 1769.

It is entirely proper that many federal agencies reflect the policies of the President. A legal services corporation is differnt. It must represent people who are challenging the policies of the President. At particular moments it will have to provide aid to people in upsetting the policies of the President. Attorneys must be free to serve the best interests of their clients no matter how disturbing their actions may be to the President and his administration. The members of the board of the legal services corporation should not be a part of the administration with a sense of responsibility to the other parts of the administration. The attorneys who are employed by the legal services program will be frequent adversaries of the administration in power and the Board of the Legal Services Corporation must support these attorneys in their adversary role.

At stake here is the integrity of the attorney-client relationship. An attorney's ethical duties to his client are grossly compromised if the attorney must keep a weather eye on the impact of his efforts on behalf of his client on the sensibilities of administration officials.

The canons of legal ethics require that a lawyer should act "solely for the benefit of his client and free of compromising influences and loyalties." The canons caution lawyers to be alert to economic, political or social pressures upon them and direct that a lawyer should refuse to work for any organization providing legal assistance unless "there is no interference in the relationship of the lawyer and the individual client he serves." Furthermore, the canons state unequivocally that "the duty of a lawyer, both to his client and to the legal system is to represent his client

zealously within the bounds of the law."

The legislation originally establishing the legal services program explicitly recognized the danger that political pressures might interfere with the proper administration of the program. Therefore, the legislation affirmed that "projects involving legal advice and representation shall be carried on in a way that assures maintenance of a lawyer-client relationship consistent with the best standards of the legal profession."

The history of the legal services program is replete with instances of political pressure. President Nixon recognized these pressures in announcing his proposal for an independent legal services corporation. The President stated that "unusually strong political pressures" are being brought to bear on the legal services program.

Among the legal services programs that have experienced especially sharp political pressures are South Florida Migrant Legal Services, North Mississippi Rural Legal Services, St. Louis Legal Aid, the DNA Navajo Reservation Program, California Rural Legal Assistance, the Western Center for Law and Poverty, the Dallas Legal Services Program, the New Orleans Legal Assistance Corporation and the programs in Alexandria and Baton Rouge Louisiana.

One of the most disgraceful incidents of political pressure was the long delay in the funding of Hinds County Community Legal Services in Jackson, Mississippi. Apparently because of pressure upon the federal government from local political leaders in Mississippi it was not until early in 1971 that any funding became available for legal services in Jackson or any portion of South Mississippi, one of the poorest sections of the nation and, therefore, an ideal target for the legal services program.

S. 1769 leaves the door open for future pressures of this sort to be effective in interfering with the provision of legal services. S. 1305 would make it far more difficult for any such pressures to interfere with the provision of legal services.

In a time of social change, citizens are constantly urged by the courts, the Congress, and the President to seek redress in the courts rather than in the streets. The United States Supreme Court has made clear that the right to litigate to bring about change, or merely to assert existing rights, are rights protected by the First Amendment. See NAACP v. Button, 371 U.S. 415 (1963). Brotherhood of Railroad Trainmen v. Virginia State Bar, 377 U.S. 1 (1964). United Mine Workers v. Illinois State Bar, 389 U.S. 217 (1967).

In structuring the governance of the legal services program,

the Congress has the opportunity to insulate the legal services program from political pressures which interfere with the exercise of First Amendment freedoms by poor people by denying the poor attorneys able to represent their clients zealously within the bounds of the law.

FUNDING

S. 1305 would provide $140,000,000 for the first year of the independent legal services corporation and $170,000,000 for the second year.

S.1769 would maintain the amount presently being spent, $68.9 million.

In every community with which I am familiar, legal services attorneys are greatly overburdened. Their inability to devote adequate time to the interests of their clients or to provide services to all the poor denies the poor equal justice under the law. H.R. 6360 would double the expenditure on the legal services program. Thereby, it would provide more attorneys. The amount of time that could be devoted to the interests of any particular client would increase and more clients could be served.

LEGISLATIVE ACTION

S. 1769 contains an absolute prohibition on legislative activity by legal services attorneys. No such prohibition is contained in S. 1305 . Representation of the interests of the clients of a legal services attorney may, from time to time, make it necessary for attorneys to engage in legislative activity. Certainly fee paid private attorneys engage in legislative action on behalf of their clients. There is a dearth of other voices to represent the interests of the poor in legislative action and we oppose this limitation on attorneys for the poor.

CONCLUSION

In conclusion, we repeat that we are very pleased at the President's support for the principle of an independent legal services corporation. We hope he will come to realize that this principle is better served by S. 1305 than by his own proposal.

Senator MONDALE. At this point we will enter all statements of those unable to attend the hearing and other pertinent material supplied for the record.

(The information referred to follows:)

DELANE C. CARPENTER
EXECUTIVE DIRECTOR
EMOJEAN K. GIRARD
DEPUTY DIRECTOR
STAFF ATTORNEYS
PETER AXELROD
PETER EISNER
DAVID LOWRY
SALLY P. PASETTE
MARK B. RAVEN
RICHARD D. SORENSON
HORACE UMBERGER

LEGAL AID SOCIETY
OF THE
PIMA COUNTY BAR ASSOCIATION
ADMINISTRATIVE OFFICES
55 WEST CONGRESS STREET
TUCSON, ARIZONA 85701
623-6260 • 623-5411 • 623-5541

NEIGHBORHOOD LAW OFFICES
30 NORTH CHURCH AVENUE
623-5592
792-8319
623-8409
2609 NORTH FIRST AVENUE
622-6426
2519 SOUTH FOURTH AVENUE
622-7731

RECEIVED

MAY 7

OFFICE OF
SENATOR GAYLORD NELSON

May 4, 1971

Honorable Gaylord Nelson
Senate Subcommittee on Employment,
Manpower and Poverty
Washington, D. C.

Dear Senator Nelson:

I have read the original draft of S.1305 regarding the establishment of an independent corporate entity for legal services. I am wholly in favor of this legislation as it is drafted, and with the intent of the bill to make legal services independent of outside interference from whatever source. From personal experience in my capacity as a member of the Arizona Bar and as a legal services lawyer in Tucson, I have reached the inescapable conclusion that this proposed legislation will serve to better the ability of lawyers to render legal services to the poor.

Yours very truly,

Michael Addis

Michael Addis
Staff Attorney

MA/b

RECEIVED
MAY 7
OFFICE OF
SENATOR GAYLORD NELSON

May 4, 1971

The Honorable Gaylord Nelson
Senate Subcommittee on Employment
Manpower and Poverty
Washington, D. C.

Re: Senate Bill 1305 and
House of Representative
Bill 6360

Dear Senator Nelson:

I, the undersigned, hereby strongly urge the adoption of Bills, Senate 1305 and House of Representative 6360 to establish a National Corporation for Legal Services as introduced in the Senate and House by a bipartisan group of over 100 Senators and Congressmen. The establishment of this National Corporation for Legal Services will keep the independentness of legal services and retain the integrity of the attorney-client relationship, the legal services needs a permanent authorization from Congress; the legal services needs to be free from political interference; and the legal services corporation needs to have a nonpartisan board.

As a DNA Board member, I thank you for your support of these Bills.

Sincerely yours,

William G. Fitzpatrick

William G. Fitzpatrick, Esq.
DNA Board Member
328 Bernalillo County Courthouse
Albuquerque, New Mexico 87103

YOUNG LAWYERS SECTION
SEATTLE-KING COUNTY BAR ASSOCIATION
605 ARCTIC BUILDING • SEATTLE, WASHINGTON 98104 • MA 3-1443

RECEIVED
APR
OFFICE OF
SENATOR GAYLORD NELSON

OFFICERS:
Tom A. Alberg
Chairman
Robert C. Mussehl
Vice-Chairman
Roger M. Lead
Secretary
William H. Neukom
Treasurer

April 26, 1971

Senator Gaylord A. Nelson
Subcommittee on Manpower,
Labor and Poverty
404 Old Senate Office Building
Washington, D. C. 20510

Re: Proposed National Legal Services Corporation

Dear Senator Nelson:

The Board of Trustees of the Young Lawyers Section of the Seattle-King County Bar Association has voted to endorse H.R. 6360, a bill to establish a National Legal Services Corporation. This bill and a companion measure in the United States Senate have broad bipartisan support and we believe that they are an effective means by which the program to provide legal services to the poor can be continued, hopefully free from interference by special interest groups.

We urge you to support this bill.

Sincerely,

Tom A. Alberg
Chairman

TAA:cf

cc: Michael J. Fox
Bradley T. Jones

USTEES:
m. A. Alberg, Christopher T. Bayley, Robert L. Burnham, A. Graham Greenlee, David D. Hoff, Peter D. Jarvis, Roger M. Lead, Robert C. Mussehl, William H. Neukom, Jerry Schumm

[From the Congressional Record—House, May 6, 1971]

LEGAL SERVICES CORPORATION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. QUIE) is recognized for 10 minutes.

Mr. QUIE. Mr. Speaker, today, along with my distinguished colleagues, Congressmen FORD, ERLENBORN, DELLENBACK, and POFF, I am introducing on behalf of the administration a far-reaching proposal to establish a private legal services corporation.

From its inception in the Economic Opportunity Act, OEO was designed as the incubator of new programs, where ideas could be developed and programs could mature and grow. It was the intent of Congress that once a program was fully developed, it would be transferred to an ongoing agency where it would take its place with other programs. Today, through the introduction of this bill, this concept is being taken even a step further. Because of the success of the legal services program and because of its uniqueness, rather than transferring the authority to another Federal agency, we are seeking through this legislative proposal to establish an independent private corporation which, we feel, will be free from the political pressures we often find in old-line agencies.

The Legal Services Corporation is similar in design to the Corporation for Public Broadcasting, which is an independent, nonprofit corporation and not an agency or establishment of the U.S. Government. The Legal Services Corporation will also have a board of directors selected in the same manner as the Corporation for Public Broadcasting, in that the board members will be appointed by the President by and with the advice and consent of the Senate. Because the design for public broadcasting has proven to be effective and free to a great extent from political pressures, we are confident that the same will be true with this new corporation.

Since legal services is a necessary and effective means for poor people to gain their rights working through the system, we feel that the proposed corporation's structure will substantially improve our ability to provide such programs. I recognize that during the developmental years, OEO's legal services program was not without problems as it was exposed to pressures from all levels of government. Many of the provisions in the bill we are introducing today seek to correct those problems through some of the following features:

There is a politically independent structure.

There is no gubernatorial veto.

There is an 11-member bipartisan board of directors, a majority of whom must be lawyers.

A board member can only be removed by a bipartison vote of seven board members and only for malfeasance, persistent neglect, or inability to perform duties.

The corporation shall have an advisory council appointed by the board which will include client population and representatives of the organized bar.

It is authorized for 3 years.

The corporation will have the power to make grants to or contracts with individuals, corporations, or other entities to provide legal assistance.

It will have the power to represent the collective interests of the poor before Federal agencies to resolve broad issues, thereby avoiding multiple litigation on some issues.

It will have the power to undertake research, training, and technological assistance and serve as a clearinghouse for information.

It will establish a graduated schedule of fees which would require only those clients who are financially able to pay a small portion of the cost of services.

The corporation will insure preservation of the attorney-client relationship and protect the integrity of the adversary process, guaranteeing independence for project attorneys to bring class actions or sue any agency or level of government.

In order to continue to concentrate the resources of the program on those areas of pressing legal need, project attorneys will be limited to handling civil cases as those practicing in the existing lagel services program now do. Also, to guarantee that an individual attorney's time is not dissipated, all full-time project attorneys will be required to devote all of their professional activities to the legal service program in which they are employed.

Mr. Speaker, this proposal is the result of considerable study during the past year by OEO's National Advisory Legal Services Committee. This prestigious body studied the problem and their recommendations because the basis for this proposed legislation. Following is a list of the people on the committee:

LIST OF COMMITTEE MEMBERS

Prof. Bambarger, Dean, Calif. Univ. Law School; Gary Bellow, Univ. of Southern, Calif.; Mrs. Jean Cahn; Edward Carr, Director, NYC Legal Aid Society; Attorney General John Mitchell; Mary Ellen Hamilton, President, Nat'l Clients Council; John Cuminskey; Jacob Fuchsberg; William Gossett, Esq.; Prof. Herowitz, UCLA; Judge Edward Bell, President, Nat'l Bar Asso.; William Mahoney, Esq.; James Lorenz, Jr., California Rural Legal Assistance; Thomal Gilhool; F. Wlm. McCalpin; Judge Theodore McMillen, Board Chairman, Human Development Corp., St. Louis; Judge Philip Newman, Municipal Court, Los Angeles; Revius Ortigue, Jr., Esq.; Maynard Poll; Theodore Voorhees; Miss Elizabeth Wickenden; Gernard Segal, ABA; Oliver Lofton, President, Priorities Investment Corp.; Earl Johnson, Jr., Univ. of Calif. Law School; Edward Right, President, ABA; John Douglas, President, NLDA; James Cobb, President-Elect, National Bar Asso.; Leon Jaworski, President-Elect, ABA; Elliot L. Richardson, Secretary, HEW; and Donald Lowitz, General Counsel, OEO.

On March 24, Mr. Barnard Segal, speaking as chairman of the executive committee, wrote the following letter and transmitted the National Advisory Committee's recommendation on the proposed transfer:

AMERICAN BAR ASSOCIATION,
Washington, D.C., March 24, 1971.

Hon. EGIL KROCH, Jr.,
Deputy Assistant to the President for Domestic Affairs, The White House, Washington, D.C.

DEAR MR. KROCH: I am sending this letter and enclosure to you in my capacity as Chairman of the Executive Committee on the Office of Economic Opportunity Legal Services Program.

As you know, the National Advisory Committee met in Washington on March 18 to consider various questions in connection with the proposed transfer to some other agency, of the Legal Services Program being currently administered by the Office of Economic Opportunity. Since recommendations on proposed legislation were under consideration, the Office of Economic Opportunity officials decide that the Acting-Director of Legal Services, who ordinarily presides at meetings of the National Advisory Committee, should not do so in this instance and that I should preside instead. No official or agent of the Office of Economic Opportunity was present during our deliberations.

I should like to make clear that the Committee's opinion concerning the best vehicle for the Legal Services Program if it is to be moved out of the Office of Economic Opportunity is not to be regarded as an expression on the wisdom of not retaining Legal Services in the Office of Economic Opportunity; the Committee did not address itself to this subject.

The enclosed memorandum reflects the recommendations, and in some cases, the underlying reasoning and philosophy, of the Committee. I am sure you will realize that because of limitations of time, and particularly the fact that the Committee had no specific legislative proposal or expression of viewpoint or preference of the Administration before it, the Committee did not discuss or vote upon every possible issue involved in the transfer. I hope, however, that the views of the Committee on the important issues which it debated and upon which it reached a consensus as expressed in the enclosed memorandum will prove of assistance in the drafting of the Administration's program. If, on the other hand, there is a desire to obtain the Committee's views on the Administration's program when formulated, we would, of course, have the National Advisory Committee convened as promptly as possible.

I should add that members of the Committee who represent government agencies or agencies funded by the government did not participate in the voting.

On behalf of the National Advisory Committee and myself personally, I express appreciation to you and your associates for having sought the Committee's views and for having afforded us this opportunity to share them with you on a matter of such great concern to the nation and especially to our poverty citizens.

Sincerely,

BERNARD G. SEGAL.

NATIONAL ADVISORY COMMITTEE ON THE LEGAL SERVICES PROGRAM

RECOMMENDATIONS ON PROPOSED TRANSFER OF OFFICE OF ECONOMIC OPPORTUNITY LEGAL SERVICES PROGRAM

MARCH 24, 1971.

Before discussing the Committee's specific views concerning legislation providing a new home for the Legal Services Program of the Office of Economic Opportunity, we shall consider the general principles which underlie the present Program and must form the basis for any new legislation.

The Legal Services Program is rooted in the concept of equal justice under law which is the cornerstone of our democratic society. In terms of the rendering of legal services, this means that the economically disadvantaged must have the same access to lawyers and legal institutions as their more affluent brothers. Lawyers hold the key to the court system and the enforcement of substantive rights. Such enforcement depends upon the availability of an equal access to the institutions which determine the rights of the individual in our society. Translated into practical terms, the goal of the Legal Services Program must continue to be making counsel available to those unable to afford legal representation, to the same extent that such representation is available to those financially able to employ their own counsel.

The Legal Services Program must continue to render high quality services in accordance with the professional standards and ethics embodied in the Code of Professional Responsibility of the American Bar Association. As a practical matter, this means that the Program must be set up and operated by lawyers at all levels of administration. New legislation must also assure a climate for attracting and retaining able lawyers. The competence of the advocates available to the poor has perhaps been one of the outstanding characteristics of the Program since its inception.

The integrity of the lawyer-client relationship must be preserved free of interference by outside sources. Particularly, this means freedom from political pressure and conflicting governmental policies which derogate from the lawyer's duty of absolute fidelity to his client. This can probably best be attained by establishing a structure independent of any federal, state, or local governmental department or agency.

The Legal Services Program must be structured so as to assure the continued support of the organized Bar and the legal education community whose assistance has been vital to the success of the Program up to now. Of paramount importance is the need for continued confidence in the Program by the clients its lawyers serve.

Removal of the Legal Services Program to an agency outside of any existing governmental department or agency should not obscure the fact that the federal government must continue to shoulder the responsibility for the support and maintenance of the Legal Services Program.

Although it is hoped that the proposed new home should encourage financial support by the private sector, the needs of the program preclude any withdrawal or reduction of government funds and support. At most, any new financial support from the private sector should be incremental, since best estimates are that the Office of Economic Opportunity Legal Services Program, and all quasi-public and private groups providing legal services to the poor, are scarcely meeting one-fifth of the need. Indeed, an assured source of government funding in amounts substantially higher than at present is essential to the proper functioning and continued growth of the Legal Services Program.

Annual appropriations have worked a particular hardship on this professional program because of uncertainties of employment prospects for its lawyers and concern that funds may not permit the completion of cases undertaken by its lawyers. Funding by substantial endowment, of course, is the preferable method. If this is not feasible, biennial appropriations should be provided with adequate reserve funds to insure the completion of matters undertaken by the program's lawyers.

The Program should continue to have well-defined accountability to the Congress, its clients, the Bar, and the public.

NONPROFIT CORPORATION CHARTERED BY CONGRESS

After considering various alternatives regarding a future home for the Office of Economic Opportunity's Legal Services Program other than OEO itself, the

National Advisory Committee concluded and recommends that the Program be transferred to a District of Columbia non-profit corporation chartered by the Congress. This type of structure would appear to provide the greatest degree of independence from political control, influence, supervision, and direction whether on federal, state, or local levels. In recommending this vehicle, the Committee assumes that all existing functions and programs administered by the Legal Services Division of the Office of Economic Opportunity, as well as programs related to Legal Services administered by other offices of the Agency, will be included in the transfer.

The Committee also wishes to express deep concern regarding the following statement from the report of the President's Advisory Council on Executive Organization: "The corporate form would be a step toward the eventual reprivatization of this program while recognizing the need for the continued financial support and protection of the government for a still fledgling activity." This statement implies that the government-supported non-profit corporation status may be a transitory stage after which the Program will revert to private sponsorship and support. It would be an unthinkable disregard of government's obligation to its poverty citizens to contemplate any such move. In recommending the corporate structure, the Committee views it as a permanent structure for the Legal Services Program and anticipates the continued support of the federal government.

The necessity for insulation of the Legal Services Program from political pressures cannot be over emphasized. In this regard, the Committee noted with approval the general provisions on this subject in the legislation creating the Public Broadcasting Corporation [1] and would recommend that similar provisions be included in the charter of the Corporation.

In stressing the political independence of the Corporation and its lawyers, the Committee does not wish to imply that the Corporation, its directors, officers, and grantees should be insulated from the demands of the public interest and accountability to the Congress, the profession, and the clients to be served. All steps must be taken to insure the continued responsibility and responsiveness of the Corporation.

SCOPE OF CHARTER

The National Advisory Committee urges that the legislation, which will really constitute the charter, be as broad as possible and that the widest discretion be left to the Board in establishing and implementing policies. In this regard, all presumptions should be resolved against inclusion of specific subjects and in favor of leaving such matters to the Board of Directors of the Corporation as in the case of the Public Broadcasting Corporation.

A general statement of corporate purposes and activities of the Corporation should include:

Maintenance of the highest quality of service and professional standards in the operation of the Corporation;

Adherence to the preservation of attorney-client relationships and avoidance of conflict of interest as prescribed by the ethical mandates of the legal profession;

Visibility of program activities which contribute to the reduction of societal tensions;

Necessity for program attorneys to conduct themselves as officers of the court and to observe the highest standard of compliance with the Code of Professional Responsibility;

Protection of the integrity of the adversary process from any impairment;

Effective accountability to the client population;

Broad participation of the legal profession including the organized Bar, legal education, and the Judiciary; and

Efforts to improve institutions of Justice to make them more effective and efficient.

Restrictions on attorneys with respect to types of cases, clients, and activities should not be included in the corporate charter. Proscriptions on political activities might be included in the charter providing that such limitations relate only to partisan political activities.

The National Advisory Committee, unanimously and unalterably, is opposed to

---

[1] 47 U.S.C.A. §§396(b), 396(e)(2), 396(f)(3), and 398.

any restrictions on so-called class actions, law reform activities, or appropriate legislative reform, including suits against government agencies.

Poverty guidelines or indigency standards should not be established with specificity in the charter. Experience with the Legal Services Program leads to the conclusion that this matter would more appropriately be left to the discretion of the Board of Directors. Variances in client eligibility guidelines between geographical areas, urban and rural communities, and cost of living reinforce this conclusion; the Board will be in the best position to establish such guidelines and appropriate procedures for implementation as changes and differences in these elements occur and exist.

The Committee would also recommend that operating guidelines for projects to be undertaken be considered a policy-making function within the discretion of the Board rather than inflexibly stated in the charter.

The National Advisory Committee concluded that provisions for removal of directors and officers should be prescribed by the corporate by-laws rather than the charter. It is strongly recommended that directors not be subject to removal by any government official or agency. Such removal procedure would pose a serious threat to the political independence of the Corporation.

BOARD OF DIRECTORS

The National Advisory Committee, after lengthy consideration, recommends that the Corporation be governed by a Board of Directors, composed of twenty-three members selected in accordance with the following formula:

Seven ex-officio directors consisting of the President and President-Elect of the American Bar Association; President and President-Elect of the National Bar Association; President of the National Legal Aid and Defender Association; President of the Association of American Law Schools; and President of American Trial Lawyers Association;

Eight directors appointed by the President, a significant number of whom shall be lawyers;

Four members selected by a Clients Advisory Council to be established by the Corporation, all of whom shall be lawyers; and

Three directors selected by project attorneys in accordance with democratic procedures to be determined by the incorporators.

The full-time executive officer of the Corporation shall also serve as a member of the Board of Directors.

Representation on the Board by the above-designated representatives of the organized Bar is suggested because active, assured service by such respected and responsible leaders of the profession will enhance prospects for the necessary continuing support of the organized Bar, add significantly to the respect and responsibility of the Board, and provide a constructive and moderating professional influence on the operations of the Corporation. Such representation has been one of the greatest strengths of the National Advisory Committee and has played a significant, indeed, an indispensible role in the success of the Office of Economic Opportunity Legal Services Program.

Similarly, membership on the Board of Directors by representatives of the client community and project attorneys is considered important by the Committee. The mission of the Corporation, its credibility and visibility, will be substantially enhanced by such representation. Here again, experience with the National Advisory Committee shows that other directors would profit greatly from exposure to the views of the client's professional representatives as fellow directors.

INCLUSION OF OTHER GOVERNMENT LEGAL SERVICES ACTIVITIES

The National Advisory Committee concluded that legal services activities sponsored or otherwise engaged in by government entities other than the Office of Economic Opportunity should not be transferred to the Corporation at this time. In addition to distinctions in the scope of services of other programs and complex issues of delegation and transfer, it was felt that the immediate objective was to accomplish the transfer of the Office of Economic Opportunity Legal Services Program and related research, development, and support activities. The Committee did not rule out expanding the Corporation at some later date to include legal service activities of other government agencies.

The Committee recommends that the Corporation be given authority to provide a degree of coordination to other legal services activities and to furnish technical assistance and evaluation services.

CRIMINAL REPRESENTATION

The Committee concluded with reluctance that the Corporation should not seek to provide representation in "criminal proceedings". Experience with the Legal Services Program indicates that a severe overburdening of resources would result from extension of services into general criminal representation.

However, the Committee recommends that a restriction on criminal representation not be included as an inflexible charter provision. Difficulties in distinguishing between criminal and civil cases in some instances, variances in state legislative provisions and unavailability of competent defense services in some areas recommend that the formulation of guidelines in the criminal representation area be left to the discretion of the Board of Directors.

ESTABLISHMENT OF CLIENTS ADVISORY COUNCIL

The National Advisory Committee recommends that a national clients advisory council be established and that the council be the existing National Clients Council, Inc.

CONGRESSIONAL AUTHORIZATION AND APPROPRIATIONS PROCESS

The Committee recommends that legislation establishing the Corporation and authorizing its activities as well as appropriations legislation be considered by the Congressional Committees which have had authority over the Office of Economic Opportunity. It is further recommended that appropriations to the Corporation be handled through the budget of the Office of Economic Opportunity, or, if this should prove to be unfeasible for any reason, through the budget of the Department of Health, Education and Welfare.

RESTRICTIONS ON PRACTICE BY ATTORNEYS

The Committee concluded that attorneys employed by local projects should not be allowed to practice law outside of the scope of their project employment. One area of difficulty called to the attention of the Committee related to isolated instances of part-time employment of attorneys by some projects. This would seem to recommend that the Board be allowed to develop guidelines in this area.

LOCAL SHARE CONTRIBUTIONS

Although contributions to local projects in cash and in services should be continued and encouraged, the Committee would recommend that rigid percentage local-share requirements not be required. Experience with the Legal Services Program and the difficulty in raising local share lead to the conclusion that this matter be left to the Board of Directors to the Corporation for determination.

POLITICAL ACTIVITIES—LOBBYING

The Committee discussed restrictions on attorneys dealing with political activities and lobbying. While is was recognized that corporate resources should not be used for partisan political activities, it would appear that lobbying might be encouraged when problems of poverty clients demand legislative solutions or the expertise of program lawyers would be of assistance in drafting legislation. This would appear to be an area where carefully drawn guidelines by the Corporation might be appropriate.

OTHER ISSUES

Because of limitations of time and the necessity to explore fully the issues raised at its one-day meeting, the National Advisory Committee was not able to consider all of the important questions underlying the proposed transfer of the Legal Services Program. Issues not fully considered include the following:

Administrative Supervision of Activities of Project Attorneys: Formal Opinion No. 324, ABA Committee on Ethics and Professional Responsibility, was noted with approval. This opinion considers the rights and obligations of project boards in establishing policies governing activities of project attorneys.

User Fees: The Committee recommends that the charging of user fees not be authorized in the charter.

Governor's Veto and Subsequent Procedure: not considered by National Advisory Committee due to lack of time.

Mr. Speaker, following is the proposed bill:

H.R. 8163

A bill to establish a Legal Services Corporation and for other purposes

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the "Legal Services Corporation Act."

SEC. 2. The Economic Opportunity Act of 1964, 78 Stat. 508, as amended (42 U.S.C. 2701, *et seq.*), is amended by adding after title 8 thereof the following new title:

"TITLE IX—LEGAL SERVICES CORPORATION

"ESTABLISHMENT OF CORPORATION

"SEC. 901. (a) There is authorized to be established in the District of Columbia a non-membership nonprofit corporation to be known as the "Legal Services Corporation" (hereinafter referred to as the "Corporation"), fo the purpose of providing legal services in non-criminal matters to persons financially unable to afford counsel as ascertained pursuant to guidelines established by the Corporation under Section 905(a)(2) (hereinafter referred to as "eligible clients"). The Corporation shall not be an agency or establishment of the United States. To the extent consistent with this Act, the Corporation shall be subject to the provisions of the District of Columbia Nonprofit Corporation Act.

"(b) The initial Board of Directors appointed pursuant to Section 902 of this Act shall take whatever actions are necessary and appropriate to establish the Corporation pursuant to the District of Columbia Nonprofit Corporation Act.

"(c) The Corporation shall maintain its principal office in the District of Columbia and shall, at all times, maintain therein a designated agent to accept service of process for the Corporation. Notice to or service upon the agent shall be deemed notice of service upon the Corporation.

"GOVERNING BODY

"SEC. 902. (a) The Corporation shall have a Board of Directors (hereinafter referred to as the "Board") consisting of eleven members appointed by the President, by and with the advice and consent of the Senate, no more than six of whom shall be of the same political party. A majority shall be members of the bar of the highest court of a jurisdiction and none shall be a full-time employee of the United States.

"(b) The term of office of each member of the Board shall be three years or until his successor has been appointed and has qualified; except that of the members first appointed, five members designated by the President shall serve for a term of two years. For purposes of this subsection, the term of office of the initial members of the Board shall be computed from the date of incorporation. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of that term. The term of all members shall be computed from the date of termination of the preceding term. No member shall be reappointed to more than two consecutive terms immediately following his initial term.

"(c) The members of the Board shall not, by reason of such membership, be deemed officers or employees of the United States.

"(d) The Board shall select a Chairman from among its members who shall serve for a term of one year.

"(e) A member of the Board may be removed by a vote of seven members for malfeasance in office, persistent neglect of or inability to perform duties and for no other cause.

"(f) Within six months following the appointment of all members of the Board, the Board shall appoint an Advisory Council. The Advisory Council membership shall include persons who meet the client-eligibility standards described in section 905(a)(2) and representatives of the organized bar. The Council shall be convened by the President of the Corporation, at least twice annually, and shall render advice to the Corporation on matters pertaining to the Corporation's activities.

"OFFICERS AND EMPLOYEES

"SEC. 903. (a) The Board shall appoint the President of the Corporation, who must be a member of the bar of the highest court of a jurisdiction and shall be a non-voting, ex-officio member of the Board, and such other officers as may be necessary. No officer of the Corporation may receive any salary or other compensation for services from any source other than the Corporation during his period of employment by the Corporation. All officers shall serve at the pleasure of the Board.

"(b) The President of the Corporation, subject to general policies established by the Board, may appoint and remove such employees as may be necessary to carry out the purposs of the Corporation.

"POWERS, DUTIES AND LIMITATIONS

"SEC. 904. (a) To the extent consistent with this Act, the Corporation shall have the usual powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act.

"(b) In addition to the powers conferred by subsection (a), the Corporation shall have authority—

(1) To obtain grants from and to make contracts with individuals, and private and state and local government agencies, organizations and institutions.

(2) To contract with or make grants to individuals, partnerships, firms, organizations, corporations or other appropriate entities (hereinafter referred to as "recipient") for the purpose of providing legal assistance to eligible clients;

(3) To represent the collective interests of the eligible clients under this Act before Federal agencies with a view to identifying and resolving issues which might otherwise result in multiple litigation arising out of the administration of the agencies' programs;

(4) To accept gifts, devises and bequests not inconsistent with the purposes of the Corporation; and

(5) To undertake, either directly or by grant or contract:

(A) research;

(B) training and technical assistance;

(C) to serve as a clearinghouse for information;

relating to the delivery of legal esrvices under this Act.

"(c)(1) The Corporation shall have authority to ensure the compliance of recipients and their attorneys with this Act, the corporate charter and bylaws and to terminate funding where a recipient fails to comply.

(2) If an attorney participating in a program funded by the Corporation violates the provisions of this Act or the charter, bylaws or guidelines of the Corporation, the recipient shall take appropriate disciplinary action.

(3) The Corporation shall not interfere with any attorney in carrying out his professional responsibility to his client or abrogate the authority of a particular jurisdiction to enforce the applicable standards of professional responsibility which apply to the attorney.

"(d) The Corporation shall have no power or authority—

(1) to initiate or defend litigation on behalf of clients other than the corporate entity itself;

(2) To undertake to influence the passage or defeat of any legislation by the Congress or State or local legislative bodies by representations to such bodies, their members or their committees, unlss such bodies, their members, or their committees, request that the Corporation make representations to them.

"(e)(1) The Corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

(2) No part of the income or assets of the Corporation shall inure to the benefit of any director, officer, or employee except as salary or reasonable compensation for services.

(3) The Corporation may not contribute to or otherwise support any political party or candidate for elective public office.

"CORPORATE GRANTS AND CONTRACTS

"Section 905. (a) With respect to contracts or grants to provide legal assistance to eligible clients, the Corporation shall—

(1) Ensure the maintenance of the highest quality of service and professional standards, adherence to the preservation of attorney-client relationships, and the protection of the integrity of the adversary process from any impairment in furnishing legal services to eligible clients.

(2) Establish guidelines to ensure that eligibility of clients will be determined by recipents on the basis of factors which include:

(A) the assets and income level of the client;

(B) the fixed debts, medical expenses and other factors which affect the client's ability to pay;

(C) the size of the client's family;

(D) the cost of living in the locality; and

(E) such other factors as relate to financial inability to afford legal assistance;

and establish priorities to insure that those least able to afford legal services are given preference in the furnishing of such services.

(3) Establish a graduated schedule of fees which will require the client, if able, to pay at least a portion of the cost of legal services, based on the factors enumerated in Paragraph (2) of this subsection.

(4) Ensure that grants or contracts are made in such a way as to provide adequate legal representation to persons in both urban and rural areas.

(5) Ensure that attorneys employed full-time in legal services programs funded by the Corporation represents only eligible clients and refrain from any outside practice of law.

(6) Ensure that all attorneys refrain from undertaking to influence the passage or defeat of any legislation by the Congress or State or local legislative bodies by representations to such bodies, their members or their committees, while engaged in activities carried on by legal services programs funded by the Corporation, unless such bodies, their members, or their committees request that the attorney makes representations to them; and that attorneys employed full-time by legal services programs funded by the Corporation refrain from such lobbying at any time, unless such bodies, their members, or their committees request that the attorney makes representations to them.

(7) Ensure that all attorneys, while engaged in activities carried on by legal services programs funded by the Corporation, refrain from:

(A) any partisan political activity associated with a candidate for a public or party office or an issue specifically identified with a national or state political party;

(B) any activity to provide voters or prospective voters with transportation to the polls or provide similar assistance in connection with an election (other than legal representation in civil or administrative proceedings); or

(C) any voter registration activity (other than legal representation), and insure that attorneys employed full-time in legal services programs funded by the Corporation refrain from the above enumerated activities at any time.

(8) The Corporation shall establish guidelines for a system for review of appeals to be implemented by each recipient to insure the efficient utilization of resources and to prevent the taking of frivolous and duplicative appeals.

"(b) No funds made available by the Corporation pursuant to this Act, either by grant or contract, may be used——

(1) To provide legal services with respect to any criminal proceeding (including any extraordinary writ, such as habeas corpus and coram nobis, designed to challenge a criminal proceeding);

(2) For any of the political activities described in paragraph (7) of subsection (a) of this section; or

(3) To award grants or enter into contracts with so-called "public interest law firms which intend to expend at least 75 per centum of their resources and time litigating issues either in the broad interests of a majority of the public or in the collective interests of the poor, or both.

"(c) In making contracts or grants for legal assistance, the Corporation shall insure that any recipient organized solely for the purpose of providing legal services to eligible clients is governed by a body consisting of a majority of lawyers.

"(d) The Corporation shall monitor and evaluate recipient programs in order to insure that the purposes of this Act and the charter and bylaws of the Corporation are carried out.

"(e) Grants and contracts pursuant to this Act shall be made or refused by the President of the Corporation, but the Board shall have authority to establish, by rules, which classes of grants or contracts it wishes to review and approve prior to such action by the President.

"(f) At least thirty days prior to the Corporation's approval of any grant or contract application, the Corporation shall notify the Chief Executive Officer of the State, Commonwealth, District of Columbia, or possession in which the recipient will offer legal services. Notification shall include a reasonable description of the grant or contract application.

"RECORDS AND REPORTS

"SEC. 906. (a) The Corporation shall have authority to require such reports as it deems necessary from recipients with which it has made contracts or grants.

"(b) The Corporation shall have authority to prescribe the keeping of records with respect to funds provided by grant or contract and shall have access to such records at all reasonable times for the purpose of insuring compliance with the grant or contract.

"(c) The Corporation shall publish an annual report by April 15 of each year which shall be filed by the Corporation with the President, the Congress and the Commissioner of the District of Columbia.

"AUDITS

"SEC. 907. (a) The accounts of the Corporation shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent Certified Public Accountants who are certified by a regulatory authority of a State; except that for the period ending December 31, 1975, such audits may also be conducted by:

(1) Independent public accountants who are not certified but who are licensed to practice by a regulatory authority of a State; or

(2) Independent public accountaints who, although not so licensed or certified, meet, in the opinion of the Board, standards of education and experience representative of the highest prescribed by the licensing authorities of the several States which provide for the continuing licensing of public accountants and which are prescribed by the Board in appropriate regulations; provided that if the Board deems it necessary in the public interest, it may prescribe, by regulation, higher standards than those required for the practice of public accountancy by the regulatory authorities of the States.

"(b) The audits shall be conducted at the place or places where the accounts of the Corporation are normally kept. All books, accounts, financial records, reports, files and other papers, things or property belonging to or in use by the Corporation and necessary to facilitate the audits shall be made available to the person or persons conducting the audits; and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents and custodians shall be afforded to such person or persons. The report of the annual audit shall be filed with the General Accounting Office and shall be available for public inspection during business hours at the principal office of the Corporation.

"(c) In addition to the annual audit, the financial transactions of the Corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representative of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things or property belonging to or in use by the Corporation pertaining to its financial transaction and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents and custodians. All such books, accounts, records, reports, files, papers and property of the Corporation shall remain in the possession and custody of the Corporation. A report of any such audit shall be made by the Comptroller General to the Congress and to the President, together with such recommendations with respect thereto as he shall deem advisable.

"(d) The Corporation shall have a right to require an audit report from any recipient of a grant or contract with respect to funds received from the Corporation. The Comptroller General of the United States shall have access to such reports and may, in addition, inspect the books, accounts, records, files, and all other papers, things or property belonging to or in use by the recipient, which

relate to the disposition or use of funds received from the Corporation. Notwithstanding this subsection, neither the Corporation nor the Comptroller General shall have access to individual case records subject to the attorney-client privilege.

"FINANCING

"SEC. 908. There is authorized to be appropriated such sums as may be necessary to carry out the activities of the Corporation. The first such appropriation may be made available to the Board at any time after six or more members have been appointed and qualified, notwithstanding that incorporation may not yet have been accomplished. Subsequent appropriations shall be for 3-year periods or such other periods as appropriation acts may designate, and, if for more than 1 year, shall be paid to the Corporation in annual installments at the beginning of each fiscal year in such amounts as may be specified in the appropriation acts.

"RIGHT TO REPEAL, ALTER, OR AMEND

"SEC. 909. The right to repeal, alter, or amend this title at any time is expressly reserved.

"APPLICABILITY OF OTHER PROVISIONS OF LAW

"SEC. 910. In the absence of specific reference to this title, the provisions of other titles of this Act (and references to this Act in other statutes) shall not be construed to affect the powers and activities of the Corporation or to have any applicability with respect to programs and activities assisted by the Corporation."

SEC. 3. The Economic Opportunity Act of 1964, 78 Stat. 508, is further amended (42 U.S.C. 2701, et seq.) by striking out paragraph (3) of section 222(a) thereof.

SEC. 4. (a) Title IX of the Economic Opportunity Act of 1964, as amended by this Act, shall take effect on the date of enactment of this Act.

(b) Section 3 of this Act shall take effect on (1) the date of incorporation of the Legal Services Corporation, or (2) the date on which the first appropriation after incorporation becomes available to the Corporation, whichever is later.

SEC. 5. Notwithstanding subsection (b) of section 4, grants and contracts for the provision of legal services and related activities which are made by the Office of Economic Opportunity prior to the effective date of section 3 of this Act shall remain valid until their expiration date or their modification or termination as provided therein: *Provided*, That the Corporation shall succeed the Office of Economic Opportunity as a party thereto, and shall have the same supervisory authority and contractual relationship with respect thereto as the Office of Economic Opportunity had on the day prior to the effective date of section 3 of this Act. The Office of Economic Opportunity shall cause to be paid promptly to the Corporation the portion of its unexpended balances equal to the unpaid balance of such grants and contracts.

SEC. 6. In employing its personnel, the Corporation shall give due consideration to those persons employed in the Office of Legal Services of the Office of Economic Opportunity on the effective date of this Act.

Senator MONDALE. We stand in recess.

(Whereupon, the hearing was recessed at 1:15 p.m., subject to the call of the Chair.)

○