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RURAL DEVELOPMENT
(CSTE, Area Definition, Employment)

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HEARING
BEFORE THE

**SUBCOMMITTEE ON
FAMILY FARMS AND RURAL DEVELOPMENT**

OF THE
**COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES**

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

H.R. 6332, H.R. 7159, H.R. 7849, H.R. 7860

OCTOBER 28, 1975

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RURAL DEVELOPMENT (CSTE, Area Definition, Employment)

TUESDAY, OCTOBER 28, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FAMILY FARMS AND RURAL
DEVELOPMENT OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 2 p.m., pursuant to call, in room 1301, Longworth House Office Building, Hon. Charles Rose (chairman of the subcommittee) presiding.

Present: Representatives Rose, Breckinridge, Bedell, Nolan, Bal-
dus, and Grassley.

Also present: Robert M. Bor, counsel; John E. Hogan, associate
counsel; Glenda Temple and Carol Dubard, staff assistants; Carol
Forbes, legal counsel to Mr. Rose.

Mr. ROSE. I would like to call this hearing to order and welcome all
of you who have come today to consider what we hope will be all three
pieces of legislation that are before this committee.

[The bill H.R. 7159 and the report from the U.S. Department of
Agriculture, and the bills H.R. 7849 and H.R. 7860 follow:]

[H.R. 7159, 94th Cong., 1st sess.]

A BILL To amend the Rural Development Act of 1972

*Be it enacted by the Senate and House of Representatives of the United States
of America in Congress assembled, That the Rural Development Act of 1972 (86
Stat. 674) is amended by adding at the end thereof a new title as follows:*

"TITLE VII—CONCERTED SERVICES IN TRAINING AND EDUCATION TASK FORCE

"FINDINGS

"SEC. 701. The Congress finds—

"(1) that various Federal programs and activities have a significant impact on
the growth and economic development of many rural areas;

"(2) that sound public policy requires an assessment of present and antici-
pated resources and requirements of the Nation, including direct and indirect
impact of Federal policies, programs, and activities and their interrelationship
with other sectors of the economy;

"(3) that the economic development efforts of many rural areas are greatly
handicapped because local community officials are often not familiar with re-
sources available to them through various Federal and State programs, and that
such communities urgently need persons with the ability to gather resources
appropriate to locally perceived rural development needs to 'tailor make' pro-
grams to serve the residents of such communities, consistent with the provisions
of section 603(b) of this Act;

"(4) that an effective approach for meeting the need described in paragraph
(4) has been provided by demonstration projects known as Concerted Services
in Training and Education which is in operation in forty-nine counties in four-
teen States in collaboration with the Federal Interdepartmental Task Force

(established administratively within the executive branch in 1964) and under which a local resident coordinator, provided with appropriate training, assists local governmental leaders in identifying needs, and then develops proposals for obtaining the resources required to meet those needs; and

"(5) that a higher level of coordination between all Federal departments and agencies is necessary to achieve the maximum beneficial impact on rural area development, and that such coordination can be more easily achieved by the special Federal task force hereinafter established.

"ESTABLISHMENT OF TASK FORCE

"SEC. 702. (a) There is established a task force within the Department of Agriculture to be known as the Concerted Services in Training and Education Task Force (hereinafter in this title referred to as the 'task force').

"(b) The task force shall be composed of three members as follows: the Assistant Secretary of Agriculture for Rural Development or his designee, one member from the Department of Health, Education, and Welfare, designated by the Secretary of Health, Education, and Welfare, and one member from the Department of Labor, designated by the Secretary of Labor.

"(c) The chairmanship of the task force shall be filed on an annual rotating basis, in the order in which the members are named in subsection (b).

"ADVISORY COMMITTEE

"SEC. 703. There is established a special advisory committee to consult with and advise the task force with respect to all functions of the task force under this title. Such committee shall be composed of the following members:

"(1) one member from the Department of Commerce designated by the Secretary of Commerce.

"(2) one member from the Department of the Interior designated by the Secretary of the Interior,

"(3) one member from the Department of Housing and Urban Development designated by the Secretary of Housing and Urban Development,

"(4) one member from the Department of Transportation designated by the Secretary of Transportation, and

"(5) one member from the Community Services Administration designated by the Administrator of the Community Services Administration.

"FUNCTIONS OF THE TASK FORCE

"SEC. 704. (a) To assist the Federal departments and agencies concerned with rural development, the task force shall (1) assess the problems of rural America relative to economic development of natural and human resources and, (2) conduct an assessment of present and anticipated resources and requirements of the Nation including the direct and indirect impact of Federal policies, programs, and activities and their interrelationship with other sectors of the economy, and (3) participate in the establishment of rural development goals consistent with the provisions of section 603(b) of this Act.

"(b) In carrying out such functions, the task force shall develop new, and continue existing, demonstration projects in cooperation with State and local governments to:

"(1) Develop general operational patterns for concentrating the efforts of all of the available departments and agencies and all available resources on the alleviation and ultimate solution of occupational education problems; and, as necessary, on the health, welfare, socioeconomic, and related problems of persons residing in rural America.

"(2) Identify existing and potential employment opportunities and occupational programs available to youth and to adults who are unemployed or whose income is insufficient to maintain a respectable standard of living.

"(3) Develop ways through which rural communities can provide education, vocational guidance, training, and other services needed to help the residents of such communities become employable, including development of plans for:

"(A) increasing basic educational skills,

"(B) improving general conditions of health,

"(C) providing vocational counseling, and

"(D) developing occupational competency.

"(4) Demonstrate that occupational education programs, in conjunction with other economic development activities, can significantly increase employment opportunities.

"(5) Demonstrate that a cooperative occupational education effort based on local involvement will develop indigenous leadership, individual dignity, initiative, and community awareness resulting in continuing community development.

"(6) Determine and improve the relationship of the traditional educational and occupational patterns of people in the communities to their present and emerging needs, and as warranted, make recommendations for necessary adjustments.

"(c) It shall also be a function of the task force to (1) receive, evaluate, and approve applications for demonstration projects for local and State agencies, (2) monitor and evaluate the effectiveness of such projects and submit a report to the heads of participating departments and agencies for transmittal to the Congress, (3) serve as a clearinghouse for local problems and, in coordination with the appropriate Federal department or agency, recommend solutions to such problems.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 705. There are authorized to be appropriated for carrying out the provisions of this title \$4,500,000 for the fiscal year ending June 30, 1976.

"ADMINISTRATIVE ARRANGEMENTS

"SEC. 706. In carrying out the provisions of this title, the Secretary of Agriculture shall provide (1) salary and administrative expenses for the three permanent task force members and for clerical and administrative staff as needed; (2) funds for travel and other expenses of the task force; (3) office space and equipment as required; (4) funds for project coordinators, salaries, and necessary expenses."

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., October 29, 1975.

Hon. THOMAS S. FOLEY,
Chairman, Committee on Agriculture, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of October 20, 1975, for a report on H.R. 7159, a bill "To amend the Rural Development Act of 1972."

The bill would amend the Rural Development Act of 1972 (86 Stat. 674) by adding a new title to establish a task force within the U.S. Department of Agriculture to be known as the "Concerted Services in Training and Education Task Force." The task force would include representatives of the Department of Health, Education and Welfare, the Department of Labor, and the Department of Agriculture. The purpose of the task force is to assist Federal Departments and agencies assess the problems of rural America relative to economic development of natural and human resources, conduct assessment of resources and requirements of the Nation, and participate in the establishment of rural development goals. In addition, the task force would develop new and continue existing demonstration projects in cooperation with State and local governments to resolve occupational education problems, identify employment opportunities, and develop ways through which rural communities can provide education to assist resident of such communities to become employable. The task force would be involved in approving applications for demonstration projects for State and local agencies, evaluating such projects, and serving as a clearinghouse to bring certain local problems to the attention of appropriate Federal agencies. In addition, the bill provides that a special advisory committee be established to advise the task force with respect to carrying out its functions. The committee would include one representative each from the Department of Commerce, Department of the Interior, Department of Housing and Urban Development, Department of Transportation, and the Community Services Administration.

We do not oppose the continuation of CSTE which we recognize to have provided an excellent service in many of the areas in which it operated. However, the present CSTE Interagency Task Force has been successfully operating for 10 years under an executive order. We do not believe that reconstituting a limited form of the Task Force in law—which would be the effect of H.R. 7159—

would make significant improvements in its performance. We also do not believe that, given the authorities and funding already available through the Comprehensive Employment and Training Act (CETA) of 1973, as amended, new funding is needed for CSTE activity. CETA provides a flexible, decentralized system of State and local employment and training programs. Funding of many CSTE projects has already been taken over by CETA sponsors; other projects are funded by the U.S. Employment Service and our Extension Service. For these reasons, our recommendation is that H.R. 7159 not be enacted at the present time.

If this bill is enacted, a budget amendment would be required to carry out provisions of the new title for the fiscal year ending June 30, 1976. It is estimated that a minimum of \$1 million would be required for the first year of operation for the task force and its staff. Subsequent years would cost up to \$4.5 million as authorized by the proposed bill.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

JAMES E. BOSTIC, Jr.,

Acting Assistant Secretary for Rural Development.

[H.R. 7849, 94th Cong., 1st sess.]

A BILL To amend section 306(a)(7) of the Consolidated Farm and Rural Development Act to modify the definition of the terms "rural" and "rural area" for certain purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 306(a)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(7)) is amended by inserting "and community medical facilities" immediately after "private business enterprises".

[H.R. 7860, 94th Cong., 1st sess.]

A BILL To amend the Rural-Development Act of 1972

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Rural-Development Act of 1972 (86 Stat. 657), as amended, is amended by redesignating title VI, and all references thereto, as title VII, by redesignating sections 601 through 606, and all references thereto, as sections 701 through 706, respectively, and by inserting after title V the following new title:

"TITLE VI—RURAL CONSERVATION EMPLOYMENT PROJECTS

"FINDINGS

"SEC. 601. The Congress finds and declares that—

"(1) unemployment levels are seriously high and widespread in many rural areas of the United States;

"(2) these rural areas include lands and facilities of the National Forest System as well as other funds and facilities under the administrative jurisdiction of the Secretary of Agriculture, public forests and other agricultural lands and facilities under the administrative jurisdiction of States and other non-Federal governmental units, and privately owned forest, range, and farm lands;

"(3) there are large backlogs of needed conservation work and other work of a public nature requiring large amounts of labor and relatively small capital investments within these rural areas;

"(4) rural conservation employment projects on public and private lands and at other facilities within rural areas could quickly provide employment and related benefits for thousands of unemployed rural residents, significantly contribute to the management of many rural lands by reducing the large backlogs of conservation work, allow the completion of other projects of a public nature, and stimulate private businesses in rural America; and

"(5) the Department of Agriculture has the experience, procedures, and field organizations needed to effectively administer rural conservation employment projects on lands and at facilities under its administrative jurisdiction and to provide financial and technical assistance to States and other cooperators for such projects.

"PURPOSE

"Sec. 602. It is the purpose of this title to provide employment for unemployed rural residents through rural conservation employment projects within rural areas of substantial unemployment.

"DEFINITIONS AND CONDITIONS

"Sec. 603. (a) For the purposes of this title—

"(1) The terms 'rural' and 'rural area' shall have the same meaning ascribed to such terms by section 306(a) (7) of the Consolidated Farm and Rural Development Act.

"(2) The term 'area of substantial unemployment' means any area of sufficient size and scope to sustain a rural conservation employment project, as determined by the Secretary of Agriculture, and which has had, for ninety consecutive days or more, a rate of unemployment equal to or in excess of 6.5 per centum, as determined by the Secretary of Labor.

"(3) The term 'rural resident' means any person who is a permanent resident of a rural area of substantial unemployment.

"(4) The term 'rural conservation employment project' means any project, carried out within a rural area of substantial unemployment, which (A) provides a significant increase in employment opportunities for rural residents; (B) is administered by the Secretary on lands or at facilities under his administrative jurisdiction, or for which the Secretary provides financial and/or technical assistance in cooperation with any State, Commonwealth, territory, possession, trust territory, public agency, organization, or individual; (C) is within the Secretary's authority and responsibility as set forth in existing law; and (D) accelerate or otherwise further existing programs of the Department of Agriculture.

"(5) The term 'Secretary' means the Secretary of Agriculture.

"(b) Individuals shall be eligible for employment under this title if they—

"(1) are rural residents;

"(2) have attained eighteen years of age; and

"(3) have been unemployed for a period of at least thirty consecutive days.

"PROJECTS ON FEDERAL LANDS AND AT FEDERAL FACILITIES

"Sec. 604. (a) Under such regulations as he may prescribe, the Secretary is authorized to employ, from funds appropriated pursuant to section 607(a) of this title, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service and to pay without regard to the provisions of chapter 51 of subchapter III of chapter 53 of such title 5 relating to classification and General Schedule pay rates, individuals meeting the eligibility requirements of section 603(b) to carry out rural conservation employment projects on lands and at facilities within the National Forest System and on other lands or at other facilities under his administrative jurisdiction.

"(b) In carrying out his responsibilities under this section, the Secretary shall—

"(1) determine the areas under his administrative jurisdiction which are within rural areas of substantial unemployment;

"(2) determine and select appropriate work projects for individuals employed under this section, giving priority consideration to projects that (A) are highly labor intensive, (B) have work plans or for which work plans could be readily developed, (C) could be initiated promptly, and (D) could be substantially completed within twelve months after initiated;

"(3) determine rates of pay, hours, and other conditions of employment of individuals employed under this section; except that no person employed under this section may be paid a wage higher than the prevailing rate of pay for permanent, full-time employees of the Department of Agriculture doing comparable work or \$10,000 per year, whichever is lower;

"(4) provide, directly or by contract and without regard to chapter 57 of title 5, United States Code, such transportation, lodging and subsistence, and supplies and other services and equipment as he may deem necessary or appropriate for individuals employed under this section to carry out their duties; and

"(5) promulgate regulations to insure the safety, health, and welfare of individuals employed under this section.

"(c) Individuals employed under this section shall not be deemed to be Federal employees other than for the purposes of chapter 171 of title 28, United States Code, and chapter 81 of title 5, United States Code.

"(d) Individuals shall be employed under this section without regard to race, color, religion, sex, or national origin.

"(e) Existing but unoccupied Federal facilities and surplus or unused equipment, or both, of all types including military facilities and equipment may be used by individuals employed under this section, where appropriate and with the approval of the Federal agency involved.

"COOPERATIVE PROJECTS

"SEC. 605. (a) The Secretary is authorized, from funds appropriated and made available under section 607(b) of this title, to extend the provisions of this Act to lands and facilities owned by States and other non-Federal governmental units and to lands in private ownership, within rural areas of substantial unemployment, by accelerating those cooperative programs within his administrative jurisdiction, under existing law, which can best provide rural conservation employment projects.

"(b) In determining which cooperative programs shall be accelerated under subsection (a) of this section and in making the allocations of funds under subsection (c) of this section, the Secretary shall give priority consideration to those cooperative programs which can best provide rural conservation employment projects that—

"(1) are highly labor intensive;

"(2) have work plans or for which work plans could be readily developed;

"(3) could be initiated promptly; and

"(4) could be substantially completed within twelve months after initiated.

"(c) Whenever funds are made available by the Secretary under this section for the acceleration of any cooperative program such program shall be administered in accordance with all applicable provisions of law authorizing such program, except provisions relating to—

"(1) requiring allocation of funds among the States;

"(2) limits upon the total amount of Federal financial assistance for any period; and

"(3) the maximum Federal contribution to any State or local government, whenever the Secretary determines that any non-Federal contribution cannot reasonably be obtained by the State or other cooperator concerned.

"(d) Payments to cooperators under this section may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Secretary shall determine.

"(e) Individuals employed with funds appropriated for carrying out the purposes of this section shall—

"(1) meet the eligibility requirements of section 603(b);

"(2) be employed without regard to the personnel laws, rules, and regulations applicable to full-time employees of the State or other cooperator, except such laws, rules, and regulations, if any, relating to tort claims or compensation for injuries which occur while engaged in work pursuant to this section;

"(3) be employed without regard to race, color, religion, sex, or national origin;

"(4) not be paid a wage higher than the prevailing rate of pay for permanent, full-time employees doing comparable work for the State or other cooperator or \$10,000 per year, whichever is lower; and

"(5) not be deemed to be Federal employees for any purpose.

"LIMITATIONS ON USE OF FUNDS

"SEC. 606. Not more than 25 per centum of the funds made available for any rural conservation employment project under this title may be expended for nonlabor costs.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 607. (a) There are authorized to be appropriated for carrying out the provisions of section 604 of this title \$40,000,000 for the fiscal year ending June 30, 1975, and \$40,000,000 for the fiscal year ending June 30, 1976.

"(b) There are authorized to be appropriated for carrying out the provisions of section 605 of this title \$120,000,000 for the fiscal year ending June 30, 1975, and \$120,000,000 for the fiscal year ending June 30, 1976.

"(c) Notwithstanding any other provision of law, funds appropriated to carry out the provisions of this title for the fiscal year ending June 30, 1975, shall remain available for obligation until June 30, 1976, and such funds appropriated for the fiscal year ending June 30, 1976, shall remain available for obligation until September 30, 1977."

Mr. ROSE. Unfortunately, there is some action on the floor of the House that may keep some of our members away for a few minutes. However, they have assured me that they are on their way.

The first item that is before us today is H.R. 7159 introduced by our colleague, Congressman Bill Alexander from Arkansas. This is concerted services in training and education task force.

Congressman Alexander, as I am sure you are all aware, is a former member of the Agriculture Committee. He has gone on to greater heights of service in the Appropriations Committee. He also is the past chairman of this subcommittee on Family Farms and Rural Development.

Congressman Alexander, we welcome you to your old subcommittee and look forward to hearing your testimony.

STATEMENT OF HON. BILL ALEXANDER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. ALEXANDER. Thank you very much, Mr. Chairman. I appreciate very much being home. I also appreciate the fine job that you are doing as chairman of the Subcommittee on Family Farms and Rural Development.

Mr. Chairman, accompanying me today are three people with whom I have worked on this bill. To my left is Dwayne Couchman, director of concerted services in the Forest City, Ark., area. On my extreme right is Jim Smith, who is director of the concerted services program in the Batesville, Ark., area. On my right is Dorothy Thomas, my longtime associate, who has helped with this bill and with this testimony today.

As always I appreciate the opportunity to appear before this subcommittee. This is a subcommittee which I continue my interest in. Further, I pledge my unabashed support to any endeavors that you and the subcommittee may choose to pursue in the U.S. Congress.

As I have already pointed out, the CSTE programs had their genesis in the 1963 Executive order and the work of the task force. The projects were conceived as a pilot effort to test the theory that education and occupational training combined with other community and economic development activities can expand job opportunities in countryside communities. They have, as they were meant to do, illustrated that a mixture of educational and occupational training programs and local involvement develops local leadership, individual dignity and initiative in community awareness.

CSTE projects pull together resources from Federal, State, and local organizations and individuals to respond to the manpower needs of citizens of small communities, towns, and cities of the countryside.

The key to the outstanding results being achieved by these efforts has been cooperation among and between local, State, and Federal leaders.

The members of the interdepartmental CSTE task force, which governs this program, are drawn from Federal agencies which administer programs that can respond to needs of rural citizens.

Two primary and valuable services have been performed by the task force. It has supplied local CSTE coordinators with a package of Federal services which can be employed to solve local problems, as opposed to the usual, uncoordinated process of chasing the available Federal dollars wherever they may be found and for whatever purpose they are available.

The task force also acts to encourage all Federal agencies to work together to meet the needs of the countryside areas. As I have said, this action is wholly consistent with section 603 (b) of the Rural Development Act which mandates coordination among Federal agencies with programs which affect rural areas. Success of the CSTE program is bringing about a measure of cooperation between various Federal departments and agencies belies the widely circulated theory that such cooperation is an impossible dream.

USDA, which would have budget responsibility under my proposal, is already, through the Rural Development Service, carrying on a modest program of coordinating Federal activities for rural development. My proposal would strengthen this USDA capability. But, it is clear that USDA alone cannot and should not be expected to do the job alone.

There are approximately 500 Federal programs which can be used to benefit citizens of the countryside. They are lodged in nearly every Federal agency.

It is with the intent of helping communities match local needs at the proper time with the necessary mix of Federal assistance that this proposal is made.

Early in its work CSTE task force recognized that countryside people have urgent needs for education and training. Of special concern was the approximately 3 million rural residents who had less than 5 years of schooling; the 19 million who had not completed high school; and the fact that only half as many eligible rural young people, as compared with urban youths, were obtaining vocational or occupational education, or attending college.

BUDGETING FOR CSTE

Thus far no Federal funds have been specifically requested by any Federal agency for the CSTE program. Its resources have come from the allocation of regularly appropriated funds which the Federal agencies had the power to allot to such efforts.

This has made the strength of the program, its multiagency approach, its weakness at the same time. That is because, at present, CSTE does not belong to anybody. It has been all too easy for departments to reduce their financial commitment to the program.

States obtain CSTE programs by submitting applications in a variety of ways. The task force considers these on a first-come-first-served basis.

When funding appears feasible in a particular State, the Governor of the State is invited to appoint an ad hoc committee to recommend the area where the project ought to be situated.

I do not feel, nor do I think that the creators of the CSTE programs believed, that these projects should be spread by the Federal Government like a carpet across the face of the countryside of America. I do support the establishment of at least one CSTE project in every State. At the present the program operates in 9 States.

It seems to me that this is needed so that the accomplishments of the CSTE projects can be used by Governors of the various States to determine the most effective ways of using such resources as block grant programs for manpower in rural areas. Such success should persuade Governors and State legislators to be willing to finance needed, additional CSTE-type projects.

WHO AND WHAT ARE CSTE COORDINATORS

CSTE coordinators must be able to be innovators in every sense of the word. They must be able to take hold of funds and knowledge from existing sources and combine that with a generous mix of courage, boldness, imagination, and understanding to make Federal, State, and local programs work in the special ways necessary to benefit rural people.

They must continue to search out and employ hidden community resources for the improvement of the quality of rural life. This ability of the CTSE coordinator is enhanced by the fact that they are, generally, hometown people.

In identifying local needs and establishing priorities, in training, education, and job development, the coordinator makes use of existing overall economic development plans (OEDP's) or other locally developed plans. Where multipurpose regional planning and development commissions exist, the coordinator must complement their work. But, if there is no local planning, the coordinator cooperates with local people to bring it into being.

In pilot areas a manpower inventory is normally conducted by the State employment security service. Data are gathered on training interests, needs, and job opportunities to provide a factual basis for full development of the CSTE program.

Training projects responding to the most obvious needs to each area may be established before the survey is completed.

More than twice as many participants from countryside areas are involved in new training and education programs in CSTE project areas than was the case in the past, or is the case in adjacent rural counties not in the CSTE area.

CSTE has been involved in the development of vocational technical education programs ranging from typing and bookkeeping, operation of heavy equipment, welding and cabinetmaking to drafting and health professions training.

They have helped local communities find and keep new businesses and industries, develop emergency medical programs, discover financing for hospitals and juvenile programs, get funds for water and waste disposal programs, and reforest timberlands.

They have helped colleges and universities and the communities they are meant to serve develop closer, broader-based, more useful relationships.

EVALUATION AND COST OF CSTE

It is my understanding that the Department of Health, Education, and Welfare has funded an evaluation study, now underway which will examine the work being done under CSTE.

In 1969 the Center for Occupational Education at North Carolina State University, under a contract with HEW, did a thorough evaluation of CSTE program.

This evaluation indicates quite clearly that CSTE is a common-sense program. It works. It is inexpensive. It does not establish a huge bureaucracy to get its job done.

These factors make CSTE unique within the Federal establishment.

Since this is true, what possible reasons can be the basis of a rational, just decision to deprive rural people of this job-creating program in a time of such great need as we now experience. Yet, that is exactly what I fear will happen should we fail to pass into law the proposal which I have made.

We in this Congress, and in the last, have considered and approved a number of proposals with price tags in the billions to put the jobless to work. The CSTE program has never cost more than \$1 million.

Again, I urge your favorable action on this proposal.

With a minimum amount of money the CSTE program has gone quietly, maybe too quietly about the business of successfully doing its job.

Also, again, I most strongly urge you to join me in insisting that the whole executive branch, and in particular the Secretaries of Labor; Health, Education, and Welfare; and Agriculture, practice equity and understanding on behalf of rural people.

It is particularly important that the Secretaries of Labor, HEW, and Agriculture insure that a portion of the discretionary funds that are available to them are used to keep CSTE operating until such time as we in the Congress who have a special knowledge of countryside needs agree that such action is no longer necessary and desirable.

The Secretary of Labor, especially, has an opportunity to do this through the use of the discretionary funds available to him in the Concentrated Employment and Training Act.

EXCERPT FROM 1969 EVALUATION OF CSTE

At this point, I would like to make a portion of the conclusions of the 1969 NCSC evaluation study to which I referred earlier a part of the hearing record:

The costs of the projects have been low, averaging \$31,667.00 in each state per year (based upon current budgets). Total coordination costs at the Washington level are estimated at an additional \$14,000 per year. The local coordinator is provided a salary, travel expense, office space, secretarial assistance, and two states, an assistant coordinator.

In view of this evidence, the evaluators conclude that the continued existence of Concerted Services is justified. Further, these data support a program that includes: (1) a deliberate phase-in of additional units, (2) an enlargement of the Washington liaison office, (3) and a program of internal and external evaluation.

The question can legitimately be asked whether a cooperative approach such as Concerted Services is a feasible way to help needy rural people, or if it represents a sell-out to the power structure. These alternatives are posed in the Report of the President's National Advisory Commission on Rural Poverty:

"Some groups make every effort to work through existing organizations, public and private. Others avoid working with local authorities entirely. The Cooperative Extension Service and Community Action Program have largely taken opposite routes in this respect. While the Extension Service endeavors to work through the 'establishment' whenever possible, CAP tends to avoid joining forces with the established power structure, especially in rural areas. A more flexible approach would seem to be in order. Local and State authorities can and should be used more effectively than they have been to date. On the other hand, indifference to the plight of those in poverty by the some authorities should not be allowed to serve as a deterrent."

It would appear that the CSTE pilot projects provide a somewhat fortuitous test of the more flexible approach recommended by the Commission. Evidence the evaluation team has collected indicates that it is also a feasible one. Several facts lead to this conclusion.

First, the coordinators have job security. They thus are protected against pressures from interest groups motivated by parochial views. By contrast, a local government agency employee who has limited access to top level administrators could be forced to transfer to another geographical region or might otherwise be pressured if his views and programs ran counter to those favored by local leaders. The coordinators cannot be subjected to the same kind of pressure.

Second, a complete explanation does not lie in terms of job security and power arrangements alone. The difference is a broader perspective and a new reference groups. The coordinators in their contacts with state, region and national representatives are enabled to acquire new information and a larger perspective for local problems. Their activities are designed to gain the approval not only of local people but of a national task force. Findings from the social sciences indicate that a new reference group is a powerful force in changing the direction of action.

Third, a coordinator who is already known in the area served by the program does not need to sell himself before he sells an idea. The fact that he is generally accepted by local people means that new ideas and information stand a good chance of being heard and accepted.

One further observation seems appropriate. Area development typically benefits those who are already well off. It is probably unrealistic to think that it could be otherwise. If prosperity comes to a given town, those who already own large parcels of property stand to benefit from the improvement. If a town with an exemplary vocational training program attracts new industry, the local banker stands to gain as well as the new employees. In short, those who are already rich and powerful have experience in taking advantage of situations and have resources such as contacts and capital that enable them to maximize the situation.

So, it may be that there is no such thing as a program which assists only the disadvantaged. The solution, then, would appear to lie in developing programs which are designed to help the disadvantaged as well as the advantaged rather than those that benefit only the advantaged. At this stage of development, it is clear that both groups are now being assisted by Concerted Services.

Thank you very much. I stand ready to attempt to answer any questions which the subcommittee may have.

Mr. ROSE. Congressman Alexander, we appreciate your testimony and want to thank you very much for introducing this bill and bringing this coordinated effort before us.

Are there any questions by members of the subcommittee?

Mr. BEDELL. Is this a program that has been in effect? Is that correct?

Mr. ALEXANDER. Yes; this is a program which has been in effect since 1965 pursuant to an Executive order. I propose to continue this by legislation.

Mr. BEDELL. Very well. Will the program continue without this legislation, or not necessarily?

Mr. ALEXANDER. It would continue at the will of the executive branch.

Mr. BEDELL. Has it been continuing along the lines to which you would expect as regards volume?

Mr. ALEXANDER. At the end of last year, and the beginning of this year, there was some expectation that there were movements afoot to discontinue the program by Executive order in the same way that it was established by Executive order. Because of my long acquaintance with this program, which goes back to 1967, and because of the personal knowledge that I have of the benefits that it is providing for rural areas, including the one I represent, I felt that was a risk that I was unwilling to accept.

That prompted me to introduce this bill which is now before you.

Mr. BEDELL. In effect, does this bill mandate the continuance of the program?

Mr. ALEXANDER. Yes.

Mr. BEDELL. Does it mandate an increase in the program, or does it leave that optional, or does it mandate that it leave it at the present level, or is this left out?

Mr. ALEXANDER. The budget would be subject to Executive recommendation and congressional approval and we envision a modest expansion allowing each State to have up to two projects.

Mr. ROSE. May I interrupt?

For budgetary purposes, you would have it budgeted through the Department of Agriculture?

Mr. ALEXANDER. Yes; I think the Department of Agriculture is the proper place to administer programs which are designed to help people in rural areas.

You and I have had difficulties with some of the policies of our current administration, but I would daresay that we would have difficulties with a subsequent administration because of our dedication and determination that the people of rural America should have the same type of attention that the people of urban areas receive.

Mr. BRECKINRIDGE. I want to thank the gentleman from Arkansas for bringing forward a sensitive and significant program for the committee's consideration.

Because I do not understand it in detail, Mr. Alexander, I would like to ask one or two questions relating to its past size and scope and the funding of it.

I note that it started in 1965 and is now 10 years old. It is presently operating in nine States and has never cost more than \$1 million.

We are now considering a \$4,500,000 appropriation.

My question is this: If that is actually an increase to \$4,500,000, are we not authorizing a significant increase in other States than the nine that are now benefiting?

Mr. ALEXANDER. Yes.

Mr. BRECKINRIDGE. If so, what is the correlation between the amounts of moneys that we are talking about, and expanding a proven program's availability to a larger number of States, after what should seem to be more than an adequate testing period?

Mr. ALEXANDER. I have been assisted here in my answer by a person who knows.

Mr. BRECKINRIDGE. I got my question from somebody who knows.
Mr. ALEXANDER. I understand.

The money for the program has been provided in past years from discretionary funds from the three departments: Agriculture, Labor, and HEW.

Whether purposely or by design, they kept the program small and restricted it to about \$1,000,000. They only applied the program for the purpose of testing its feasibility.

It was thought, after consideration, by people who would like to see it expanded to other States, that an authorization of \$4,500,000 would be sufficient. They felt that it would give sufficient scope to the program to expand its applicability to other States where it may be needed.

Mr. BRECKINRIDGE. Would you please indicate for us what the criteria for that expansion might be regarding its government and controlling criteria?

Mr. ALEXANDER. It could be done by legislation, if the gentleman would want it specified in the law. Otherwise, we could leave it to the recommendations of the executive branch, through the budget process which would control the level of expansion.

If you keep it at \$1,000,000, it cannot expand. If you expand it 10 percent, you might be able to include one additional State.

If you expand it 100 percent, then we might be able to bring in nine more States.

I think it depends entirely on the resources available to the Government and the needs for those resources.

Mr. BRECKINRIDGE. The estimate of \$4,500,000 is the estimate of those who have prepared the legislation with regard to what could reasonably be anticipated over the next fiscal year?

Mr. ALEXANDER. Over the next several fiscal years, I would think that \$4,500,000 would not be an authorization that would not be reached in 1 year.

Mr. BRECKINRIDGE. Thank you.

Mr. ROSE. Thank you, Mr. Alexander.

If there are no further questions, I would like to say thank you, again.

I have looked at the size of the witness list here today, which is extensive.

If the committee has no further questions, I will excuse you.

Mr. ALEXANDER. Thank you very much. I am going to quit while I am ahead.

Mr. ROSE. I was informed, before the hearing, that Mr. Harbison had an airplane schedule that was putting him in a tight pinch.

Are there any others here today who have come to testify on H.R. 7159 that have a similar schedule problem?

[No response.]

Mr. ROSE. If not, then we will invite Mr. Robert Harbison, out of order, if there is no objection. He is the chairman of the Cullman County, Ala., Board of Commissioners and the chairman of the National Association of Counties Rural Development Subcommittee, Washington, D.C.

We are very pleased to have you with us today, Mr. Harbison, to testify for H.R. 7159. You have testified here before and we are very

happy to welcome you back. We look forward to hearing what you have to say.

STATEMENT OF ROBERT HARBISON, COMMISSIONER, CULLMAN COUNTY ALA., REPRESENTING NATIONAL ASSOCIATION OF COUNTIES

Mr. HARBISON. Mr. Chairman, and members of the subcommittee, I am Robert Harbison, commissioner, Cullman County, Ala. I am appearing on behalf of the National Association of Counties (NACo).¹ I am accompanied by Mike Gemmell and Elliott Alman, legislative representatives for the National Association of Counties.

The purpose of my statement is two-fold: one is to make the Congress and this subcommittee aware of the key problems facing counties in terms of rural health manpower problems; and two is to clearly spell out the position of the National Association of Counties (NACo) on the availability, accessibility, and quality of health care in our medically underserved areas. We support H.R. 7849. If enacted it will enable medical facilities in communities whose populations are between 10,000 and 50,000 people to receive 5 percent subsidized loans from the Farmers Home Administration.

The National Association of Counties represents over 1,400 county governments which together comprise 75 percent of the Nation's population. The vast majority provide public health and medical care services. As such, counties are concerned about the lack of health services and manpower in rural America. We wish to commend the chairman and members of the subcommittee for proceeding with hearings on the lack of health manpower in rural areas of this country.

We are submitting for the record a survey of health needs in five States that we believe provides representative examples of rural health problems in the Nation. I believe the results of the survey verify the existence of many of the health problems identified in the testimony of others before your subcommittee. The survey underscores the need for passage and enactment of H.R. 7849. We must ensure that we provide people in rural areas with the same level of medical care as the people in urban areas. This bill would promote the building and/or refurbishment of existing medical facilities, which would in turn make it more attractive for doctors and other health professionals to practice in rural areas, in general, and in communities with populations between 10,000 and 50,000 people, in particular.

With the cutback in the Hill-Burton medical facilities construction program under Public Law 93-641 (the "Health Planning and Resources Development Act of 1975"), money for building medical facilities will be tight. It is imperative, therefore, that other sources of funding be available for construction and renovation of hospitals and

¹ The National Association of Counties is the only national organization representing county government in the United States. Its membership spans the spectrum of urban, suburban and rural counties which have joined together for the common purpose of strengthening county government to meet the needs of all Americans. By virtue of a county's membership, all its elected and appointed officials become participants in an organization dedicated to the following goals: improving county government; serving as the national spokesman for county government; acting as a liaison between the nation's counties and other levels of government; and achieving public understanding of the role of counties in the federal system.

clinics in rural areas. H.R. 7849 makes this possible. It provides an additional funding opportunity.

The lack of health services, resources and manpower in our rural areas, we believe, is largely due to a health care system which attempts to meet increasing rural health problems through diverse, uncoordinated and sometimes duplicative efforts. The chief components (hospitals and other facilities, local health departments, physicians, planners, consumers) of the health care delivery system simply fail to engage in cooperative planning and action programs. Often, Federal financial programs contribute to this problem.

Local officials, Mr. Chairman, are constantly searching for new decisionmaking opportunities that can somehow overcome the financial and administrative barriers of elective and appointive office. Yet without adequate resources, flexibility and certainty of funding we find ourselves severely restricted in developing comprehensive choices of action for the health, welfare, and safety of the people.

We must search out realistic solutions to rural health services delivery problems. Needed is a comprehensive rural health program that addresses public, private, regional, and local interests. Needed is a national program that provides incentives to promote multijurisdictional approaches to the solution of rural health problems. Needed are financial incentives that encourage the development of adequate health resources and medical facilities to attract medical personnel to rural areas.

In summary, we believe that legislation incorporating the above statements would solve some of the major health care problems of people living in medically underserved areas.

I am also attaching a NACo resolution concerning the problem of transportation to medical facilities in rural areas. Obviously, H.R. 7849 would alleviate these difficulties by increasing the number of medical facilities in these areas.

NACo is willing to work with the subcommittee staff at the chairman's instruction on the items raised by our testimony.

Now I would like to give a brief experience of my own in my county.

I am chairman of the Commission in my county. I have been trying to get a medical facility in my county. In late 1967, we saw the need to improve health services in our county.

We sought a referendum for debt servicing. As you know, most taxes are voted down today. This one was voted down, as well.

Even in the light of this setback, we continued to make plans for a hospital in the faith that the people would see the need within the proper time period. So we continued to make plans.

In 1972, we reorganized our effort and chose to go the sales tax route. We got 66 percent of the electorate to sign a petition for our legislature to impose a sales tax for debt service to build a \$4,000,000 hospital.

Since that time, primarily due to inflation and additional regulations to obtain medical care and medicaid and major insurance carrier benefits, this hospital will now cost \$6,500,000.

We are now constructing this hospital, and we should be opening this in January using interim financing. This is because permanent financing cannot be obtained, due to a lack of debt service and the instability of the bond market.

We have \$400,000 for debt service. To go to the private bond route, we need \$625,000. We turned to Farmers Home for a loan, and were turned down. This is a county hospital. My Commission appoints all board members. It is located on county property. Physically, it is inside a municipality. This is the largest municipality in our county. It has 12,680.

Ninety percent of our community's economy is agri-related, based on rural aspects of making a living.

In fact, the chairman of the County Commission came out of the chicken house before leaving to come up here this morning. I could show you some proof.

Basically, we in the South and the rest of the Nation believe that the Government should help people. We believe this should be done when they have done their very best and have gone their limit. I believe that our people have.

We have imposed a tax on our people which has been willingly accepted. And yet, because of the technicality of interpreting the Rural Development Act of 1972, Farmers Home Administration was unable to give us a loan due to a technicality.

I have said that we should be going into the hospital in January. However, in January we may go broke because of not being able to get financing.

Mr. Chairman, in our area, doctors are usually located near adequate facilities. I would take myself as an example. If I want to go to a doctor, I would have to go to Birmingham. This is approximately 70 miles from my home.

I would have to miss a full day's work to go to see a doctor. I would have to spend approximately \$20 for automobile expense and have a meal away from home. This is simply due to the fact that doctors are located where the facilities are. They are located in urban areas, and they have high expenses. Therefore, the doctors' fees are higher than they would be out in rural areas.

It would take almost a week's salary for me to go see a doctor.

Generally speaking, rural people are older and somewhat poorer and at a lower income level than the national average.

Because of this, many of our people would have to go lacking for good medical service.

Since I am on the Commission, this is only one aspect of the things that I have to deal with. I am involved in housing for the poor, and creating water lines for rural areas, but recently I was discussing housing with Dr. Roland Byrd who is with the research department of the USDA.

He was telling me about the 1974 Housing Act where you take care of this 10,000 to 50,000 gap in population areas. The 1974 Housing Act allows the Secretary of Agriculture and the Secretary of HUD to sign off on these kinds of communities.

I asked him how many communities this included. He responded that was about 850 communities.

However, only 350 of these communities are located outside of SMSA's. SMSA's are generally near large metropolitan areas that already have adequate medical facilities available. SMSA's are standard metropolitan statistical areas.

We are really talking about 350 communities across our Nation. If

you are more specific about it, you would find there are only about 17 or 19 communities in my shape that are in dire need of medical help.

Some of the criticism that I have heard in my efforts in trying to get the Senate bill before a vote is that this would take away funds that are for the very rural areas.

Basically, I feel that you have got to have a community of more than 5,000 before you could have any kind of medical commitment for a medical facility.

We are talking about only 2 percent of the money that would go into these 350 communities. Now we are talking about 17 or 18 communities that very severely need a farmers home assistance.

Thank you, Mr. Chairman. I appreciate the opportunity to come today.

[The attachments referred to are held in the subcommittee file.]

Mr. ROSE. Mr. Harbison, I apologize to my colleagues for the confusion that appears in the agenda of witnesses. Mr. Harbison is listed as a witness to testify for H.R. 7159, when, in truth and in fact, his testimony is in support of H.R. 6332 which is a bill that was previously before this subcommittee.

It was introduced by our colleague, Mr. Hughes, of New Jersey, along with Congresswoman Millicent Fenwick.

We are glad to receive, sir, your testimony as representative of NACo, and as chairman of their rural development subcommittee in support of Mr. Hughes' proposition. We will welcome him, and possibly other witnesses that he may bring with him later in the testimony today.

We did understand that you have a time problem and we are trying to accommodate that.

I want to emphasize this one statement that you made about H.R. 6332 or 7849, as you pointed out—whichever number you choose. This statement you made regards adding "and community medical facilities" in the Consolidated Farm and Rural Development Act. You observed that doctors are located near adequate facilities.

Maybe you will think this is a bad pun, but, being an old chicken farmer, can you tell us which comes first, the chicken or the egg? Do you get doctors in an area and then provide them with the medical facilities?

Or, from your vantage point in NACo and from your vantage point as commissioner in the county of Cullman, Ala., do you see that it is necessary to make medical facilities available first, and then the doctors come along later?

Which is the case?

Mr. HARBISON. I can give you an experience from my own county.

In 1972, we had very few doctors. I am sorry to say that some of those who would come to locate in our county were running from two or three wives. They would locate in our town because they could get away from the subjects I spoke of.

When we started building our hospital, and showed to the doctors that we were going to build a facility that was adequate for them to work in, we had six or seven doctors come into our town in 1 year.

If we can ever get out of this mess, we have on the drawing board a clinic for doctors to work in. We can get 26 doctors for that.

They want to get out of the hustle and bustle of the city. They want to come to a nice setting like the county of Cullman.

People want to use areas like Cullman rather than going to areas such as Birmingham, except on more technical and specialized needs.

This will help our energy situation, too. If I need to see our doctor, and the doctor was in Cullman, I could take off 2 hours from work and go see that doctor. I would do that before I got too sick to go to the hospital.

As it is now, to go to Birmingham requires a whole day. I think you have to provide a facility, and then the doctor will come.

You can offer him pay, or you can offer him country club membership, and so on. If he does not have a nice atmosphere to work in, then he will turn thumbs down.

We have wined and dined and done everything else for doctors and we could not get any. When we showed them our facility, then they came.

Mr. ROSE. Mr. Harbison, we thank you for your testimony.

Are there any questions from members of the subcommittee? Or do you wish to reserve your questions for Mr. Hughes, when he comes?

Mr. BEDELL. Could you tell us how much of your medical facility would be for persons living outside the corporate limits of your community? What is the size of your community?

Mr. HARBISON. The county is 50,000, and the town is 12,680.

We serve approximately 100,000 persons.

Mr. BEDELL. Do you know, for the facility that you are talking about, what percentage of the people it would serve would be outside of the corporate limits of your 12,000-person community?

Mr. HARBISON. Only 25 percent live in the corporate limits.

Mr. ROSE. Thank you very much for your testimony. If there are no other questions, you will be excused.

At this time, I would like to go back to testimony on H.R. 7159. This is Mr. Alexander's proposition.

I would like to ask the three administration witnesses: Dr. Bostic, Dr. Sturt, and Mr. Morrisroe.

Will you come forward, please?

Mr. MARTIN. I am Porter Martin, and I have a 3:10 p.m. flight out of National, and I would like to give testimony at this time.

Mr. ROSE. Yes, sir. You may certainly come forward and give your testimony at this time. We may not see you again, but we are happy to have your testimony at this time.

If you are trying to make that kind of schedule, you will have some difficulty, but we are glad to hear from you.

Mr. MARTIN. I will also submit a statement for the record.

Mr. ROSE. Without objection, it will be accepted.

STATEMENT OF PORTER MARTIN, DE KALB, ILL.

Mr. MARTIN. I would like at this time to make some very brief remarks.

Mr. ROSE. Please proceed.

Mr. MARTIN. I am Porter Martin from DeKalb, Ill. For the last 5 years I have been a concerted services and training education coordi-

nator. I have been working in a multicounty area in north central Illinois.

Our responsibility, as coordinators in the local community, as I am sure many of you know or have gleaned from Mr. Alexander's testimony, has been in a sense to coordinate the program, whether they be State or local or Federal, that are currently in existence. Further, we coordinate the efforts of local people—people living in these communities that we are serving.

We are attempting to get things done to make living in that community that much better for those people and that much more desirable for those people.

Our responsibility has been one of coordination. To a large extent, the success of our particular program has been because we have not been necessarily alined with any given agency—be it at the Federal or State level.

As has been commented on, we have been working with the Federal task force. We have had the resources of that task force, as well as local resources, and regional resources, and State resources. This has helped us to function and get the job done back home.

It is no secret, I guess, that in rural areas, many people are discouraged. They are discouraged about the lack of educational opportunities, about housing, and about many other kinds of social and cultural activities and opportunities that exist in other areas.

Thinking is negative—very negative, in some cases. Our work has been to try to get local leadership and encourage people to do things on their own.

Probably more than anything else, when the evaluation that is currently going on of the concerted services program in the United States is finally put down and analyzed, this will be the greatest single strong point of that particular program.

You have heard the comment, I am sure, that is posted over the roadway leading from the USDA south building and the administration building. It has been quoted so often by Dr. Knapp.

It is, "What a man hears, he may doubt. What a man sees, he may possibly doubt. But what a man does for himself, he cannot doubt."

That, of course, is what we are trying to do with the concerted services approach. We are trying to encourage local people to utilize whatever resources are available to solve local problems.

As Dr. Niebuhr has commented, "We must have the courage to change what can be changed, the strength to accept what cannot be changed, and the wisdom to know the difference."

I have worked in the DeKalb, Ill., area for the last 5 years. We have been trying to improve the economic opportunities for the local people, medical care, health care, recreation, and so on. We, as concerted services coordinators, put our efforts into helping local people.

I can sit here for the rest of the day, I suppose, and talk about the successes we have had in building the new hospital that will be dedicated on the 30th of November.

We have a new mental health institution that is currently under way. We have an ambulance service that services a multicounty area where there were virtually no ambulances serving in the past.

We can talk about a new park and lake that concerted services was very involved in doing preliminary studies on. There have been 600

new jobs brought about in part by the efforts of the concerted services team in developing a development organization which purchased property, developed it, went out and solicited business, and today there are 600 new people involved in our community.

We have helped to work through sewer and water applications.

It is one thing for local people to know that there are State or Federal programs available. It is entirely different to help them work through the applications and redtape at the State, regional, and Federal level, in order to make those programs materialize into workable solutions to problems that exist in rural communities.

That, again, is part of the responsibility of concerted services people.

We have, in a sense, been practicing the art of the possible. Many people have thought that this was impossible at any particular time.

We cannot help but feel that the Congress, at a time when dollars are quite obviously tight, and the administration is saying, "No more new spending programs," the emphasis should be even greater on the encouragement of programs that do have a low-cost-to-benefit ratio.

I think concerted services meets that objective very well.

I thank the chairman very much.

Mr. ROSE. Thank you, Mr. Martin. We hope you make your plane, and we apologize for causing you any scheduling problem. Thank you for being here.

I think Mr. Breckinridge wants to ask you a question.

Mr. BRECKINRIDGE. I am very happy to hear what you have to say.

I wonder if you could explain to me, Mr. Martin, the relationship between the concerted service activities in the area where you are operating, and the community services activities, if they are in your area of operation. How do you coordinate your efforts?

Mr. MARTIN. Could you please define for me community services? Are you talking about rural development or State efforts, or what?

Mr. BRECKINRIDGE. I am having some difficulty sorting out your duties and responsibilities under concerted services and community services activities under the Community Services Act.

I wonder what the interrelationships are, if they are in your area? I do not know how close you are to where they are in your area in Illinois.

Mr. MARTIN. We have no one serving in that capacity in Illinois. We do, however, have people out of the Governor's office who have the title community service director. They serve a 20 or 25 county area. They do somewhat the same kind of thing we do. They serve as a broker of State programs.

As I mentioned, it is as true at the State level as it is at the Federal level: Just having a program available that may be a solution for that particular community or organization to solve its problems does not mean that that problem will eventually be solved by that program.

Our responsibility has not stopped with just defining or reiterating what is available.

We, however, work with the local people to develop a program, or proposal, if you will, to be submitted to the State or Federal Government for funding.

We will carry the thing all the way. We are the leg men. We try to follow through from beginning to end.

We do the things in rural areas that assistants to mayors do in larger communities. Aides to Governors do that at the State level.

Most of our smaller communities do not have paid city staff. The mayor may be the mailman or a painter.

Mr. BRECKINRIDGE. This is what I am trying to get at, Mr. Martin. This is what "Community Services" does. Their functions are broadly similar to yours.

Mr. Chairman, if I might, I would like to ask that the record be left open at this point in order that Mr. Martin might pursue this further. When he gets back to Illinois, he can look into it.

Mr. MARTIN. I will be happy to do so.

Mr. BRECKINRIDGE. There are 900 or so of these disbursed around the 3,000 or so counties in the Nation. The relationship should be a very close one.

Mr. MARTIN. I would like to make one additional comment about that. I tried to briefly hit on this a moment ago.

One of the strengths of our program is that we are not competitive with any other agency or any other organization which currently serves local communities.

We have no bag of dollars. We have no bag of programs that are furnished to us by any given agency or organization. We are out there to pull together the resources that are available to anyone.

When I attempt to work with the Department of Labor or the Health, Education, and Welfare, or local units of Government—whether they be at the State or city or county level—the only way I can do that is not through clout, but through persuasion and honest effort to bring about the best utilization of the resources—whether they be technical or financial or otherwise—that we can possibly get.

I am not a representative of the Government, Governor, nor a representative of the Federal extension service nor of the local Department of Labor, or manpower office, or whatever it happens to be.

I am a member of the local community who is knowledgeable about programs that exist within the Department of Labor or the extension service. I say, let us pull a little bit from each organization, and you and I bend our backs here at the local level to make things work.

Believe me, they do.

Mr. BRECKINRIDGE. Would you please get in touch with the fellow at the State level who says that he is in charge of community service activities and ask him to advise this committee how he coordinates those activities, which are also federally funded, with your activities? I would consider that a great favor.

Mr. MARTIN. We work very closely with these people all over the State of Illinois. I also work with them in other States, and I have seen them work in other States. I will certainly do that.

Mr. BRECKINRIDGE. Thank you.

Mr. ROSE. Thank you, Mr. Martin.

We will excuse you now.

Mr. MARTIN. Thank you.

Mr. ROSE. I would now like to call Dr. James Bostic, the Deputy Assistant Secretary of Agriculture for Rural Development of the U.S. Department of Agriculture. He is accompanied by Dr. Walter Guntharp, Administrator of the Rural Development Service, USDA; and Dr. George Hull, Associate Administrator, Extension Service, USDA.

Would Dr. Daniel W. Sturt, Director of Rural Manpower Services of the U.S. Department of Labor, and Mr. Barry Morrisroe who is the Director of the Office of Rural Development, Office of Human Development, U.S. Department of Health, Education, and Welfare please gather at the table? I would like to hear your testimony in order, and then we can question you as a panel.

Dr. Bostic, we welcome you back before our committee. We know that you are laboring hard at the helm in the absence of the Assistant Secretary who is now departed and gone on to other pursuits.

We always welcome you here before this subcommittee.

Dr. Bostic. Thank you, Mr. Chairman.

I would like to make one comment with regard to what Mr. Harbison said about H.R. 7849.

I am very familiar with the Cullman County situation. He made reference to the fact that, through a legal interpretation of a technicality, the Department was denying assistance to Cullman County.

I would like to point out that the city of Cullman has a population of more than 12,000 persons.

The law in the Rural Development Act of 1972 provides that we can make community facility loans in communities of 10,000 persons or less. The city of Cullman, by definition under the law, is ineligible.

Since it is a county hospital, the county has deannexed a city block in downtown Cullman. They now consider this block to be the county of Cullman. They deannexed it from the city. The block in downtown Cullman has the county hospital located on it. They wanted us to give a legal interpretation that the hospital was a county hospital, even though they had deannexed a city block to the county to try and make the project eligible. They wanted us to make a loan under these circumstances.

I reviewed this matter with our people and I said, "Under no circumstances will we violate the letter or the spirit of the law to make a loan in a town with a population greater than 10,000 where they deannexed one block in an attempt to make the project eligible."

I think the record should show that we were offered an impossible situation to begin with. Later on we will discuss our position on H.R. 7849.

STATEMENT OF JAMES E. BOSTIC, JR., DEPUTY ASSISTANT SECRETARY FOR RURAL DEVELOPMENT, U.S. DEPARTMENT OF AGRICULTURE

Dr. Bostic. I appreciate the opportunity to appear before you to discuss the Department of Agriculture's position on three bills which, in various ways, would bear on rural development and job creation in rural America.

The first bill, H.R. 7159, would amend the Rural Development Act of 1972 by adding a new title to establish a task force within the U.S. Department of Agriculture to be known as the concerted services in training and education task force. The task force would include representatives of the Department of Health, Education, and Welfare, the Department of Labor, and the Department of Agriculture.

The purpose of the task force is to assist Federal Departments and Agencies to assess the problems of rural America relative to economic

development of natural and human resources, conduct assessment of resources and requirements of the Nation, and participate in the establishment of rural development goals.

In addition, the task force would develop new and continue existing demonstration projects in cooperation with State and local governments to resolve occupational education problems, identify employment opportunities, and develop ways through which rural communities can provide education to assist residents of such communities to become employable.

The task force would be involved in approving applications for demonstration projects for State and local agencies, evaluating such projects, and serving as a clearinghouse to bring certain local problems to the attention of appropriate Federal Agencies. In addition, the bill provides that a special advisory committee be established to advise the task force with respect to carrying out its functions. The committee would include one representative each from the Department of Commerce, Department of the Interior, Department of Housing and Urban Development, Department of Transportation, and the Community Services Administration.

We do not oppose the continuation of CSTE which we recognize to have provided an excellent service in many of the areas in which it operated. However, the present CSTE interagency task force has been successfully operating for 10 years under an Executive order.

We do not believe that reconstituting a limited form of the task force in law—which would be the effect of H.R. 7159—would make significant improvements in its performance. We also do not believe that given the authorities and funding already available through the Comprehensive Employment and Training Act, CETA, of 1973, as amended, new funding is needed for CSTE activity.

CETA provides a flexible, decentralized system of State and local employment and training programs.

Funding of many CSTE projects has already been taken over by CETA sponsors; other projects are funded by the U.S. Employment Service and our Extension Service. For these reasons, our recommendation from USDA is that H.R. 7159 not be enacted at the present time.

The second bill, H.R. 7860, would amend the Rural Development Act of 1972 by adding a new title VI—Rural Conservation Employment Projects. The Secretary of Agriculture would be authorized to employ unemployed rural residents to carry out rural conservation employment projects on lands and at facilities within the National Forest System and on other lands or at other facilities under his administrative jurisdiction. The Secretary would also be authorized to extend the employment program to lands and facilities owned by States and other non-Federal governmental units and to lands in private ownership by accelerating selected existing cooperative programs. All provisions of the new title would apply only within areas of substantial unemployment, as defined therein. There would be an annual authorization of \$40 million for Federal projects and \$120 million for cooperative projects during fiscal years 1975 and 1976. Funds would remain available through the following fiscal year.

We are deeply mindful of the problems and the opportunities facing the people of rural America and we are seriously concerned about the

unemployment problem in the rural sector of the economy. Yet, we feel that H.R. 7860 should not be enacted.

Viewing the unemployment problem in the context of the economy as a whole, we note that the recession has bottomed out and that an economic upswing is underway. Substantial and increasing reductions in the inventory of goods are now accompanied by increases in orders for new production. While we recognize that the Federal Government has an important role in providing some emergency type jobs during periods of high unemployment, we believe that primary reliance should be placed on the private sector for the long-term solution in both rural and urban areas. The administration has followed this philosophy throughout the recessionary period and has supported policies designed to stimulate the economy so as to provide lasting employment in the private sector. This course appears to be working.

During the 1970-73 precessionary period, rural America was making great economic progress. The rate of increase in new manufacturing jobs in rural areas was twice as high as the metropolitan rate. The rate of increase in new construction in rural areas was $3\frac{1}{2}$ times the metropolitan rate. Housing starts per thousand population were higher in rural areas, and the 4-year period beginning in 1970 saw a substantial net migration of the population from the cities to the rural counties.

We see no reason why recovery from the recession will not result in a continuation of the 1970-73 rural growth phenomenon. If so, the private sector will produce the employment needed. Enactment of H.R. 7860 would have the possible effect of providing short-term Federal employment at the expense of permanent private employment.

In recognition of the Federal Government's role to provide some emergency employment, there are already several established Federal programs and mechanisms that are helping both the urban and the rural unemployed. Primary among these are activities authorized by the Comprehensive Employment and Training Act, CETA of 1973, as amended. As stated earlier, CETA provides a flexible, decentralized system of State and local employment and training programs. The President's budget for fiscal year 1976 includes almost \$3 billion to maintain over 300,000 public service jobs under CETA programs during fiscal year 1976. We defer to the Department of Labor for a more detailed discussion of this program, but it appears to us that enactment of H.R. 7860 could be undesirable because it would superimpose a program designed to serve one segment of the population over the coordinated CETA programs that serve all areas of the country.

Finally, enactment of H.R. 7860 could increase Federal outlays by an additional \$160 million in fiscal year 1976. This would add to inflation and remove potential capital from the private sector, thus weakening the Nation's main source of permanent employment.

The third bill, H.R. 7849, proposes to amend section 306(a)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(7)) by inserting "and community medical facilities" immediately after "private business enterprises." The intent of H.R. 7849 is unclear. Community medical facilities are considered private business enterprises for purposes of section 310B of the act and loans for such facilities are authorized to be made or guaranteed under that section

in rural areas and towns of not more than 50,000 population. Loans for community medical facilities are also authorized under section 306(a) (1) of the act as essential community facilities in rural areas and towns of not more than 10,000 population. But the change proposed by the bill does not affect the rural area definition applicable to section 306 (a) (1).

In view of the above, we do not believe the bill, if enacted, would change existing authorities for making or guaranteeing loans for community medical facilities, and, therefore, see no advantage in, or necessity for, its enactment.

If H.R. 7849 is intended to enlarge the definition of a rural area from the current 10,000 population to towns up to 50,000 population for purposes of community facilities loans under section 306 (a) (1) we would also be opposed to the legislation.

The business and industrial loan authority contained in section 310B(a) of the Consolidated Farm and Rural Development Act of 1961, as amended, already applies in areas or communities up to 50,000 population. It is the view of the Department that communities exceeding a population of 10,000 are, as a general rule, able to marshal the resources required to secure such loans if their priorities warrant such decision.

In opposing the enactment of H.R. 7849, we believe adequate resources presently exist to meet the needs of many communities and areas between 10,000 and 50,000 population that are in need of new or improved medical facilities.

I appreciate this opportunity to outline our positions on these bills. Representatives of each agency having a specific interest in the three bills are present and will assist in answering any questions you may have.

Mr. ROSE. Thank you, Mr. Bostic.

We have a vote on the floor of the House at this time.

Rather than going into any further testimony or questioning, I would like to ask you gentlemen to excuse us for a very brief period.

[Short recess taken.]

Mr. ROSE. I would like to resume these proceedings at this time.

We will resume with the panel of Administration witnesses. We would like to ask you to remain at the table for questioning when all of you have completed your testimony and statements.

I would like to ask Dr. Daniel W. Sturt to make a statement at this time.

STATEMENT OF DR. DANIEL W. STURT, DIRECTOR, RURAL MAN-POWER SERVICES, U.S. DEPARTMENT OF LABOR

Dr. STURT. Mr. Chairman and members of the subcommittee: I appreciate this opportunity to appear before you to discuss H.R. 7159, a bill introduced by Congressman Alexander, which would authorize in law and expand the concerted services in training and education (CSTE) and related demonstration programs.

First, let me say that the Department of Labor recognizes the special manpower needs of rural areas. I would like to briefly review some of our efforts to meet those needs.

CETA PROGRAMS

As you are aware, most employment and training programs administered by the Department are now authorized under the Comprehensive Employment and Training Act of 1973 (CETA). Under CETA titles I, II and VI, the initiative for planning and implementing these programs has shifted to local governments and States, for balance-of-State areas. These governmental jurisdictions, or prime sponsors, receive funds based on the formulas set forth in CETA. The formula distribution of funds has had the effect of shifting proportions of funds from the central cities to the suburbs and balance-of-State areas. It avoids the problem of "grantsmanship" that in the past has placed nonurban areas at a competitive disadvantage in obtaining funds.

While the distribution of CETA funds within a prime sponsor's jurisdiction is determined by the prime sponsor, Department of Labor regulations require that prime sponsors consider the relative number of unemployed persons in areas within their jurisdiction in allocating these funds. Furthermore, State prime sponsors have a special responsibility for providing satisfactory arrangements for serving all geographic areas under their jurisdictions that are not served by other prime sponsors. States are specifically authorized to provide financial assistance "for special programs and services designed to meet the needs of rural areas outside major labor market areas."

There are other rural efforts by the Department that have significantly expanded under CETA. Particular note should be given to the establishment of an Indian manpower program under section 302 of CETA. In addition to public service employment funds available for Indians, the Manpower Administration provided about \$52 million in fiscal year 1975 under section 302. Most of these funds will serve rural Indians.

Under CETA section 303, we have established a program for migrant and seasonal farmworkers with an increased funding level in fiscal year 1975 of more than 50 percent above fiscal year 1974—from \$40 million to nearly \$63 million—with the same higher level projected for fiscal year 1976.

EMPLOYMENT SERVICE

Since 1972 the employment service began a consolidation process which has been pointing to an integration and increase of services at the local level in rural areas. Such consolidation is aimed at offering the complete spectrum of employment services to rural workers and employers and at providing sufficient resources to accomplish the objective.

In this effort to provide greater access to employment services in rural areas, employment service man-years in rural counties have increased 10 percent from 1970-75. This was during a period when total employment service man-years remained constant or even slightly declined. The increase in man-years, plus the reorganization of some servicing units to coincide with functional economic areas with outreach into smaller communities, has had a positive impact on improving both the quality and quantity of available employment service.

CONCERTED SERVICES IN TRAINING AND EDUCATION

I would now like to discuss the concerted services in training and education program, which is the subject of the proposed legislation under consideration today. Concerted services in training and education is a cooperative Federal, State, and local venture. It was conceived as a demonstration effort to improve small communities and rural areas by demonstrating that education and occupational training, in conjunction with economic development activities, can significantly increase employment opportunities; and that educational and occupational training efforts, with local involvement, will develop local leadership, individual dignity and initiative, and community awareness.

Let me begin by saying that the Department of Labor endorses and supports the CSTE approach. The concerted services in training and education program, in spite of its limited application, has brought about significant economic changes in several rural communities. Through efforts in program planning and implementation, many remote areas are now enjoying an economic recovery which emphasizes the effectiveness of community cooperation and interagency resources allocation. While we, at the Department of Labor, are primarily concerned with the development of human resources, we are acutely aware that such a process does not occur in a vacuum, and that the creation of jobs through economic revitalization, such as the CSTE program addresses, is a most necessary step.

THE HISTORY AND PURPOSE OF THE PROGRAM

The history of this program goes back many years. In October 1959, President Eisenhower issued an Executive Order No. 10846 creating a Committee for Rural Development Program. The committee was responsible for providing leadership and policy guidance to Federal agencies involved in rural development and for encouraging cooperation at the State and local levels in carrying out federally funded rural development programs. This committee was replaced by a Rural Development Committee in 1963, under the authority of Executive Order 11122, issued by President Kennedy.

The Executive orders were prompted by the large number of rural people who had not equitably shared in the economic progress of the Nation. This rationale was that utilization of Federal resources, in cooperation with State and local governments, could rectify many rural problems. The overall strategy was to identify existing needs and to assist in their alleviation through a series of concerted actions.

Based on the RDC's proposal, an 18-member interdepartmental task force was appointed in 1965, representing as many different education, training, and job-development programs. It was drawn from the Department of Health, Education, and Welfare; Labor; Agriculture; Commerce; Interior; and Housing and Urban Development; the Office of Economic Opportunity; the Small Business Administration; and the Regional Commissions.

The CSTE task force continues to function today under Executive order authority. The task force is headed by an executive committee

composed of representatives of the Departments of Agriculture; Labor; and Health, Education, and Welfare.

A major function of the 18-member task force is to plan and coordinate concerted services programs at the Federal level. In its early meetings, the task force recognized the urgent need of rural people for more education and training. It was especially concerned about the 3 million rural residents who had less than 5 years of schooling, the approximately 19 million who had not completed high school, and the fact that only about half as many eligible rural youth, as compared to urban youth, were getting vocational education, occupational training, or going to college.

Although some progress was being made in providing training opportunities for rural residents through the newly established education and manpower training programs, the proportion of rural participation was still less than half that in urban areas. It was recognized that undereducated rural residents, like their urban counterparts, could become an economic burden on the community unless their educational deficiencies could be remedied and they could become employable.

The task force selected three States for pilot projects—Arkansas, Minnesota, and New Mexico—from among those with a high incidence of disadvantaged workers in their rural areas. The Governors of these States, responding favorably to the request that they cooperate in the pilot effort, appointed committees responsible for site selection. With the enthusiastic support of county leaders, the three projects were implemented in 1965. The encouraging results of these early efforts led participating States to request project expansion, while other States rapidly sought to be included in the program. Thus, the growth pattern was established. From the initial 3 project areas, the program expanded to encompass 19 projects in 13 States in fiscal year 1975.

THE CSTE OBJECTIVES

The following are the objectives for the CSTE program, which were developed by the CSTE task force:

One: To develop general operational patterns for concentrating all of the available departments and agencies and available resources on the alleviation and ultimate solution of occupational education problems, and, as necessary, on the health, welfare, socioeconomic, and related problems of those residing in the pilot communities.

Two: To identify existing and potential employment opportunities and occupational education programs available to youth and to adults who are unemployed or whose income is insufficient to maintain a respectable standard of living.

Three: To develop ways in which these rural communities can provide educational guidance and other services needed to help people become employable and secure employment. This would include development of plans for: (1) increasing basic educational skills; (2) improving general conditions of health and correcting physical conditions; (3) improving appearance and personal characteristics; (4) providing vocational counseling; and (5) developing occupational competency.

Four: To demonstrate that occupational education programs, in conjunction with other economic development activities, can significantly increase employment opportunities.

Five: To demonstrate that a concerted occupational education effort, based on local involvement, will develop indigenous leadership, individual dignity, initiative, and community awareness resulting in continuing community development.

Six: To determine the relationship of the traditional education and occupational patterns of people in the communities to their present and emerging needs and make recommendations for necessary adjustments.

IMPLEMENTATION

This is how the program has operated in carrying out these objectives: In each area, a local coordinator was employed to work with community leaders and officials of local, State, and Federal agencies. He helped to identify manpower needs and bring together the available resources to meet them.

The coordinators were local residents, well trained, with a good knowledge of the people and their problems, and an ability to work well with people. They had varied background experience—education, agricultural extension, manpower utilization, journalism, and community development. The Washington liaison between the coordinators and the participating agencies has been supplied by the U.S. Department of Agriculture. However, several Federal agencies assumed responsibility for paying their salaries and other expenses.

To keep coordinators abreast of changes in Federal programs, semi-annual conferences have been held in which representatives of the cooperating agencies participate.

In demonstration areas, a manpower inventory was usually conducted by the State employment service. Data were gathered on training, interests, needs, and job opportunities to provide a factual basis for full development of the concerted service programs. A plan was worked out, and the ongoing programs of the Manpower Administration, Labor; Office of Education, HEW; and the Office of Economic Opportunity, OEO—now the Community Services Administration, CSA—provided the training to meet the needs of the area.

Mr. Chairman, rather than taking up the committee's time by reviewing in depth the results of the CSTE program, I will turn directly to the current status of the program and then discuss H.R. 7159 itself.

CURRENT STATUS OF THE CSTE PROJECTS

In fiscal year 1975, there were 19 CSTE projects in 13 States and Puerto Rico, serving 49 counties. These projects were funded by the Departments of Agriculture; Labor; and Health, Education, and Welfare. In October/November 1974, States with CSTE projects were notified that for fiscal year 1976, the Department of Labor would no longer fund the projects out of the national account. It was explained that while the Department had in the past established and proven local models for the delivery of services to rural areas through federally controlled discretionary funds, in accordance with the thrust of decentralizing responsibility for planning and operating manpower programs, their continued funding would now be within the discretion of CETA prime sponsors. Whereas in the past manpower delivery service models were restricted to selected States under discretionary national office funding, they would now be available to all States at the discretion of balance-of-State prime sponsors under the provisions of the CETA legislation.

We are pleased to report that many of the projects formerly funded by the Department of Labor directly from Washington have been picked up by State prime sponsors, using CETA funds. In addition, other projects are now being funded by Employment Service State grants, and by the U.S. Department of Agriculture's extension service. For the committee's information, a status report on the individual CSTE projects is attached to my statement. I would be pleased to try to answer any questions that you may have concerning the status of the individual projects.

At the present time, an evaluation of the CSTE demonstration program is being conducted by the Department of HEW. We intend to cooperate with the Department and the Department of Agriculture in the evaluation and get any information developed to the CETA prime sponsors so that they may determine whether similar projects should be undertaken in their area.

H.R. 7159

I would now like to turn to the bill under consideration, H.R. 7159. The bill, which would add a new title to the Rural Development Act, would put into law and expand the CSTE program. Related, although unspecified, demonstration projects would also be authorized. A 3-member CSTE task force—composed of representatives of the Departments of Agriculture; Labor; and Health, Education and Welfare—would replace the present 18-member task force. However, the task force would be assisted by an advisory committee with representatives from five other Federal agencies with rural interests. The bill would authorize appropriation of \$4.5 million for fiscal year 1976. These funds, which would be administered by the Department of Agriculture, would be used both for the expense of the task force and for salaries and expenses of CSTE project coordinators.

As I said earlier, the Department of Labor supports the CSTE approach. However, we have serious reservations about the bill under consideration today.

We favor the concept of promoting the coordination of rural services funded by various Federal agencies and departments. However, the interagency task force has been successfully operating for 10 years under the authority of an Executive order. Executive Order 11037, dated October 4, 1966, and entitled "Coordination of Federal Programs Affecting Agriculture and Rural Area Development," constitutes the authority for the present CSTE task force. Under the Executive Order, a copy of which is attached to my statement, the Secretary of Agriculture is vested with broad authority for coordinating Federal programs in rural areas. We do not feel that establishing the CSTE task force in law, and defining its membership and functions, would make the task force necessarily more effective. In fact, it might even impede the effectiveness and remove some of the flexibility of the task force.

We have a number of reservations regarding the wisdom of establishing statutorily the CSTE program.

First: I would again point out that CSTE was established as a demonstration program. We feel that its effectiveness has been demonstrated and that the funding of the projects should now be picked up by the States. As I indicated earlier, States now have both the authority

and the manpower funds under CETA to pick up CSTE and related demonstration projects. Of course, each State and local government prime sponsor must determine its individual priorities and projects to fund, based on the needs of areas within its jurisdiction.

Second: Funding the CSTE program on a national categorical basis may even lead State prime sponsors to divert their attention and resources from rural areas. They may reason that, to the extent to which national programs such as CSTE are established to serve rural areas in their jurisdictions, they no longer need to assume responsibility for serving these areas.

Third: We feel that fixing this one program in law is unwise because it removes the flexibility to change the program as conditions change. Further, programs and projects established in law have a notorious tendency to continue, unchanged and inflexible, even when they have outlived the usefulness of their legislatively dictated design.

Fourth: We would point out that this bill runs counter to the basic thrust in the manpower program area. This reflected in manpower legislation passed by the Congress. That thrust is to decentralize funds and responsibility for manpower programs to those who are closest to the problems and to those who are in the best position to determine local priorities.

A final reservation about the bill concerns the funding of the program. While we defer to the Department of Agriculture regarding their funding of the present program, we do wish to point out that the funding proposed in H.R. 7159 is inconsistent with the administration's policy regarding increased Federal spending.

Although some person might regard the \$4.5 million as an insignificant increase over the current budget ceiling, the precedent established is contrary to the President's position regarding efforts necessary to combat inflation and restore a healthy balance to our Nation's economy.

Thank you for this opportunity to testify. I will be pleased to answer any questions.

[The Executive order referred to is held in the subcommittee file.]

CURRENT STATUS OF CONCERTED SERVICES IN TRAINING AND EDUCATION PROJECTS

State and area (counties) served	Funded by	Status
Arkansas:		
St. Francis, Cross Lee, Woodruff.....	ES/State grants.....	State supported.
Independence, White, and Stone.....	do.....	Do.
Minnesota: 16 counties.....	Extension/State/CETA.....	¾ funded for fiscal year 1976.
New Mexico:		
San Miguel.....	HEW.....	Discontinued.
Rio Arriba and Taos.....	HEW.....	Do.
Sandoval.....	HEW.....	Do.
Oklahoma:		
McCurtain.....	ES/State grants.....	State supported.
Cherokee.....	Labor.....	Discontinued.
Illinois: DeKalb.....	USDA/Labor.....	Do.
Montana: Musselshell.....	Western Regional Council.....	3 yr from fiscal year 1976-78.
Georgia:		
Bacon, Pierce, Atkinson, and Ware.....	Extension Service.....	Fiscal year 1976.
Peach, Crawford, Monroe Jones, and Twigg.....	USDA.....	Terminated June 30, 1975.
Nebraska: Seward, Saline, and Butler.....	Labor.....	Do.
Texas: 5 State projects.....	State/CETA.....	State supported.
Maryland: Garrett.....	Extension Service.....	1st 3 mos, fiscal year 1976.
Maine: Somerset.....	OEO.....	Fiscal year 1976.
South Carolina: Williamsburg.....	HEW.....	Discontinued.
Iowa: Jackson.....	State/CETA.....	Fiscal year 1977.
Puerto Rico: Islandwide.....	State/CETA.....	State supported.

Mr. ROSE. Dr. Sturt, we certainly thank you for your testimony. We would like to have you remain there so that we can question all of you gentlemen as a panel.

Mr. Barry Morrisroe, Director of the Office of Rural Development, we welcome you, sir. Do you have a statement?

Mr. MORRISROE. Thank you, Mr. Chairman.

I have recently been appointed Director, for the Office of Rural Development, within the Office of Human Development of HEW.

I am here this afternoon representing Mr. Stanley B. Thomas, Jr., the Assistant Secretary for the Office of Human Development, who was unable to attend as a result of a conflict in his schedule with the rescheduling of the time for this hearing.

Mr. Thomas has asked that I read his testimony.

**STATEMENT OF STANLEY B. THOMAS, JR., ASSISTANT SECRETARY
FOR HUMAN DEVELOPMENT, U.S. DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE; PRESENTED BY BARRY MORRISROE,
DIRECTOR, OFFICE OF RURAL DEVELOPMENT, OFFICE OF HUMAN
DEVELOPMENT**

Mr. MORRISROE. Mr. Chairman and members of the committee: I am pleased to have the opportunity to appear before this subcommittee today. I am here in response to your request to the Department of Health, Education, and Welfare for comments on H.R. 7159, a bill to amend the Rural Development Act of 1972 by adding a new title—title VII—Concerted Services in Training and Education Task Force.

I. BACKGROUND

The proposed legislation seeks to establish a permanent task force comprised of three members, one each from the Department of Agriculture, the Department of Health, Education, and Welfare, and the Department of Labor, to bring about a higher level of coordination between all Federal departments and agencies in order to achieve the maximum beneficial impact on rural area development.

As outlined in the bill, the functions of the task force are threefold: First, assessing the needs and problems related to economic development of natural and human resources in rural areas; second, assessing the interrelationship between Federal policies, programs, and activities and the present and anticipated resources and requirements of the Nation; and finally, participating in the establishment of national rural development goals. To carry out these functions, the task force would be authorized to develop new and continue existing demonstration projects which will concentrate Federal resources and efforts on the alleviation and solution of occupational education problems and related health, welfare, and socioeconomic problems of persons residing in rural America.

II. HEW'S HISTORICAL ROLE IN THE CONCERTED SERVICES PROGRAM

As you already know, Mr. Chairman, the program proposed in this legislation is analogous to the approach to rural development taken by the present concerted services in training and education (CSTE)

program which was authorized by Executive order in 1963. The authorization provided for a task force comprised of representatives of nine Federal agencies involved in rural development, to be headed by two cochairmen, one each from the Department of Health, Education, and Welfare and the Department of Labor, and an Executive Secretary from the Department of Agriculture.

The HEW cochairman has been and currently is organizationally located within the Office of Education, in the Division of Vocational and Technical Education. Until 1974, that organization funded the HEW share of the concerted services projects. Several years after the formation of the original interagency task force the Office of the Secretary was asked to provide a representative. That function has been located in offices having direct liaison with the Office of the Regional Directors of HEW. Since 1973, the Office of the Secretary has been represented by the Office of Rural Development which is under my jurisdiction.

III. THE CSTE CONCEPT

Conceived as a pilot cooperative Federal, State, and local effort to improve smaller communities and rural areas, concerted services in training and education was designed to demonstrate that education and occupational training, in conjunction with economic development activities, can significantly increase employment opportunities; and that educational and occupational training efforts at the local level will develop leadership capability, individual dignity and initiative, and community awareness.

From the original three sites funded in 1966, the CSTE program grew to 24 sites by 1972. At the same time, the original focus on vocational education and job placement in the community expanded to include coordination of a number of related community development activities determined by the needs and priorities of a particular locale. The CSTE coordinators, or local project directors as they might be called, became catalysts for and initiators of numerous other programs to help local areas to begin to develop their economic, natural, and human resources. Because of the extreme rurality of those projects and lack of local resources to support full-time efforts to plan, organize, and implement activities to benefit numbers of individuals and entire communities, the CSTE coordinators filled a significant gap. I think it would be fair to say that the very nature of the CSTE concept, the flexibility of the coordinators to address local priorities encouraged rural development in ways and areas that might not have happened otherwise.

In 1973, HEW through the Office of Rural Development began to think about various alternatives to keep the program alive. ORD believed that the flexible approach to rural development was and is a viable alternative for the solution of many of the problems facing residents of rural areas. However, the Department felt that in order to justify and/or encourage continuation and expansion of the program, it was necessary to try to measure the accomplishments of a sample of CSTE projects.

The only evaluation of CSTE was done for the three original CSTE projects by North Carolina State University during 1969. The result of that study is summarized briefly by the following statement. "This

project (CSTE) is long on ideas and dedication of personnel, low on costs, with benefits which appear to be highly promising." There has been no subsequent evaluation.

It is my pleasure, Mr. Chairman, to tell you that HEW is now funding an evaluation of the CSTE program. The purpose of the evaluation, as quoted from the request for proposal (RFP) is to answer at least seven basic questions.

1. Whether ongoing projects are meeting the initial CSTE objectives to promote developmental change.

2. Whether the initial CSTE objectives and project approaches are appropriate in terms of changing Federal policies such as the termination of certain categorical programs and the initiation of revenue sharing—vis-a-vis the Comprehensive Employment and Training Act of 1973 Public Law 92-203.)

3. Whether the CSTE approach is an appropriate mechanism for improving the provision of human services in rural areas.

4. Whether components of the CSTE program can be utilized in other efforts with similar or related objectives.

5. Whether the program in its present format should be continued or expanded.

6. Whether CSTE functions overlap with regular agency functions and what CSTE coordinators have done that regular agency personnel did not or could not have done.

7. Whether CSTE coordinators can be utilized as local-level consultants to DHEW and/or other Federal agencies in the development of national policy under the requirements of section 603 of the Rural Development Act of 1972.

Because the CSTE program is not really a program in the categorical sense, but rather it is a method that has been used in selected rural areas to demonstrate how coordination and integration of several Federal programs and agencies can affect the delivery of services to rural areas and small communities, the HEW evaluation is not attempting to assess the impact of CSTE in the pilot areas. Such a study would not only be long and complex but also it would produce marginal results since it would be difficult to if not impossible to distinguish between the impact of CSTE efforts and the impact of the programs which are being coordinated. Instead the contractor is using an in-depth process analysis. Three predominately clinical evaluation methods: subjective measurement; consultation; and participant-observation are being employed to analyze the CSTE "method" in three local areas. These methods are being used to answer the questions posed above and to provide information comparable to the previous evaluation performed by North Carolina State University.

A unique feature of this evaluation is the assessment of the decision-making processes at the Federal level which affect the policy and administration of the CSTE demonstration program. The focus is the interdepartmental task force. An important part of this component of the study will be the identification of specific information needs of Federal decisionmakers with regard to CSTE policy and program thrust.

The evaluation should give us a better understanding of how CSTE has worked in the past. It should help the task force improve its ability to coordinate among Federal agencies and give help to States

and localities in adapting the successful elements of CSTE to their needs.

The evaluation activities are being carried out in two phases. Phase I included a background review and decisionmaking assessment leading toward the final development of an evaluation design for phase II activities. Phase II includes the data collection process in three local areas, Minnesota, Batesville, Arkansas, and Iowa, data analysis, and reporting to the Office of Rural Development. The key product of the study is a final report which will incorporate major findings, conclusions, and recommendations for Federal decisionmakers and other interested parties. We anticipated receipts of the final report next February, and will be happy to furnish you and members of this committee with copies at that time. At this time, however, we would like to present you with a copy of the "Report on Phase I: Evaluation Design," for insertion into the record.

IV. HEW POSITION ON THE PROPOSED LEGISLATION

Although HEW supports the CSTE program, the Department cannot support this legislation for the following reasons.

First, the functions of the task force as outlined in H.R. 7159 are duplicative of activities that are mandated in existing legislation. The assessment of needs and problems facing rural residents in the function of the Rural Development Service of the Department of Agriculture as specified in at least two of the titles of the present Rural Development Act. The assessment of national resource requirements and their interrelationship with Federal programs and policies is the province of several agencies. Input into the establishment of rural development goals is and should be a legitimate activity for the CSTE Task Force, and would not be enhanced by the legislation.

Second, HEW does have reservation about the proposed structure of the task force and the advisory council. While we support the concept of maximum involvement of participating agencies, we do not feel that a rotating chairmanship is conducive to effective leadership and continuity.

Finally, Mr. Chairman, we would like you and members of this committee to know that the Department of Health, Education, and Welfare does support the concept of interagency coordination at all levels of government to achieve the maximum beneficial impact on the greatest number of people through effective utilization of limited resources. This concept is embodied in H.R. 9981 and S. 2489, the Allied Services Act of 1975. The purpose of the Allied Services Act is to encourage and assist States and localities to develop, demonstrate, and evaluate means of improving the utilization and effectiveness of human services through integrated planning, management, and deliver of those services in order to achieve the objectives of personal independence and individual and family economic self-sufficiency. Utilizing new cooperative arrangements and reorganization, and reassignment of functions at all levels in the system, the Department hopes to demonstrate and evaluate the effectiveness of the integrated approach to services delivery.

While no funds would be available under the Allied Services Act for direct support of concerted services coordinators, the concept em-

bodied in the legislation is similar to the approach of concerted services. Furthermore, the Department believes, and hopes to demonstrate through the Office of Rural Development's evaluation of the program, that CSTE coordinators can be effective local linkages for input into the planning and implementation of the provisions of the Allied Services Act. To the extent that CSTE is deemed effective, we are confident that the resources currently available under a variety of statutes, including CETA, coupled with the effective, flexible coordination at the Federal level, will accomplish the goals of the committee without the need for new legislation.

On behalf of the Department and my staff, I want to again thank you for the opportunity to appear here today to offer comments on the proposed Concerted Services in Training and Education Task Force.

Mr. ROSE. Thank you, very much, for your testimony. You indicated that you do have an evaluation study in progress at this time within HEW? I am referring to this concerted services program.

Mr. MORRISROE. That is correct.

Mr. ROSE. Do you have any interim findings from that study that you could submit to us for the record?

Mr. MORRISROE. Mr. Chairman, we do not have any interim findings at this point. What I have submitted for the record is an outline of the evaluation design.

As I mentioned, we will be prepared to submit to the committee the full findings of the contractor by February.

Mr. ROSE. In other words, your department has contracted out with a private contractor to evaluate concerted services in training and education?

Mr. MORRISROE. That is correct.

Mr. ROSE. And you have no interim materials that you have received or that you could get from your contractor to submit to us for the record so that we might be in a better position to make some decisions before the end of February?

Mr. MORRISROE. Mr. Chairman, the contractor made his first visit to a site about 11½ weeks ago. This was in Minnesota.

I had the pleasure of accompanying the contractor to look at this particular concerted services program. This was simply a testing of their evaluation design. They have not completed any findings at this time.

I think it would, therefore, be inappropriate to attempt to arrive at any findings at this point.

Mr. ROSE. May we have for our committee files this study plan that your contractor will be following?

Mr. MORRISROE. Certainly, Mr. Chairman.

Mr. ROSE. Gentlemen, I would like to get to some questions for you.

I would observe that you all seem to like the work of concerted services, but you do not like finding concerted services a new home under the great umbrella of the Department of Agriculture as a funding mechanism.

Would you each comment briefly, because we are again limited on our time, on how the coordination effort between your three departments works to this point in time, what kind of coordination have you had, and how have you made decisions about dividing up the limited funds that have been put out into these pilot projects?

Dr. STURT. I will speak first, as I have the microphone here in front of me.

The Department of Labor has a representative on the executive committee that is responsible for making certain decisions. This is Tom Royals.

Basically, it has been a question of finding funds that are available where there are proposals from various States that we have thought were attractive.

When the committee found a State proposal that they thought was deserving, they would scurry around and try to work through each of their departments to try to find funds.

I am happy to say that we were able to find funds, and some of the other departments were able to find funds as well.

Dr. BOSTIC. Mr. Chairman, as far as the Department of Agriculture is concerned, I think the coordination has worked very well.

We have had the fine support of HEW and the Department of Labor working with the program.

The Department has not had as many discretionary funds as the other two departments have had. However, we work very well with them and we all wholeheartedly endorse the idea of CETA funds and other discretionary types of funds being used for this purpose.

Mr. MORRISROE. Mr. Chairman, Health, Education, and Welfare thinks that the concerted services program is very unique. I am speaking in terms of the coordination at the Federal level. We feel that it has worked well. We support the continued coordination at this level for this type of program.

I would reinforce, however, the point that was raised earlier, and that was our opposition to the possibility of a rotating chairmanship. This would probably lead to diffusion and a lack of leadership.

Mr. ROSE. You are telling us that you like what you have been able to do under the umbrella of concerted services as it was created by an Executive order the way it was set up. You have, among the three of you, rather broad discretion to do things in response to that Executive order to help small towns and communities help themselves.

You like what has been done. The department of one of you has actually funded a study to evaluate it. However, when we in the Congress talk about setting up a permanent structure to continue the same thing through a legally constituted coordination effort that comes in the form of law from the Congress, rather than in the form of an Executive order, your departments oppose this new layer of authority or this new structure.

Isn't that generally what we are saying here?

Dr. BOSTIC. Mr. Chairman, we feel that this would establish a new bureaucracy. The Executive order has been very flexible. It has worked well between the departments. It has allowed an Executive order signed 10 years ago to be useful in 1975. There are not many things that we have that can stand the test of time and be that flexible, and so I think; yes, sir, we support the continuation of the Executive order. We think it is a good one, but we think the Executive order has provided a very flexible and effective means of doing this coordination.

Mr. ROSE. Gentlemen of the committee, I am sure you have questions. questions.

Mr. BRECKINRIDGE. I want to thank the gentlemen for their fine testimony.

At the outset, I would like to draw an analogy, if I might, with reference to the remarks of the gentleman who spoke last, Dr. Bostic.

I recalled an executive order that was in force and in effect in the Commonwealth of Kentucky for 25 years—namely from 1935 to 1960.

It purported to give the employees of that State a merit system, and it gave them absolutely nothing of the sort except an umbrella under which the executive could kick them about.

The fact that we have had a happy experience here for 10 years, as far as I'm concerned, means only that we might have an unhappy one very shortly, and that, that which has been found to work effectively under an executive order is strengthened by its reduction to a legislative process with the force of law.

Now, I would like to ask just one or two questions, if I might, to cut through the verbiage of what I have heard.

I am told that CETA is affording services that render unnecessary or at least in part unnecessary the measure proposed by Representative Alexander.

Am I incorrect in understanding that CETA is an emergency act?

Dr. STURT. Sir, CETA is not an emergency act; it is a comprehensive employment and training act. It was passed in 1973.

It makes funds available to prime sponsors and to States to provide manpower training and an array of related services. In each of the States there is a balance-of-State allocation made available to the Governor to provide funds for various kinds of manpower programs in rural areas.

It is these funds that are available on a competitive basis for concerted services funding.

Mr. BEDELL. Are you saying that was not an emergency act? Is CETA an emergency act?

Dr. STURT. No, sir.

Mr. BRECKINRIDGE. Very well.

With regard to that ongoing program, the resources available thereunder, in the view of the Department of Labor, are adequate to fund the program contemplated by the bill before us for consideration today?

Dr. STURT. I believe they are, that is, if the local people opt to use them for that. In other words, they may decide they want to use them for something else. This is what it is all about.

Mr. BRECKINRIDGE. I just heard the gentleman from the Department of Agriculture say they lacked the necessary discretionary funds to accomplish this.

Maybe I misunderstood him and what he is contemplating here. Do they have the discretionary funds available to the Department of Labor or HEW. Did I misunderstand that?

Dr. BOSTIC. Yes, sir, I was speaking for the Department of Agriculture. CETA funds are from the Department of Labor. CETA funds are the ones that are being used.

Mr. BRECKINRIDGE. Did I understand you to say that you lacked funds comparable to those that were available to HEW and that they are not sufficiently adequate to undertake the purposes of this bill

which we have under consideration which contemplates \$4,500,000 worth of programmatic effort?

Dr. BOSTIC. No, sir. What I said was that the Department has not had as many discretionary funds.

Mr. BRECKINRIDGE. Are you telling me that you do have the necessary funds to accomplish the \$4,500,000 worth of programmatic effort contemplated here?

Dr. BOSTIC. We are talking about a program that is for the entire executive branch.

Mr. BRECKINRIDGE. I am talking about the funds available to you in the Department of Agriculture, to Dr. Sturt in the Department of Labor, and to Mr. Morrisroe from HEW, collectively, being available in the amount of \$4,500,000 to accomplish the contemplated purposes of this.

Dr. BOSTIC. I think there are several billions of dollars available under CETA that would be available if local and State people made that decision.

Mr. BRECKINRIDGE. I did not ask you what was available under CETA. I asked what was available to these three departments to carry on an increased and enlarged program as contemplated under the legislation before us, bearing in mind what I had previously understood you to say that your discretionary funds were limited, Doctor.

Dr. BOSTIC. I cannot tell you how many dollars are available in the Department of Labor, Mr. Breckinridge.

Mr. BRECKINRIDGE. Please answer for Agriculture. How many dollars are available for this purpose?

Dr. BOSTIC. I do not know how many.

I could find out.

Mr. BRECKINRIDGE. I ask that the record be kept open at this point in order that the gentleman may let us know what funds are available for the next fiscal year for this purpose and that the same data be brought forward from the Department of Labor and HEW.

[The following information was submitted by Dr. Bostic:]

USDA does not have discretionary funds available for CSTE or any other type of program.

Dr. STURT. I can answer that right now, Mr. Breckinridge. We do not have any discretionary funds at the national office for the continued funding of concerted services. The Department of Labor's money is all out in the field with CETA sponsors where local projects must compete for it. Indeed, many of the concerted services projects we have funded in years past are presently funded with CETA funds because they have been able to compete for them. But I no longer have available national office moneys that could be used for funding in the traditional way, the way they have been in the past.

Mr. BRECKINRIDGE. Thank you, Dr. Sturt.

I would like to ask Mr. Morrisroe the same question.

Mr. MORRISROE. The Department of Health, Education, and Welfare formerly was a financial contributor to the CSTE program to the extent that we funded four local programs prior to 1973 when the MDTA program was transferred to the Department of Labor.

At that time we were no longer able to contribute more financial resources for the actual carrying out of the CSTE program.

This year we have contributed approximately \$30,000 for the evaluation.

However, at this time HEW does not have any discretionary funds available for the purpose of funding the continuation of the CSTE project.

Mr. BRECKINRIDGE. Then, gentlemen, regardless of how much you favor this program, is it financially bankrupt?

Dr. BOSTIC. No, sir.

Mr. ROSE. You have hope, Dr. Bostic.

Dr. BOSTIC. No, sir. We are talking about dollars through the Comprehensive Employment and Training Act that are available to the local people to be used for the funding of CSTE. They may use CETA funds if they make that choice. We are talking about a lot of money.

Mr. BRECKINRIDGE. Just a minute. We are talking about the CSTE operating here in conjunction with CETA, and we are talking about the funding of that operation at the Federal level. Right?

Dr. BOSTIC. No, sir, we are talking about Federal dollars that will eventually be used to fund the CSTE projects.

Mr. ROSE. Will the gentleman yield?

Mr. BRECKINRIDGE. I will be glad to yield.

Mr. ROSE. Mr. Morrisroe, do you mean to tell this committee that your department has contracted \$30,000 with Development Associates, Inc., of 1521 New Hampshire Avenue NW., Washington, D.C., to evaluate a program that you have no money to participate in?

Mr. MORRISROE. That is correct, Mr. Chairman.

Mr. ROSE. I am afraid that is what I thought you actually did say. I recognize Mr. Bedell at this point.

Mr. BEDELL. Dr. Sturt, you said you had no discretionary funds available.

Do you have funds available under title 3 of CETA which could be used to help fund concerted services?

Dr. STURT. Not at the national level. Any funds that are available for concerted services funding would have to come from localities that receive CETA moneys on a formula basis, and they would have to compete for it there.

Mr. BEDELL. Does the Secretary of Labor under title 3 authorize the maximum amount that could be authorized under title 3 of CETA?

Dr. STURT. There may be funds available that could be used; as far as I know, however, there isn't very much likelihood that any will be used.

Mr. BEDELL. My question is simple. Did the Secretary of Labor refuse to release funds under title 3 that were authorized, or did he release all that was authorized under title 3 of CETA? Can you answer that?

Dr. STURT. I suppose I do not know the answer to the question. I know there are no funds available at the national office for concerted services funding.

Mr. BEDELL. I am told that the Secretary of Labor did not release funds that were approved and available under title 3 of the CETA act which would have gone for concerted services.

If I am incorrect, then I think you should get that information for the committee so that we know that that is the case. Would you do that for us? Would you submit to the committee whether or not

title 3 funds under CETA, as were authorized for the Secretary of Labor, were released by the Secretary of Labor when they were withheld so they could not go to the concerted services?

Dr. STURT. We will look into this.

[The following information was submitted by Dr. Sturt:]

There was a decision made by the Assistant Secretary of Labor for Employment and Training to fund rural demonstration projects, including Concerted Services in Training and Education in the amount of \$1.5 million for FY 1975. These funds were to be made available pursuant to authority contained in Section 303 of Title III of the Comprehensive Employment and Training Act. Subsequently, the Office of the Solicitor of Labor advised that Section 303 funds must be used exclusively for "manpower programs" for migrant and seasonal farmworkers. Since the CSTE projects were designed to provide coverage for rural residents generally, rather than being limited to migrants and seasonal farmworkers, ETA decided that funding from Section 303 of Title III would not be proper. Although other Title III funds, generally described as Section 301 funds, could be used at the national level for Concerted Services in Training and Education projects no such use of those funds has been made.

Mr. BEDELL. I would like to ask Dr. Bostic something.

Dr. BOSTIC. Yes, sir.

Mr. BEDELL. You said "Funding of many CSTE projects had already been taken over by CETA sponsors and other projects by U.S. Employment Service and our Extension Service. For these reasons, our recommendation is that H.R. 7159 not be enacted at the present time."

Now, if I read that testimony, I read it to say that you believe that concerted services are pretty well being handled by other agencies at this time so that we do not really need this program.

Do I read that correctly?

Dr. BOSTIC. No, sir, all I am saying is that when it comes down to funding, and I repeat—funding—there are some other sources of money, rather than money being appropriated specifically to the Department of Agriculture for that purpose.

Mr. BEDELL. So you do not object to continuing to go ahead and keeping the project going?

Dr. BOSTIC. No, sir.

Mr. BEDELL. You just do not think there is any need for additional funding for it?

Dr. BOSTIC. Right.

Mr. BEDELL. You would not be opposed to any legislation that is proposed excepting for the funding problem? Is that correct?

Dr. BOSTIC. Let me explain it this way.

The funding is really, I assume, the impetus behind the request.

It is the proposed funding that is being given to the Department of Agriculture, since there are other sources within the Federal Government where funds could be gotten, that we are opposed to.

We think that it is a fine idea and that it has worked.

Mr. BEDELL. Apparently you feel that it makes a difference—if we are going to run the program—as to where those Federal funds come from, do you?

Dr. BOSTIC. Mr. Bedell, if there is another means by which funds could be made available in the executive branch, then I really believe that we ought to look to that source as an existing source rather than

having new legislation to establish new funds to be used, and given to the Department of Agriculture.

Mr. BEDELL. You may know that I am a new Member in the Congress. However, to me, if it is a good program, it should be continued, and, if it is going to have to be funded by Federal money, I don't really believe my taxpayers care particularly as to how that funding comes to be.

Dr. BOSTIC. Neither do we. For that reason, we have suggested that the CETA funds are a means by which it can be funded.

Mr. BEDELL. So our total argument is whether it should be funded through the concerted services program or whether that funding should come from other programs to go to it.

Is that our total question here?

Dr. BOSTIC. As far as I am concerned, the funding, if it were given to the Department of Agriculture, would represent a new and separate appropriation.

What I am saying is that we would like to have CSTE use CETA funds which are available and which the Congress has already appropriated, and are being used.

Mr. BEDELL. But it would not increase the cost of the program, whichever place they came from?

Dr. BOSTIC. It would increase the cost of the total government, if we got appropriations from the Department of Agriculture, and CETA funds were available through the Department of Labor.

Mr. BEDELL. It seems to me, if we are going to operate a program, it does not matter where you fund it from. It is going to cost so much money. I would rather not spend my time arguing about that. I have another question I would like to ask.

Did you submit this to the Office of Management and Budget for their reading on this legislation?

Dr. BOSTIC. Did we submit the legislation?

Mr. BEDELL. Yes.

Dr. BOSTIC. I am sure they read it.

Mr. BEDELL. My question is pure and simple. I talked to Jim Lynn of OMB. He told me when people appear before our committee, if we ask them specifically, are they testifying about the belief of their department or what OMB told them to say, that I could get an honest answer.

I want an honest answer from each of you.

Dr. BOSTIC. You can get an honest answer right here.

The testimony that I am presenting here for the Department is what the Department of Agriculture recommended.

Mr. BEDELL. Originally?

Dr. BOSTIC. Yes.

Mr. BEDELL. Dr. Sturt, would you answer for the Department of Labor?

Dr. STURT. It was submitted to OMB for clearance. I do not recall that there were any major changes in it.

Mr. BEDELL. You do not know whether the testimony you are giving is the original opinion of the Department of Labor or whether this was the opinion you arrived at after OMB gave the order as to what you were to say?

Dr. STURT. No, I said I do not recall any dramatic changes. There were some small changes in the testimony.

Mr. BEDELL. Are you testifying that this is the original opinion of the Department of Labor, that they opposed this bill?

Dr. STURT. Basically, it is the opinion of the Department of Labor.

Mr. BEDELL. My question is not that.

My question is, was this the original opinion of the Department of Labor?

Dr. STURT. Yes.

Mr. BEDELL. Very well.

Would you report in regard to HEW; Mr. Morrisroe?

Mr. MORRISROE. Yes, Mr. Bedell. This statement was submitted to the OMB for clearance. However, there was no substantial change made by the OMB.

Mr. BEDELL. Was it the original opinion of HEW to oppose this legislation?

Mr. MORRISROE. Yes.

Mr. BEDELL. That is all I have.

[The following was submitted to the subcommittee:]

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., November 24, 1975.

HON. CHARLIE ROSE,
Chairman, Subcommittee on Family Farms and Rural Development, Committee on Agriculture, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to the letter of November 12, 1975, cosigned by you and Mr. Bedell, concerning the original evaluation by the Department of Agriculture of H.R. 7159, a bill "To amend the Rural Development Act of 1972," as submitted to the Office of Management and Budget (OMB).

The letter dated October 29, 1975, to Chairman Foley states the original position of the Department. No change in the Department's position was generated by OMB. The testimony I presented to the House Subcommittee on Family Farms and Rural Development was the original position the Department recommended on the bill H.R. 7159. No memoranda or correspondence was exchanged with OMB on this bill.

Sincerely,

JAMES E. BOSTIC, Jr.,
Acting Assistant Secretary for Rural Development.

U.S. DEPARTMENT OF LABOR,
MANPOWER ADMINISTRATION,
Washington, D.C., November 19, 1975.

HON. CHARLES ROSE,
Chairman, Family Farms and Rural Development Subcommittee, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am replying to your letter of November 12, 1975, in which you request certain documents relating to my statement before the Subcommittee on Family Farms and Rural Development on H.R. 7159.

In response, let me say that the statement was written within the Employment and Training Administration (formerly the Manpower Administration). At no time was a request received from OMB for memoranda of the type cited in your letter. No memoranda were prepared within the Employment and Training Administration for submission to OMB on the subject of the statement. The statement was prepared to be responsive to your invitation of October 20, 1975, and I believe it represents accurately the position of the Employment and Training Administration with reference to H.R. 7159.

As you know, Mr. William B. Lewis, Associate Manpower Administrator, United States Employment Service, delivered a statement on July 21, 1975, before the Senate Subcommittee on Rural Development on S. 1807, a bill similar to H.R. 7159. A copy of Mr. Lewis' statement is enclosed for your information. In order to be fully responsive, a search was made for memoranda of the type requested in your letter as they relate to Mr. Lewis' statement. I can advise

you that no memoranda were exchanged between the Employment and Training Administration and OMB on Mr. Lewis' statement. A telephone request was received from OMB by the Office of the Solicitor of Labor for a one-sentence change in the second paragraph on page 11. The requested change was not accepted and the statement was delivered essentially as drafted.

Please be assured of my continuing desire to be responsive to your subcommittee as we consider the important topic of training opportunities for rural residents.

Sincerely,

DANIEL W. STURT,
Director.

Enclosure (1).

[The statement of William B. Lewis is held in the subcommittee file.]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
January 19, 1976.

Hon. CHARLES ROSE,
Chairman, Subcommittee on Family Farms and Rural Development, Committee on Agriculture, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am sorry to be tardy in responding to your letter of November 12 regarding the original evaluation of H.R. 7159 by the staff of the Office of Human Development.

On October 28, 1975, Mr. Barry Morrisroe, Director of the Office of Rural Development, appeared before your Subcommittee and testified in opposition to H.R. 7159. Proposed testimony previously sent by the Department of Health, Education, and Welfare to the Office of Management and Budget for clearance similarly opposed H.R. 7159, essentially for the same reasons stated by Mr. Morrisroe. Although the Office of Management and Budget suggested some changes designed to clarify and strengthen our arguments, our original position of nonsupport remained unchanged.

Discussions between this Department and the Office of Management and Budget were conducted in conference or by telephone; thus no memoranda regarding the bill were exchanged.

I trust that the above responds satisfactorily to your inquiry. With every good wish, I remain,

Sincerely,

STANLEY B. THOMAS, Jr.,
Assistant Secretary for Human Development.

Mr. ROSE. Is there anything from Mr. Grassley?

Mr. GRASSLEY. Not at this time.

Mr. ROSE. Gentlemen, we appreciate your presence and your responsiveness to our questions. In the interest of your schedule, without trying to take up the rest of your day, we are going to excuse you at this time.

We will recess briefly to go and vote on the floor of the House.

We will return with an additional panel that should wind up our consideration of Mr. Alexander's bill and Mr. Hughes' proposition in short order.

[Short recess taken.]

Mr. ROSE. Let us resume.

If the witnesses will allow another deviation from our printed schedule, we are honored to have Senator Williams of the great State of New Jersey, accompanied by his colleague in the House, Mr. Hughes. They are here to testify in respect to H.R. 7849.

Senator, we welcome you, sir, to the Subcommittee on Family Farms and Rural Development. We are happy to hear anything that you might like to say to us this afternoon.

Senator WILLIAMS. Sir, I just got the word that there is a rollcall vote in the Senate. The last time I came over to the House side to testify, I missed a rollcall, and I do not want to do that again. I am very

pleased to be able to present my views here today in support of the bill before you.

I have the number of the H.R. bill as 6332.

Mr. ROSE. That is the same proposition, sir.

Senator WILLIAMS. 6332 is the bill that I had before the Senate. Certainly we know in our State that this is needed if we are to meet the needs of medical facilities in the areas that are just left out, just beyond the 10,000 population limit.

This bill would fill in a gap in terms of the eligible definition area. I know of several communities that have no other answer. There is no other way for them to get money that they can afford except through the Farmers Home Administration program. This bill would make it possible.

I am pleased that our State department of agriculture is represented here by Mr. Van Zandt, and the hospital association by Mr. Baker.

I am happy to join my colleagues.

I would greatly appreciate being able to put my statement into the record.

Mr. ROSE. Senator Williams, we are happy to receive your statement for the record. Without objection, it will be entered.

We thank you for coming, and we understand that you will have to leave, as it appears we will, also.

Senator WILLIAMS. Thank you, Mr. Chairman.

[The prepared statement of Senator Williams follows:]

STATEMENT OF HON. HARRISON A. WILLIAMS, JR., A U.S. SENATOR FROM THE STATE OF NEW JERSEY

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to express my support for H.R. 6332, a bill which would make community medical facilities in communities of 10,000 to 50,000 people eligible for low-cost, long-term loans from the Farmers Home Administration (FmHA).

I have introduced similar legislation in the Senate.

Quality health care is one of rural America's most critical needs.

Under the Rural Development Act of 1972, the FmHA was empowered to respond by providing 5 percent, 40-year loans for the development, maintenance, and improvement of medical facilities in those areas.

Because of the FmHA loan program, community clinics, facilities for general practice, and small general hospitals have been built in rural areas where residents once had little hope of obtaining quality medical care close to home.

But experience has shown that the FmHA often cannot help rural residents secure more sophisticated medical services because of an unrealistic population limitation in the law.

This ceiling prevents the FmHA from making loans to facilities in communities with more than 10,000 people.

I believe that legislation to increase this limitation is absolutely essential, and the reasons for it are compelling.

The delivery of rural health care poses a unique problem.

Often, small towns and villages may be able to sustain clinics or even small hospitals. But they do not have the local resources to construct and maintain the more advanced medical centers necessary to handle catastrophic conditions or such things as renal disease, severe burns or cancer.

These and other health problems do not occur in these towns often enough or in numbers great enough to justify the establishment of large medical centers.

As a result, many rural residents can find advanced care only outside their own communities, usually in larger towns and cities.

Such hospitals operate on a regional basis, serving thousands of people from surrounding villages and towns as well as from the community in which they are located.

Unfortunately, current law prevents FmHA from providing loan assistance to these regional medical centers.

As a result, the capacity of these facilities to deliver the advanced medical services upon which so many rural residents depend, is seriously diminished.

For some rural medical centers and hospitals, private loans are simply unobtainable.

For others the interest rate, which may be 10 percent or more, would make the project financially unfeasible.

Severe burdens imposed by the current economic crisis, and the reluctance of private institutions to lend money to financially hard-pressed medical facilities, often leave federal assistance as the only alternative.

Yet here too doors are closed.

The Hill-Burton program has been replaced by Title XVI of the National Health Planning and Resources Development Act.

It appears that for fiscal year 1976, no more than \$500 million in loans for both urban and rural hospital construction will be allowed to be outstanding.

Thus, the FmHA remains the only realistic source of loan money for a number of facilities that must undertake capital improvements in order to comply with state and federal regulations and meet the needs of the people they serve.

But FmHA business loans, authorized under section 310B of the Comprehensive Farm and Rural Development Act, have proved unsuitable.

These loans seem to be virtually unavailable to non-profit, private hospitals.

This is evident from the fact that only one such hospital received a business loan during all of fiscal year 1975.

In addition, these loans are more expensive than private loans, and would raise the cost of medical care for rural people far beyond what they can afford to pay.

The legislation before you today is similar to proposals previously discussed in Congress.

In 1972, the Senate version of the Rural Development Act would have increased loan eligibility for all essential community facilities to communities of up to 50,000 people.

H.R. 6332, however, is much narrower in its application, broadening eligibility only for community medical facilities and no others.

This legislation would not create opportunities for a flood of large hospitals to take advantage of existing loan money at the expense of facilities in towns under 10,000.

Its limited scope ensures that the unique problems of rural medical care delivery are addressed, while carefully preserving the rural orientation of the FmHA essential community facilities loan program.

Information supplied by the Library of Congress and the Bureau of the Census indicate that there are only about 850 communities above 10,000 people in the United States which are not components of urbanized areas.

In the category of 10,000 to 25,000 population, there are about 680 such communities.

These figures represent the maximum number of communities which would be newly covered under H.R. 6332.

However, in any given year the number which might seek loans would be dramatically reduced due to several factors:

1. In many communities there will not be medical facilities which wish to undertake construction projects;

2. Many facilities will be unable to secure certificates of need;

3. Some facilities will be able to secure funding through such sources as private commercial lenders or state and municipal bond issues. Since the FmHA is a lender of last resort, any facility that could fund its project through such sources would not be eligible for FmHA loans under H.R. 6332, as is the case under present law.

4. Facilities which are in communities that the FmHA determines through on-site examination and other criteria to be urban in character would not be eligible.

According to information supplied by the American Hospital Association, in the twelve month period before September 1, 1975, a total of 244 facilities nationwide—in communities of all sizes—undertook construction.

Of that number only 82 were in communities of between 10,000 and 50,000 people in both rural and urban areas.

However, the number of communities outside urbanized areas that might have applied for FmHA assistance under H.R. 6332 was only seventeen.

That is a mere two percent of those which might be newly eligible, and only seven percent of all the hospital construction begun in that period.

Thus, we can see that in any single year, the impact of H.R. 6332 on limited FmHA resources would be quite small.

On the other hand, the number of people who could benefit would significantly increase.

Of course, increased eligibility does not imply the automatic grant of loan money.

The population ceiling in present law amounts to an arbitrary denial of need.

H.R. 6332 would remove this barrier, allowing medical facilities no more than the opportunity to compete for loan money in the few cases each year where other avenues of financing are blocked.

H.R. 6332 accomplishes its purpose in a responsible, economical manner.

It utilizes an existing program instead of creating a new agency to furnish loans.

The FmHA loan program enjoys a high repayment record and there is no reason to conclude that expanded eligibility will affect this record in any way.

The original intent of the Rural Development Act of 1972 was to help make our rural communities the kind of places in which people would want to live.

Yet its present population ceiling works to the disadvantage of the very people who are supposed to benefit.

Unless rural residents can be assured of reasonable access to a full range of services—especially medical care—the development of those areas may be inhibited.

By relaxing population restrictions for community medical facilities, H.R. 6332 strengthens the Rural Development Act and maintains our Nation's obligation to the health of all our citizens.

Mr. ROSE. Mr. Hughes, have you some comments?

Mr. HUGHES. Mr. Chairman, I see that we have a quorum call. It looks like a live quorum. So I am going to be very brief.

I know that this subcommittee has worked long and hard today, but I just want to say for the record that, as the chairman has indicated, 6332 and 7849 are identical bills.

I want to ask at this time if the chairman would hold the record open so that we could have testimony given by the American Protestant Hospital Association and also the National Conference of Mayors in support of the bill.

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

Mr. HUGHES. I am also privileged to have with me today a representative from the New Jersey Department of Agriculture, Mr. John Van Zandt, who is here in support of the bill. At the conclusion of my remarks, I think that Mr. Van Zandt would like to say something in reference to the bill.

STATEMENT OF HON. WILLIAM J. HUGHES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. HUGHES. One of the great challenges facing this Nation is to provide people in rural areas with the same amount and quality of health care as the people in urban areas receive. This is not true today. Communities with less than 10,000 people have only 1 doctor for every 2,000 people, while the Nation has 1 doctor for less than 700 people. The national average for the number of doctors to each patient in rural communities with a population of less than 50,000 people is also much lower than in urban areas.

As a response to the proven need of rural areas, the Farmers Home Administration [FmHA] was empowered by the Rural Development Act of 1972 to provide low-interest loans to towns of less than 10,000 for essential community range of medical facilities: hospitals, clinics, and facilities for general practice.

An admirable start has been made. What H.R. 6332 would do is to recognize that many rural health needs can only be met through maintaining and upgrading regional medical centers. For in reality, regional health care in the sense that hospitals within communities of 10,000 to 50,000 serve the surrounding farms and smaller towns, already exists. In my congressional district is located the city of Bridgeton with a population of 20,435. The Bridgeton Hospital serves not only this community, but also the surrounding townships which are rural in character: farms and small towns. The total population served by this hospital is between 40,000 to 50,000 people. Between July 1, 1974 and June 30, 1975 there was a total of 6,742 admissions to the hospital. Of this total, 47 percent came from outside Bridgeton, with almost all of these admissions being from Cumberland County townships, each having less than 10,000 population. Here is a case of regional medical care: Only a large town of 20,000 can support the increasingly sophisticated and hence expensive facilities required for modern medicine. Yet approximately 47 percent of the people served by this hospital live in areas of less than 10,000 population.

Regional hospitals, such as the Bridgeton Hospital, have evolved due to the needs of modern day medicine. There has been an explosion of equipment, procedures, and medications. Health care has become more costly and complicated. This legislation would promote regional hospitals in slightly larger towns and trade centers, which have the means to better support such facilities.

Regionalized rural medicine is also a means of addressing the shortage of health personnel in rural areas. One of the primary reasons for the concentration of professionals in urban centers is the availability of the latest in equipment and professional contact with colleagues in other specialties. Modernization and expansion of rural hospitals would prove to be a powerful magnet in attracting medical talent and helping to alleviate this shortfall.

At present, facilities in areas of 10,000 to 50,000 population have no suitable loan program. Thus extension of the essential community facility loans to hospitals in towns of this size would go far toward providing a source of money to those institutions that are unable to obtain loans on the private market. Inexpensive loans could also cut the soaring cost of medical care. The Bridgeton Hospital recently expanded. If 5 percent loans had been available, a total savings of \$1,440,000 in interest payments over a 20-year period could have been realized.

It has been stated that there is no proven need that loans are presently available. It is true that hospitals in areas of 10,000 to 50,000 population can obtain so-called business and industry guaranteed loans. But these are only available to those hospitals who have the financial soundness to be an eligible borrower as well as the cash to put 10 percent down. Such hospitals are precisely the ones that do not need the help that would be afforded by H.R. 6332. Hospitals must have thought so, too, for last year only one nonprofit hospital in the entire country received a business and industry loan.

The need that H.R. 6332 addresses is a national one. A study done with the help of the Library of Congress, the National Association of Counties, and the American Hospital Association indicates that several

hundred communities nationwide will be eligible for assistance under this legislation. Areas north, south, east and west will be eligible: up to 19 communities in Minnesota, 30 communities in North Carolina, 25 towns in Kansas, and 18 in the State of Washington.

While the need is national, the amount of loan funds that will be required to implement this act are well within reasonable limits. According to the previously mentioned study, only 2 percent of the eligible communities would possibly seek FmHA loans. Thus, if this bill were law today, it is estimated that about 15 communities would need FmHA funds—as a lender of last resort—in towns of between 10,000 and 50,000. Surely this is small insurance for essential health services to rural America.

An investment such as this one will repay itself many times in the years to come. Not only will the loans be repaid, but the prevention of disease and the saving of lives will produce exceedingly high return per dollar outlay. Furthermore, this expansion of essential community medical facility loans to areas of 10,000 to 50,000 will preserve the intent of the act by allowing those in rural areas to have access to advanced medical care in nearly trade areas. Already there is a trend toward regionalized medicine. This bill recognizes that trend and provides for the availability of loans to strengthen the regional centers and to give those who live in rural areas the medical facilities they need, close to home.

Mr. ROSE. I would like to say that we are all well aware of that problem, and we appreciate the fine breakdown that your staff has made to that effect.

I have a question that I wish your counsel and your staff would consult with the counsel of this committee about, during a brief recess which we must take, and resolve for us.

As I read your proposals, you propose to add the words "and for loans for community medical facilities under the subsection A-1 of this section." Now you are adding that language, as I read your bill, in the definitions section of Public Law 92-419 which is the Rural Development Act of 1972, which reads as follows:

As used in this title, the terms rural and rural area shall not include any area in any city or town which has a population in excess of 10,000 inhabitants except * * *

* * * and this is where you get into the ball game,

* * * that for purposes of loans and grants for private business enterprises under section 304-B, 310-B, and 312-B, C and D, and for loans for community facilities under the subsection A-1 * * *

* * * which is the language you propose to add—

* * * the terms rural and rural area may include all territory of a State, and so forth, that is not within the outer boundary of any city having a population of 50,000 or more and is immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile as determined by the Secretary of Agriculture according to the latest decennial census of the United States provided that special consideration for such loans and grants shall be given to areas other than cities having a population of more than 25,000.

Being a lawyer and a struggling legislator, the effect of your amendment is not, as has been said in this town, crystal clear to me.

If you and counsel could assure us that this amendment that you have proposed will accomplish the results that you have so carefully spelled out for us, and which I feel certain we are in great sympathy for, then—if we can get that sort of a legal clarification from counsel in our record—I think that the problems we have had with this proposition will be solved.

Mr. ROSE. We will appreciate their doing that in the brief recess. We will return to it after we answer the quorum.

We will be right back.

[Short recess taken.]

Mr. ROSE. Let us resume our deliberations, Mr. Hughes.

Mr. HUGHES. Mr. Chairman, just in response to the question right before our last quorum, I might say that the chairman has raised, I think, a good point. And just so that there is no question about the intent, it is our proposal to amend both the interest section as well as the definition section, to make certain that we are increasing the population for 5 percent subsidized loans for community health facilities. We will submit that to the subcommittee.

Mr. ROSE. All right.

Mr. HUGHES. Now I have with me John Van Zandt, who is a representative of the New Jersey Department of Agriculture and is here today in support of my legislation.

Mr. ROSE. Mr. Van Zandt, we welcome you, sir. Do you have a statement that you would like to make?

Mr. VAN ZANDT. Yes, sir, I do have a statement.

Mr. ROSE. Please proceed, Mr. Van Zandt.

STATEMENT OF JOHN P. VAN ZANDT, COORDINATOR OF VITAL RESOURCES, NEW JERSEY DEPARTMENT OF AGRICULTURE

Mr. VAN ZANDT. Mr. Chairman, and members of the subcommittee, my name is John P. Van Zandt, coordinator of Vital Resources, New Jersey Department of Agriculture. I am grateful for the opportunity to appear before you to express support for Congressman Hughes' bill, H.R. 6332. I am representing State Secretary of Agriculture, Phillip Alampi, who has been appointed by Governor Brendan Byrne to coordinate the implementation of the Rural Development Act in the State of New Jersey. Secretary Alampi is also a member and a past president of the National Association of State Departments of Agriculture, which is on record as supporting all programs that encourage people to remain in rural communities and that assist those communities to maintain necessary life sustaining services that contribute to the viability of the rural areas. Our support of H.R. 6332 also carries the endorsement of the Governor's office and the New Jersey State Department of Health.

One of the most important purposes of the Rural Development Act of 1972 was to insure rural residents ready access to essential services and facilities in order to encourage them to remain and contribute to the development of their communities. By allowing community medical facilities to be eligible for low-cost, long-term loans from the Farmers Home Administration, present law clearly recognizes that quality medical care is essential to the development of our rural areas.

The Farmers Home Administration has been instrumental in bringing basic medical services in the form of doctors, clinics, and small general hospitals to these localities. A number of communities in New Jersey have greatly benefited from the assistance of the Farmers Home Administration. In fact, a medical facility in New Jersey was the first recipient of a loan from the Farmers Home Administration. However, present law severely restricts this Federal program in its ability to aid rural residents in securing readily available, complete medical services, especially treatment for catastrophic diseases or conditions. The law limits low-cost loans from the Farmers Home Administration to facilities located in communities with less than 10,000 people.

The medical facilities in small towns tend to provide only general medical care. These little communities do not have the labor or capital resources or the local services needed to build and maintain large medical centers, or to attract the skilled medical specialists capable of treating many serious illnesses. In addition, their small size makes it unfeasible for them to develop advanced medical facilities of their own which have the capability of furnishing long-term or sophisticated medical treatment. The people of these small towns must, therefore, continue to depend on the modern medical centers usually found in the larger communities as their only means of obtaining the advanced medical treatment that they require. Congressman Hughes' bill H.R. 6332, would significantly enhance the development of complete medical services for rural residents because it would allow community medical facilities in certain areas, population over 10,000, to qualify for low-cost Farmers Home Administration loans.

The Farmers Home Administration is the only realistic source of loan money for a number of financially troubled hospitals in rural areas which are mandated by State and Federal regulations to improve their existing facilities, but which are unable to obtain commercial loans. The Hill-Burton program is no longer in existence, and its successor, the National Health Resource and Planning Act, does not now appear capable of providing these hospitals with the necessary funds. While the Farmers Home Administration does appear to allow medical facilities to obtain business loans under section 310B of the Rural Development Act of 1972, no nonprofit hospital in New Jersey received such a loan during fiscal year 1975, and it is my understanding that only one nonprofit hospital in the United States received such a loan during all of last year. In addition, these loans are so expensive that hospitals receiving them would be forced to increase sharply the cost of their medical services for rural residents, who are the people that can least afford to bear the additional financial burdens.

The New Jersey State Department of Agriculture has a deep interest in the development of our small rural communities. We certainly do not wish to see small towns, which the Rural Development Act was specifically designed to benefit, lose their only reasonable source of loan money to larger, more urban communities. We certainly have no desire to see the original purpose and emphasis of this act disturbed. At the same time, we do not want to see the interests of those same communities harmed because a population limitation established to protect them is effectively preventing their people from obtaining the complete medical services that they need.

All available evidence suggests that the impact of H.R. 6332, on the availability of existing loan money, would be minimal. In New Jersey, facilities in only a few communities would be newly eligible under H.R. 6332. At present, several States do not even use their entire annual allocations of loan money, and it is diverted for use in other States. In addition, New Jersey as well as other States, will continue to require certificates of need for any hospital seeking to improve its facilities, and competition for Farmers Home Administration loans will continue to be on the basis of greatest need.

Although H.R. 6332 would most probably have a negligible effect on the availability of loan money, its importance would be far reaching in terms of the number of people who could benefit, if needed, low-cost loans were to be made available to the hospitals that serve them. For example, the hospital in Bridgeton, N.J., serves almost 50,000 people from the immediate vicinity and surrounding rural areas, while the medical center in Princeton, N.J., serves about 150,000 people in the borough and its adjacent rural areas. By broadening eligibility only for a limited number of hospitals, H.R. 6332 would insure that the original intent of the Rural Development Act is maintained, while recognizing that the delivery of health care to rural residents is a special problem requiring special provision.

One of the greatest challenges facing our Nation today is to bring quality health services to all the American people. We believe that H.R. 6332 would be a major step toward meeting that challenge, and we sincerely hope that the subcommittee will act favorably on this measure.

Thank you. I am happy to answer any questions that you may have.

Mr. ROSE. Thank you, sir.

Are there any questions?

If not, we excuse you, Mr. Hughes, and thank you for your patience, sir.

Gentlemen, at this time, we would like to have another panel of testimony. I think we can expedite the remaining witnesses to appear on behalf of H.R. 7159.

I would like to call Dr. John S. McCauley, who is the president of the Concerted Services Association; and Mr. Ray Prewett, director of the Division of County and Rural Services, Texas Department of Community Affairs in Austin, Tex.; and Mr. Mac Varley, who is the coordinator of CSTSE in Clarksville, Tex.

I would also like to have Dr. John McCauley speak at this time.

STATEMENT OF DR. JOHN S. McCAULEY, PRESIDENT, CONCERTED SERVICES ASSOCIATION

Dr. McCAULEY. I would like to have Dwayne Couchman and C. B. Gilliland with us at this panel table.

Mr. ROSE. Very well.

Dr. McCAULEY. I would like to make one or two remarks about the discussion that has taken place here today.

One of the things that was discussed concerned the relationship between concerted services and community services.

Now, in my view, community services focuses primarily on the most severely disadvantaged citizens in a community. They do a very im-

portant and very worthwhile job focusing on the severely disadvantaged.

Concerted services is an overall approach that works with all aspects in a community.

We feel that very high priority should go to the disadvantaged, but, also, taking care of those who are somewhat better off but still have many problems, and looking at it from the overall community point of view.

Now we work very closely with community services wherever they are represented in an area. Indeed, in the State of Georgia, our concerted services project down in Amond, Ga., is currently being funded out of community services.

Mr. ROSE. Dr. McCauley, if I can interrupt you there, I think you were identified by one of our previous witnesses, Dr. Sturt, as the previous Director of Rural Manpower Services?

Dr. McCauley. Sir, I was one of the cochairmen of the original task force. For about 10 years, I worked on the concerted services task force. Recently I have retired from the Federal Government. I have, however, continued my interest in concerted services, and presently I am president of the Concerted Services Association which is promoting the concept of concerted services.

Mr. ROSE. Could we ask you, for the record, to summarize the attention that this concerted services effort has received in the administration up to this point in time, and why you feel Mr. Alexander's legislation is necessary, if, in fact, you do?

Dr. McCauley. I think that probably the most crucial question here is one of funding local projects.

Now, while it is true that theoretically certain money is available under CETA, these moneys are passed down to States and to some of the larger communities just as block grants. There is really no telling what is going to happen.

In a few instances, we were very lucky and concerted services fared very well. In a few minutes you are going to hear about a situation in Texas where, indeed, certain money was indeed most helpful.

We do, however, have a number of other cases where, although very strong presentations were made, concerted services did not receive a cent.

Probably the most shocking of all was in Maryland, in Garrett County, where our local coordinator had been funded by the task force through the extension service at College Park with some Labor Department money. When it came time to shift over and hopefully use some CETA money, the CETA officials responsible for that money in Maryland did not approve this project. This was despite the fact that our coordinator in Garrett County had been acting as the Manpower representative of the county commissioners and been in on many CETA discussions. When it became a question of paying his own salary, this was denied.

So there is really no guarantee. It is a very uncertain kind of a situation, and we think that these problems are too important and much too basic to be put in that kind of an uncertain situation.

I think that is the main reason Congressman Alexander's bill is essential at this time.

Mr. ROSE. Please continue, Dr. McCauley.

Dr. McCAULEY. I appreciate the fact that the Department of Labor has undertaken this recent emphasis on allowing States and localities to determine their own manpower programs and merely sending them money and letting them work out their own programs.

However, I think that when we are confronted with such a serious problem as we have in these small rural areas that are not making much progress economically, there is need for a special program such as Congressman Alexander's bill would provide.

I would like to make just two or three additional comments and I will submit the full statement for the record.

At its early meetings, about 10 years ago, the task force recognized the urgent needs of rural people for more education and training. It was especially concerned about the 3 million rural residents who had less than 5 years of schooling, and the approximately 19 million who had not completed high school, and the fact that only about half this many eligible rural youth, as compared to urban youth, are going to college.

Although some progress is being made in getting rural residents to participate in the newly established education and manpower training programs, the proportion of rural participation is still about less than half that of urban areas.

The task force also found that lack of trained workers was an important factor entering into economic development efforts in small towns in rural areas.

Just a word now about the procedure that was used in the past to pay salaries and secretarial and travel expenses of coordinators. These costs were underwritten by the Departments of Labor, HEW, Agriculture, and Interior, and the Tennessee Valley Authority, and to some extent by the regional commissions.

Sharing the expense of local administration has helped to maintain the interdepartmental integrity of concerted services. The local administrative costs to pay the salary of the coordinator and related expenses has averaged only about \$30,000 per area.

To provide a factual basis for the full development of a project, the State employment service usually conducts a manpower inventory in the demonstration area. The survey provides data on training needs, interests, and job opportunities. A high proportion of the work force participates.

For example, in Otter Tail County, Minn., a total of 11,211 participated as compared to an estimated work force of 17,838.

Although little publicity was given to the achievements under these projects, several States have learned about the CSTE projects and have requested consideration for new demonstrations.

The proposed bill would make it possible to satisfy such requests and continue the development of the concerted services approach.

The vice president of our association, Mr. Gilliland, who was the executive secretary with the task force for many years, has a brief statement.

Mr. ROSE. Thank you, Dr. McCauley.

Without objection, your full statement will here be entered for the committee record.

Dr. McCAULEY. Thank you.

[The prepared statement of Dr. McCauley follows:]

STATEMENT OF DR. JOHN S. McCauley, President, Concerted Services Association

Mr. Chairman, I would like to take this opportunity to thank you for inviting me to testify today. Mr. C. B. Gilliland, Vice President of the Association, and Mr. Dwayne N. Couchman, Secretary-Treasurer of the Association, are here with me. We would like to make brief statements and then answer any questions you may have.

Concerted Services is a cooperative Federal, State, and local venture to improve smaller communities and rural areas by demonstrating that education and occupational training, in conjunction with other economic development activities, can significantly increase employment opportunities; and that education and occupational training efforts based on local involvement will develop local leadership, individual dignity, initiative, and community awareness resulting in continuing community development.

Concerted Services projects have been conducted in 26 demonstration areas in 16 States. These projects consolidated the combined resources of appropriate Federal, State, and local agencies to meet the occupational training and related educational needs of the residents of small towns and rural areas. Cooperation among local, State, and Federal leaders is a key to the outstanding results being achieved.

The Cabinet level Rural Development Committee, established under Executive Order 11122 at its May 1964 meeting, recommended that a Task Force be established to explore the feasibility of developing concerted services projects in three selected rural areas.

This program grew out of an effort to help rural areas, which started with Executive Order 10847 issued in 1959 and continued under E.O. 11122 and E.O. 11307. The task force, representing almost as many different education and training programs, was drawn from HEW, Labor, Agriculture, Commerce, Interior, OEO, HUD, and the Appalachian Commission. A major function of this group was to plan and coordinate pilot projects at the Federal level.

In its early meetings, the task force recognized the urgent needs of rural people for more education and training. It was especially concerned about the 3 million rural residents who had less than 5 years of schooling, the approximately 19 million who had not completed high school, and the fact that only about half as many eligible rural youth, as compared to urban youths, were going to college. Although some progress was being made in getting rural residents to participate in the newly established education and manpower training programs, the proportion of rural participation was still less than half that in urban areas. The task force also found that lack of trained workers was an important factor hindering economic development efforts in many small towns and rural areas.

In the selected States, the Governors were contacted by the Secretary of Agriculture as Chairman of the Rural Development Committee and asked if they would be interested in participating in joint concerted services training and education projects. The response from the Governors was favorable. A small task force, representing the Federal agencies from the national and regional offices, met separately with a special committee appointed by the Governor of each State.

Following these meetings, the State committees recommended the counties that should be selected for concerted services projects. County leaders were chosen and contacted by a small group representing the Federal and State agencies, to discuss with them their area. In each of the areas, a local coordinator was employed to work with community leaders, citizen groups, and representatives of local, State, and Federal agencies responsible for administering various education and training programs.

The salaries, secretarial, and travel expenses of the coordinators was underwritten by the Department of Labor; Health, Education, and Welfare; Agriculture; Interior; TVA; Regional Commissions and State Agencies. Sharing the expense of local administration has helped to maintain the interdepartmental integrity of Concerted Services. The local administrative costs to pay the salary of the coordinator and related expenses have averaged about \$30,000 per area.

The coordinators are local residents, well trained, with a good knowledge of local people and their problems, and ability to work well with people. They have varied background experience—in public education, vocational education, agricultural extension, manpower utilization and journalism. The co-chairman of the Task Force are representatives from the Department of Labor and the Department of Health, Education, and Welfare, the Executive Secretary and

Washington liaison between the coordinators and the participating agencies is supplied by the Department of Agriculture.

To acquaint the local coordinators with Federal education and training programs, conferences were held in which more than 30 representatives of the Federal Departments and Agencies participated. In addition, meetings were held with the high level officials and staff members of the Departments of Agriculture; Health, Education, and Welfare; Labor; of the Interior; of Commerce; HUD and the Office of Economic Opportunity. Federal personnel have participated in planning meetings in each area with local coordinators, lay leaders, and State representatives of agencies involved.

To provide a factual basis for the full development of the demonstration project, the State Employment Service usually conducted a Manpower Inventory (Smaller Community Survey) in the demonstration area. The survey provided data on training interests, needs, and job opportunities. A high proportion of the workforce participated in the surveys. For example, in Otter Tail County, Minnesota, a total of 11,211 persons participated, as compared to a workforce of 17,838.

A wide variety of projects have been developed to meet needs revealed by the surveys, including new vocational education facilities; work experience projects; basic adult education classes; occupational training in many different fields such as electronics, printing, and practical nursing, VISTA projects; youth projects, and new recreational facilities.

More than twice as many persons participated in new training and education programs as participated before the pilot effort or as were participating in adjacent rural counties. Furthermore, many new job opportunities have been created in the pilot counties.

Although little publicity has been given to the achievements under these projects, several States have learned about the CSTE projects and have requested that consideration be given by the Task Force to activating similar demonstration programs in their States. The proposed Bill would make it possible to satisfy such requests and continue the development of the Concerted Services approach.

An independent evaluation of the concerted services approach has been made by the Center for Occupational Education, North Carolina State University. The Center found that training opportunities were made available where non previously existed, a fuller utilization was made of the services available through the public employment service, valuable information and consulting services were provided local leaders, and additional job opportunities were developed. The director of this evaluation has stated that, "this project is long on ideas and dedication of personnel, low on cost, with benefits that appear to be highly promising."

STATEMENT OF C. B. GILLILAND, VICE PRESIDENT, CONCERTED SERVICES ASSOCIATION

Mr. GILLILAND. Mr. Chairman, I am pleased to have the opportunity to testify in support of H.R. 7159. I was directly involved in Concerted Services in Training and Education—CSTE—from its inception in 1964 until I retired in 1973, and I now give voluntary support of it as a consultant to the interdepartmental task force and also to the local coordinators.

Two highly important aspects of the CSTE effort are:

One: The cooperative approach of the different agencies of the Federal Government working together through the interdepartmental CSTE task force to help rural people to help themselves. There has not been an egotistical effort on the part of individual governmental agency representatives to push a particular agency program to the exclusion of others and to claim all the credit for successes. There has been a genuine effort to give the local people credit for program achievements.

Two: The second highly recognized aspect is that of the CSTE local coordinators who are the heart of this program. They are well qualified local residents, carefully selected and approved for work with the

people and problems of a particular area. They are coordinators of local plans, ideas, and efforts; not of people or agencies. They are employees of a cooperating State agency—not Federal employees—assigned to work with the CSTE program with freedom and encouragement to work with local leaders and local administrators of all programs designed to help the community solve its problems. These coordinators have no authority to approve or reject project proposals—they assist the local leaders to get their needs stated in such a way that their request for assistance will be recognized and answered whether it be from local, State, or Federal resources. These coordinators are trained and encouraged to give credit for the success of the different projects to the participating local leaders and agency program administrators—not to take credit for themselves.

The local coordinators have been brought into Washington once or twice each year for training for review of various rural problems, project development, and new Federal programs applicable to rural areas. The exchange of ideas between the workers from the different States and also with the Federal workers in Washington has been very significant and beneficial to local State and Federal workers. New coordinators also were brought into Washington for training and orientation at the time of their appointment. A regional meeting for the local coordinators with State and Federal employees has been tried with success and may be used annually to reduce travel costs in lieu of one of the national meetings if this legislation is approved and more States are able to participate in this program.

Mr. Chairman, there have been some dramatic changes in CSTE areas. For example, one study of the effectiveness of the CSTE local coordinator in getting changes and resulting community improvements was made in one of the Nation's poorest counties. I would like to read from the results of this study two paragraphs from Dr. Mark Hanson's doctoral thesis summary at the University of New Mexico. Dr. Hanson did his research on the CSTE program in Sandoval County, N. Mex. and it included the effectiveness of the late Henry Gonzales, coordinator, as a change agent. In his thesis, Mr. Gonzales is referred to as Mr. Cordova and Sandoval County, Pobre County.

The change agent's more complex strategies were often worthy of an Academy Award. Mr. Cordova knew that the men with the heavy titles in Washington liked to visit the field so they could occasionally rub elbows with genuine poor people. The residents of Pobre County had seen these VIP's before and the important people always seemed to bring along a two-part message. The first part was an expression of how much Washington loved the rural poor and would do anything in its power to help and the second part was a statement of how the government's limited resources couldn't cover everything; therefore, the people of Pobre County shouldn't expect much help for the present. When Mr. Cordova began orchestrating the VIP visits, he created a situation in which the visitor would receive a two-part economically depressed Spanish-American hamlet, and a number of rundown houses in the county seat, the VIP would suddenly find himself in a room with 30 mad-as-hell Navajo Indians. Just as General Custer must have been impressed, for a short time at least, with the needs of the Sioux Nation, so was the VIP visibly impressed with the needs of the Navajo. This inspired group of Indians would tell the visitor in no uncertain terms that they were not happy with the way things were going and that they held him personally responsible. A number of proposals were funded after this type of unforgettable visit to Pobre County.

For the young researcher, the final weeks of the study came and went all too quickly. During the course of his study, he had seen a major vocational school complex constructed, a vocational training program initiated, adult education classes begun, recreation facilities developed, irrigation ditches cemented, health

programs expanded, several hundred hard-core unemployed residents trained for productive jobs, and many other worthy projects completed which made a significant impact on the lives of hundreds of people in the county. As the researcher packed his yellow pads of paper for the last time, he couldn't help but think that one man really can make a difference in the face of a seemingly hopeless situation—especially if the man understands how the bureaucratic system works and is skilled enough to use the system against itself rather than be used by it.

I would like to mention briefly another study—an independent evaluation of the concerted services approach was made by the Center for Occupational Education at North Carolina State University, Raleigh. The center found that training opportunities were made available where none had previously existed; a fuller utilization was made of the services available through the public employment service; valuable information and consulting services were provided local leaders; and additional job opportunities were developed. The director, Dr. B. E. Griessman, of this CSTE evaluation stated that "this project—CSTE—is long on ideas and dedication of personnel, low on cost, with benefits that appear to be highly promising."

We would like to see this bill enacted into law with funds made available so that this kind of program could be approved in each State that wants it. Only 15 States have benefited directly from the CSTE program. At least 20 additional States have requested this program, but funds have not been available. This proposed legislation, if enacted, would permit a positive answer to their requests. It is a relatively small amount of money, but I believe it would continue to give large satisfying results through the CSTE program.

Mr. Chairman, thank you for this opportunity to appear before your committee.

Dr. McCauley. Mr. Chairman, Dwayne Couchman is secretary-treasurer of our association. He is also a local coordinator from Forrest City, Ark.

Mr. Couchman. Thank you.

Mr. Chairman, I would like to make a brief comment at this time.

Mr. Rose. Please proceed.

STATEMENT OF DWAYNE COUCHMAN, SECRETARY-TREASURER, CONCERTED SERVICES ASSOCIATION

Mr. Couchman. Thank you. I would like to make a comment regarding concerted services.

For the past 8 years, I have worked in concerted services in eastern Arkansas, working in connection with local lay leaders, public and private, profit and nonprofit organizations, and representatives of county, State, and Federal Government, identifying and studying area problems and developing adaptable native programs to help solve the needs of the people.

I have also served as liaison and resource for agencies and organizations in helping to locate funds and assisting in getting project proposals into the proper channels for consideration, approval, and implementation in connection with total community development.

I am going to be as brief as I can due to the time barrier, but we have been working in a various number of fields. We have been working in the field of expansion of public facilities and housing, in the field of health, area recreational development, co-op development, day care for mentally retarded, sheltered workshops, day-care centers, neighborhood facilities, setting up mental health associations and development corporations, establishing mental health centers, just to mention a few of the many things in which we have been involved.

When a need is found, what we do is refer it to the appropriate agency and work with them through implementation.

We refer it to the appropriate agency because we handle no money, sponsor no programs, nor administer any. We do not partially submit

applications and do not have the power to approve or disapprove a single program. We are not competitive, although we may create competition to get the job done.

We do not tell anyone how to run their business, nor do we try to take their job away from them. All we are interested in is helping the rural people. We are not a new program but we are an ongoing program.

We have been referred to as innovators, change agents, information brokers, salesmen, consultants, coordinators, and a few other things which probably wouldn't be appropriate to mention here.

We are not 100 percent right, and we do not have all the answers to all the problems. But we do our best to get the job done.

When the local people from our area heard that we were having hearings here, they were most appreciative of it. A lot of them wanted to come in, but they did not have the funds to do so. They did, however, Mr. Chairman, submit written statements. If I may, I would like to submit all of them in their entirety for the record.

Mr. ROSE. Without objection, it is so ordered.

[The seven letters submitted by Mr. Couchman follow:]

W. B. 'SONNY' HAMILTON,
Forrest City, Ark., October 17, 1975.

Congressman CHARLIE ROSE,
Chairman, Subcommittee on Family Farms and Rural Development, Washington, D.C.

DEAR CONGRESSMAN ROSE: H.R. 7159 has my fullest support and I would like to offer in relation to H.R. 7159 and our presently existing Concerted Services in Training and Education program under the direction of Dwayne N. Couchman, the following:

I have worked with the Concerted Services in Training and Education program that serves this Eastern Arkansas Area for the past several years and have seen many accomplishments throughout the area brought about through efforts of the program. These have included conducting labor surveys which were used to help bring industry to the area, conducting an employer needs survey to determine current job openings and openings anticipated. The results being used to establish needs for vocational training programs which provides employers with employees exposed to basic training needs and job qualifications. Assisted local leaders in identifying needs, assisted in and developed proposals for obtaining the resources required to meet those needs which have included Mental Health Clinics, establishing rural manpower itinerant points, setting up Adult Basic Education and continuing education classes, compiling plant site fact book, water-sewer projects, youth training projects and recreation sites just to mention a few of their many worthwhile projects.

We are in this area definitely want Concerted Services in Training and Education continued as it has and is definitely helping this rural area develop, therefore I ask that you give your fullest support to H.R. 7159.

With best personal regards to you, I am

Respectively yours,

W. B. HAMILTON,
County Judge.

STANLEY SULGER,
Wynne, Ark., October 16, 1975.

Congressman CHARLIE ROSE,
Chairman, Subcommittee on Family Farms and Rural Development, Washington, D.C.

DEAR CONGRESSMAN: The problems of Rural America are many and become more complex daily. H.R. 7159 is of vital necessity to the development of rural areas and I offer my fullest support to its passage.

There is no doubt that a higher level of coordination between all Federal departments and agencies is necessary to achieve the maximum beneficial impact on rural area development, and that such coordination can be more easily achieved

by a special Task Force known as the Concerted Services in Training and Education Task Force as established in H.R. 7159.

We have a Concerted Services in Training and Education program in this area which has been very helpful to us in total rural area development, and definitely want it to be continued.

Sincerely,

STANLEY A. SULGER,
County Judge.

CITY OF MADISON,
Madison, Ark., October 16, 1975.

Congressman CHARLIE ROSE,
Chairman of the Subcommittee on Family Farms and Rural Development,
Washington, D.C.

DEAR SIR: I would like to offer the following in support of H.R. 7159 which adds Title VII to the Rural Development Act called the Concerted Services in Training and Education Task Force, which is vitally needed to help rural areas develop and is a major piece of legislation for this area.

As the Mayor of Madison, a small town in a rural setting in Eastern Arkansas, I am faced daily with the problems of trying to locate resources to develop our town.

Our existing Concerted Services in Training and Education program, under the direction of Dwayne N. Couchman, is a very important element in development of this rural area.

Since the program is not limited to working with a particular agency or a particular need, it gives us the definite advantage to utilize all resources available in helping to give all residents an opportunity to improve themselves and their community.

The program has definitely helped us by serving as liaison and resource, by making needed contacts, helping to locate funds and assisting in getting project proposals into the proper channels for consideration and approval providing technical assistance, various information and methods to utilize various programs and supportive services available from Federal, State, or Local sources to tailor-make programs to help this rural area.

I have been associated with this program since 1965 and know that it is one of the most helpful programs for rural areas and that we definitely want it continued, therefore, I strongly support H.R. 7159.

Sincerely,

WILLARD WHITAKER,
Mayor.

CROWLEY'S RIDGE VOCATIONAL TECHNICAL SCHOOL,
Forrest City, Ark., October 20, 1975.

Congressman CHARLIE ROSE,
Chairman of the Subcommittee on Family Farms and Rural Development,
Washington, D.C.

DEAR CONGRESSMAN ROSE: This is in support of H.R. 7159, which establishes a Title VII to the Rural Development Act called, "Concerted Services in Training and Education Task Force."

This legislation is greatly needed to help rural areas continue to develop in fields of training and education and of all economic developments. I have been associated with our presently existing Concerted Services in Training and Education Program for the past several years and have seen many benefits brought about in the area through the program—such as creating additional jobs, striving to reduce unemployment, and working with local sources to help bring needed programs to the rural area.

The program has helped us by making needed contacts and served as a liaison resource between this school, industry, and others interested in upgrading the educational level of rural people. Rural areas need all the help they can get in order to overcome the many problems with which they are faced.

The establishment of Concerted Services in Training and Education Task Force, and the continuation of our presently existing Concerted Services in Training and Education Program is a vital step in this direction.

Sincerely,

BURL W. LIEBLONG,
Director.

EAST CENTRAL ARKANSAS ECONOMIC OPPORTUNITY CORP.,
Forrest City, Ark., October 16, 1975.

Congressman CHARLIE ROSE,
*Chairman of the Subcommittee on Family Farms and Rural Development, Wash-
 ington, D.C.*

DEAR SIR: The bill, H.R. 7159, introduced by Representative Bill Alexander which adds a new Title VII to the Rural Development Act and establishes the Concerted Services in Training and Education Task Force thereby continuing existing and providing for additional Concerted Services in Training and Education programs has my fullest support.

Passage of the bill is greatly needed to continue and provide additional help and resources to Rural Areas.

I have been closely associated with our locally existing Concerted Services in Training and Education program for the past several years during which time the program has provided us with considerable technical assistance, assisted in program proposal writing and implementation and provided liaison services between us and National and State agencies.

The program which is under the direction of Dwayne N. Couchman of Forrest City, Arkansas has worked in Eastern Arkansas to reduce unemployment, create additional jobs and provide for a better community for all our local people and definitely should be continued and expanded, therefore I strongly support and ask for your support of H.R. 7159.

Sincerely,

JIM E. WILLIAMS,
Executive Director.

EAST ARKANSAS REGIONAL MENTAL HEALTH CENTER, INC.,
Wynne, Ark., October 16, 1975.

Congressman CHARLIE ROSE,
*Chairman of the Subcommittee on Family Farms and Rural Development, Wash-
 ington, D.C.*

DEAR SIR: In support of H.R. 7159, I would like to offer the following:

Rural areas need all the help they can get to overcome the many problems with which we are faced and the establishment of a Concerted Services in Training and Education Task Force, which would serve in many facets of rural development would definitely help.

The establishment of a Concerted Services in Training and Education Task Force would set a higher level of coordination between all Federal Departments and agencies which would have a definite impact on rural area development as our existing Concerted Services in Training and Education program is having in our area.

Sincerely,

JACK D. FISCUS,
Acting Director.

EAST CENTRAL ARKANSAS ECONOMIC OPPORTUNITY CORP.,
Forrest City, Ark., October 17, 1975.

Congressman CHARLIE ROSE,
*Chairman, Subcommittee on Family Farms and Rural Development, Washington,
 D.C.*

DEAR CONGRESSMAN ROSE: Rural areas need all the overall help they can get and I know of no better source than through H.R. 7159. The bill which amends the Rural Development Act adding a new Title called the Concerted Services in Training and Education Task Force is very worthwhile legislation in the eyes of Eastern Arkansas.

I serve seven rural counties as Director of the CETA Work Experience Program and during the last several years, I have been closely associated with our existing Concerted Services in Training and Education program and have seen many benefits that it has provided, not only through establishing training and education programs, but through job development and economic development as well.

Concerted Services is definitely helping the rural area and definitely must be continued, therefore I strongly support and urge passage of H.R. 7159.

Sincerely,

JERRY ENGLAND,
CETA Program Director.

Mr. ROSE. Thank you, sir.

Dr. McCAULEY. We have two gentlemen, Mr. Chairman, from Texas. Mr. Ray Prewett has had experience at the State level and he is accompanied by Mr. Mac Varley, who is on one of the local projects in Texas.

Mr. ROSE. We are happy to hear from them.

Mr. Prewett, you may proceed.

**STATEMENT OF RAY PREWETT, DIRECTOR, DIVISION OF COUNTY
AND RURAL SERVICES, TEXAS DEPARTMENT OF COMMUNITY
AFFAIRS**

Mr. PREWETT. Mr. Ben F. McDonald, Jr., executive director of the Texas Department of Community Affairs and State Chairman of the CSTE committee, has asked me to thank you in his behalf for this opportunity to present the department's views and to comment generally on rural development.

I am Ray Prewett, with the Texas Department of Community Affairs as director of the Division of County and Rural Services. I come before you today to make these comments and to comment particularly about one of the more exciting rural development programs, the concerted services in training and education (CSTE) program.

Texas has a large interest in the CSTE program and its future. In working with CSTE through our department, we have seen the program grow in Texas from the one initial project in Red River County to the seven projects currently underway. Two of the CSTE project areas are multicounty programs. The effort in Texas represents a majority of the existing CSTE programs nationwide.

CSTE is a part of a larger concept called rural development, which is very popular, but has proven to be very difficult to implement. As we look back at all the studies, acts, and legislation, in regard to the concept of rural development, there is one thing that is quite evident; rural development is larger than what any single agency can deal with effectively. This premise is the foundation for the concerted services program. The key to CSTE is the ability of a local coordinator to take the general objective of rural development and translate it into specific and effective action programs by having access to all State and Federal agencies which have resources to meet the needs of the community. The CSTE program has provided invaluable services to communities and at a very low cost to Federal, State, and local governments.

The situation in small rural counties throughout the country is one of shortages and limitations in many areas; housing, health service, and facilities, and economic development, to name a few. The critical limitation that CSTE addresses is the inability of our smaller communities to take advantage of the opportunities already open to them and to find the assistance that, in many cases, is already available through funded programs to meet the concerns mentioned above. The rural communities often do not have the staff to understand, to implement, and to administer these programs. As our government continues to place more and more responsibilities and requirements on the local communities, and the rural communities do not object to accepting the responsibility, it is assumed that they have the internal

capacity to implement these programs, but this is not always the case. Many of our rural communities find that their leaders, though both willing and capable, are still frustrated when they encounter the maze of paperwork and procedures that stands between the community and the program provided by the State and Federal governments. Agencies do not "wholesale" their programs. They don't knock on the mayor's door to sell their wares. Someone at the local level has to go to them and take the assistance away from them. These programs are certainly not "give-aways". The CSTE program provides the "arms and legs" for local officials to help them assume their responsibilities—to help them help themselves.

We are very proud of the successes that Texas CSTE projects have experienced in remedying some of the limitations present in rural areas. I refer you to a recently published annual report of the CSTE efforts in Texas and share with you some of the achievements. During the fiscal year, August 1, 1974 to July 31, 1975, over \$12 million of Federal and State money was channeled into CSTE counties. CSTE coordinators were instrumental in referring or helping place over 500 people on jobs or training programs through Comprehensive Employment and Training Act (CETA). Development projects included the construction of county hospitals, community center buildings, and housing units. Two CSTE project areas are in the process of acquiring, training, and licensing Vietnamese doctors to practice in their counties.

Another note of interest is Texas' most recently established CSTE project which is in Fayette County. In contrast to the selection of potential CSTE project areas based on a declining population, Fayette County is faced with an enormous growth of population due to the impact of the construction of a coal-fired electric power generating plant. The county will experience an influx of up to 1,800 construction workers over the next 5 years, and then a large permanent staff of operators as the plant goes on line. Realizing the problems associated with this accelerated activity in a rural county of 17,650 population, the county commissioners court utilized a title VI CETA manpower slot to employ Mr. Hank Paine as CSTE coordinator. Gentlemen, Fayette County had seen CSTE work, so they sacrificed other opportunities to get into this program.

After watching the CSTE program prove itself in Texas, I strongly believe that CSTE is one of the few programs that has the flexibility to cross Federal, State, county, and local lines and address any problem in which the local people are interested. I believe in the concept and its effectiveness and will appreciate your every consideration to continue this effort.

Mr. ROSE. Thank you, sir.

Mr. PREWETT. I would like to say that Mr. Mac Varley, who is a coordinator from our area in Texas, is here with me today. He has a statement from the county judge which he would like to read into the record at this time.

Mr. ROSE. Please proceed, Mr. Varley.

Mr. VARLEY. Mr. Chairman, I would like to give this statement on behalf of Gavin Watson, Jr., who is a county judge in Red River County, Tex.

Mr. ROSE. Please proceed.

STATEMENT OF GAVIN WATSON, JR., COUNTY JUDGE, RED RIVER COUNTY, CLARKSVILLE, TEX., PRESENTED BY MAC VARLEY, COORDINATOR, CSTE, CLARKSVILLE, TEX.

Mr. VARLEY. Mr. Chairman, I would like to give this statement on behalf of Gavin Watson, Jr., county judge in Red River County.

Red River County, Tex., is a rural area of approximately 15,000 population which was privileged to have the first concerted services in training and education program authorized in the State.

As county judge for more than 20 years and as president of the Red River County industrial program since 1964, I am well acquainted with the great benefits attributable in large part to CSTE efforts.

Once a noted cotton-producing area, Red River County saw its cotton income move to irrigated West Texas, witnessed the closing of related employment in the gins, oil mills, and cotton storage yard, and suffered a shattering loss of population in the post-World War II years.

As the county began to regroup by varying its land-use income and started actively seeking industrial employment, it became evident that many sources of aid and help were available through many capable and efficient State and Federal agencies.

These helped immensely with planning and background material, but there is a point at which their efforts in their specialized fields must stop. This is at this point, usually, where wide ranging and uninhibited advocacy of a project and vigorous coordination of all local, State, and Federal groups is essential.

The lack of this professional expertise severely handicapped rural areas such as Red River County. Efforts were being carried on by a few local leaders, working in their spare time, and involved in fields more or less alien to their occupation.

To fill this need came CSTE, the first program almost expressly designed to meet rural requirements, and for the first time putting rural counties on a par with larger and better-financed municipalities in the competition for State-Federal assistance available.

In Red River County, CSTE became our ombudsman, a full-time professional group especially fitted by training and experience to seek out, determine eligibility for, complete paperwork, and push on to a successful conclusion the many facets of rural area aid.

Prior to the CSTE program, local leaders had great difficulty assembling materials and even in completing the necessary forms, an art requiring considerable experience in this peculiar and complicated field. CSTE coordinators have assumed this responsibility and have been very successful in completing and in organizing a number of projects which will be summarized later.

It is the extreme flexibility of the CSTE program, large unhindered by rigid guidelines, which enables it to be of optimum value to us. CSTE can group together all of the interrelated State-Federal agencies designed to assist rural areas, can coordinate their efforts, and allows it to assemble the support and efforts of local governmental units and citizenry on behalf of beneficial projects. There is no other agency or organization available to the counties which can fill this function.

This same flexibility allows CSTE to engage in an extremely wide and varied range of community and rural activities, in contrast to other agencies which remain within their specialized areas.

CSTE coordinators in Red River County have, to my personal knowledge, assisted widely in such general areas as:

Industrial development; health services, environmental protection; community improvements; educational programs; training and re-training of workers with marginal skills; resource development; community recreation; rural transportation; rural housing; programs for the elderly, the first in the county; youth programs; job surveys; and others.

In most of these endeavors, the coordinators can point to tangible results brought about at least partially, and sometimes almost wholly, by their aggressive pursuit of these beneficial programs.

The control concept of CSTE, directed by a local committee of citizens, may not be entirely unique, but it certainly lends itself well to the local needs. By virtue of coordinating governmental instrumentalities, cities, counties, schools, special districts, and so on, and by reason of being more or less responsible to the local committees, CSTE is exceptionally responsive to the desires and needs of the citizens.

To those indoctrinated only with the concept of urban and metropolitan organization, with an agency to fill every need and an expediter for every problem, it is difficult to explain the intricacies involved in coordination of programs affecting a 1,000 square mile area, with 15,000 citizens, half living outside the city limits of any town, many on dirt roads, largely without telephones, with school districts of less than 300 students and incorporated towns of less than 250 citizens, with no full-time chamber of commerce managers, no local employment office, no statistical analysts, no public health workers, and on and on.

Nevertheless, it is this ground that the CSTE coordinators must plow, and they are uniquely qualified to do just this. We have become so accustomed to their activity on our behalf, that we have no idea who would fill their place were they not with us.

We, therefore, support H.R. 7159.

Thank you, Mr. Chairman.

Mr. ROSE. Thank you, sir.

That statement which you just read is the statement of Gavin Watson, Jr., county judge of Red River County, Clarksville, Tex.

Mr. VARLEY. Yes, sir.

Mr. ROSE. Is there any further statement that you gentlemen wish to make at this time?

Mr. PREWETT. Mr. Chairman, I have a plane to make but I would be very glad to stay because I am very happy to testify here today. I appreciate the interest of this committee in this subject.

I would add, as far as our other projects in Texas are concerned, during the last year some 98 community development projects were completed by the 7 coordinators that we have. I think CSTE has proven that it works. It is a unique concept. It is very simple and very practical.

I am disturbed that the notions of new federalism and so on may be tantamount to the death of this particular program.

Thank you.

Mr. ROSE. We will excuse you, sir, whenever you have to leave, without any further comment.

We appreciate receiving your remarks. Thank you.

Dr. McCauley, for the record, will you give us an explanation of how the concerted services operation has funded these project managers and coordinators to this point in time?

I seem to have the impression that there is a great deal of volunteer service involved here that makes me feel very good about what you are about.

Dr. McCauley. Yes, sir.

I would like to start off, Mr. Chairman, by saying what we did not do. We did not want to turn to a single Federal agency and obtain funds from them, because we knew, if the money came from the Agricultural Extension Service, they would then consider it their program. They would use all their reporting requirements and their evaluations, and pretty soon it would be an appendate to the Extension Service.

Mr. ROSE. Did you have a budget?

Dr. McCauley. What we have done is, we have gone to four or five agencies that had some discretionary money, and asked each of them if they would support a particular project in any locality in a State. For example, HEW, using some of their money obtained through MBTA, supported the coordinator in Sandoval, N. Mex.

The employment service, using money that it had in its discretionary funds, supported a project in Forest City, Ark. Dwayne Couchman was coordinator.

We later got a little supplement from the Interior Department to help out in New Mexico.

Mr. ROSE. When you say "we," who are you talking about?

Dr. McCauley. We, the task force.

Mr. ROSE. This is when you were——

Dr. McCauley. Cochairman, and Mr. Gilliland was the executive secretary.

Mr. ROSE. And your salaries were paid how?

Dr. McCauley. We were doing this in addition to other Federal service. It became a very important part of our activity, but we were doing other things, too. We had regular civil service positions.

Essentially what we were doing was periodically passing the hat among various Federal agencies and, in some cases, we were able to get State contributions, too. In West Virginia, for a while, we were able to get State contributions.

We found it advantageous to get the funding from several sources because, as Eugene Greissman found in his evaluation, if you really want an interdepartmental project, you need to have this kind of mixed funding to preserve the integrity of the project.

One of the things we like about Congressman Alexander's bill is that it provides that it will not be just one agency, but that there will be the three agencies playing the major role, with a larger committee on which other agencies would be represented.

Mr. ROSE. What you are saying is, given all of the call for economy in Federal Government, you are afraid that what, for the past ten years has been on a pretty solid basis, may have suddenly stepped on a banana peel, so to speak. You want to find a more permanent home for continuing what you all consider to have been a very worthwhile effort in the last decade?

Dr. McCauley. That is exactly right.

One additional point is that the shift in emphasis within the Labor Department to the idea of revenue sharing and turning large sums of money back to the States without any real guidelines, that of course is working against obtaining discretionary money at the national level for concerted services.

Mr. ROSE. Well, then, would you say that I should probably diminish my concern over the Department of HEW's attempt to evaluate a program that they do not have any money for? Do you think this will be useful?

Dr. McCauley. Yes; it definitely will be.

Incidentally, we have been very receptive to getting technical help or support from whatever source. There were a number of Federal agencies that were not able to contribute financial help at the local level, but still were able to give us some technical support in staff help.

For example, in the public health field, we received a great deal of technical assistance from that area.

Mr. ROSE. This has nothing to do with legislation, but I note from your title that you are president of an association.

Dr. McCauley. Yes.

Mr. ROSE. How does your association work with the concerted services effort?

Dr. McCauley. This is an informal grouping of about 100 people who have had some experience with concerted services. It includes present and past coordinators. It also includes many Federal and State officials who have had some contact with concerted services.

Mr. ROSE. Were these project managers in the projects around the country screened and approved by your task force before they went out? Or did they come to you with a proposal?

Dr. McCauley. I would like Mr. Gilliland to explain this. We did have some role in it, but we left a considerable amount of responsibility at the local level.

Mr. GILLILAND. At the beginning, and following through most of the time, under this Executive order the Secretary of Agriculture was the chairman of the Interdepartmental Executive Committee on Rural Development.

He sent a letter to the Governors of—when we started the project—six States saying we would like to try out a cooperative effort between the Federal, State, and local leaders to get assistance out to these rural areas that are not getting it in comparison with the urban centers.

If you are interested, let us know, and we will send our representative out there, we said, to meet with your committee, and that group can select an area where you can have the project.

This was done. The Governor would set up a committee, and the Federal Government would send out two or three people to meet with them. They in turn would select counties. Then a representative of the State government and the Federal Government would go out to that county and meet with the leaders there.

If they wanted the project, it was indicated by the local people there. I can tell you that, in more than one county, we went out and there was not sufficient interest on the part of the local leadership for this kind of a project. So it was not designated there.

It came only when the local people wanted it, it was approved by the State people, and then it was adopted by the interdepartmental task force.

We did not make the original selection.

Mr. ROSE. Thank you very much, sir.

Dr. McCauley. I would like to add something.

One additional step would take place. This would be a local committee, would nominate some individuals to be considered for coordinator, and would indicate their prime choice.

They would then outline the qualifications of this person. The State and Federal task force would also review those qualifications.

There was only one occasion where any serious question was raised. Usually we were able to endorse the choice that had been made.

Mr. ROSE. Gentlemen, I thank you very much. I am sure Mr. Breckinridge may have some questions.

Mr. BRECKINRIDGE. Thank you, Mr. Chairman.

I was very interested, Dr. McCauley, in your answer to an earlier question of mine about the differentiations and interrelationships between community action groups and the concerted services efforts.

Would you explain to me how that is arrived at, at either the Federal, State, or the local level, in any formal sense of the word?

Dr. McCauley. Let me mention two or three items that I think will interest you.

This week, we are having a workshop here in Washington for our coordinators. There is an agenda prepared. Part of this agenda requires that they move around to various Federal agencies to meet with various groups.

They are going to the community service agency, and top officials of the agency will talk with them about their program plans and what the emphasis is that they are putting on, and so on.

Second, when we are in a real crunch for raising money and we are passing the hat, we have had encouragement and help from community services. I would like to point out that they are paying the full expense of the Alma, Ga., coordinator.

Most important, down at the local level, some of our projects were in operation even before the Economic Opportunity Act was passed, and our local coordinators were instrumental in helping set up some of these requests for moneys from OEO to set up the first projects.

They have worked very closely in projects that would help the economically disadvantaged in poor communities.

Also, there is a close relationship at the staff level, and in at least one case where we had a turnover in the office of coordinator—a coordinator was given a job in a regional office—the community recommended that the community services man shift over and become our concerted services coordinator. So, there is a very good relationship at the local level.

Mr. BRECKINRIDGE. Thank you, Dr. McCauley.

Approximately how many coordinators are in town for this meeting?

Dr. McCauley. There are approximately 20.

Mr. BRECKINRIDGE. I understand that there has been a total of some 21 programs in a total of 15 States, 9 of which are now operative, and that interest in such programs has been expressed by at least 20 additional States.

Am I correct in those figures?

Dr. McCauley. That is correct, sir.

Mr. BRECKINRIDGE. Somewhere in Congressman Alexander's statement, there is information to the effect that at no time has this program

cost more than \$1 million, and he proposes funding at \$4,500,000. I wonder if you gentlemen would direct yourselves to the potential this program has in terms of past experience and future budgeting in order that we may get some sort of an idea of what would be a reasonable funding over the foreseeable future for fiscal year 1976-78 in terms of this program.

Dr. McCauley. I would like to mention a few factors that I feel are involved. Others at this table may wish to supplement my remarks.

I think one important item to keep in mind is that only about \$30,000 is required in a single geographic area. Allowing a little for inflation, we might think that we could get roughly 3 projects for \$100,000, or 30 projects for \$1,000,000, approximately.

I think another factor to keep in mind is that this is not an approach that should be used in every county in the United States. First of all, it should be predominately a rural county, a relatively small county that does not have a lot of officials and staff help and so on at the county level. And it should be a county that really wants it.

As Mr. Gilliland mentioned, there have been two or three cases where we found in preliminary discussions that there was a lot of interest expressed, but they were not really deeply committed to having a project of this sort.

Eugene Greissman feels that concerted services works best in a county that has been lagging behind economically, and one in which there is a general consensus that they need help. It has to be one where they are very anxious to get the program, and where they are willing to work long hours to get a project of this sort. When that condition exists, then concerted services is really the right approach.

Opinions vary as to how many counties in the United States would be in this category. My guess would be maybe 500 or so would be in this category.

Mr. BRECKINRIDGE. Approximately 500 counties would be eligible under that criteria for this kind of a programmatic service?

Dr. McCauley. Yes. Now, of course, it is a matter of judgment, and there is some at the margin. However, I would think roughly around 500.

Mr. BRECKINRIDGE. Let me open another line of questioning here.

You heard the testimony by the gentleman who appeared before you. Let us translate that testimony for a moment.

I would say that new federalism—that is what you wish to call it—contemplates a dissipation of leadership and direction and guidance to a local level that may or may not pick it up and that a 10-year experiment will be frustrated by the testimony that I have listened to by those gentlemen.

Conversely, it occurs to me that there is validity from what has been said both by them and by this panel to a concern over a formalization of this program and the stereotyping of the shooting and shotgunning of money and dollars in programs in various places.

Would you make any suggestion, or would you at a later date, please feel free to make any suggestion, that might be directed at revising in any way the bill before us to avoid that formalization and stratification, on the one hand, and maximizing the flexibility, on the other hand, and then pricing out the \$4,500,000 more precisely against a 500-county target? I do not mean all of this in 1 year, but over a period of time.

Dr. McCAULEY. Let me react a bit to that. Again, I would invite others to supplement my remarks.

I think that for the next 3 or 4 years, \$4,500,000 is a reasonable amount to be talking about.

It may be that a reevaluation would be needed after that time.

I really do feel that it is crucial that the cumulative experience and dedication of these local coordinators be preserved. One of the things that we have found has been most important is that, in training a new coordinator, it helps very much to be able to have him work with some of the experienced coordinators, and we cross State lines in doing this. This has been very effective.

On the matter of rigidity, I think it is a false claim to say that this legislation might set up some frozen approach that just would not work in the future, because concerted services itself is a flexible idea. If you were to travel around and visit some of the projects, you would note that there is quite a bit of variation almost entirely accounted for by the different needs.

In one community there would be a big emphasis on health services. In another area, the emphasis would be on basic education. In another area, it might be some occupational training. It is an effort to adjust to the local need.

Mr. BRECKINRIDGE. I would like to follow up on one point. It is your view from an analysis of this legislation that it would continue the multiparticipant Federal effort on a competitive basis at the Federal level with no one agency, including Agriculture, which has the immediate responsibility of making it "their program."

Dr. McCAULEY. I think that Congressman Alexander has put some safeguards in their by creating this tripartite approach that would involve Labor and HEW, and also setting up an advisory committee with other agencies on it.

Of course, if there were some way to bypass any executive agency and in some way to provide the money directly to the task force, this would be an interesting approach, but I just do not think that is practical the way the government operates.

Mr. ROSE. How would you like a triagency like a tricounty fire department that was going around shooting water on rural problems. All of a sudden the three agencies have decided among themselves that they are out of water. You are saying that we need a new home for the fire department. That may be an oversimplification of this concept, but it looks to me as though, if, in fact, the three agencies that put this fire department together with the President's blessing 10 years ago, are now deciding that they are going to put out their own fires individually, we have got some explaining to do to justify continuation of the fire department. That is, if we have no water—that is money.

What are you going to concert if these discretionary funds are drying up?

I am not meaning to sound antagonistic to that question because I would hope that there would be a great deal that you could do. Has this been an effort to go and look at the particular problems of a particular community and suggest a specially tailored solution in a rural area where the big city answers have not been available?

Dr. McCAULEY. Yes, that is true. I think it is very important that we keep in mind, when we speak of \$30,000, we are talking just about

the local administrative expense to underwrite the coordinator. The coordinator then spends full time looking at needs and trying to broker services and needs and resources. It may end up pulling together some proposals that might total \$1 million, or it might provide for a new vocational school or a hospital.

Mr. ROSE. You call it brokering services rather than putting out fires.

Dr. McCAULEY. Yes.

Mr. ROSE. If you have nothing to broker, then what are we going to broker in the future?

This is a kind of desperate question, because we heard the testimony of the gentleman who preceded you.

Dr. McCAULEY. I have something to say in that regard. For one thing, it is not just Federal money that coordinators are concerned with. Frequently they have been able to work out very good program solutions using State resources. Or they may take some available resource, like some school buses that are available, and using them at other hours or school buildings.

Or they may use resources available in a local community, getting some local service organizations to join hands—the chambers of commerce, and other groups.

While the Federal money for health and housing and manpower are quite important, they are not the whole story.

Mr. GILLILAND. I would like to mention the background of the Executive order which established the Rural Development Committee.

The Secretary of Agriculture was the chairman, but each of the other seven agencies of the executive branch of the Government, had a member on that committee. Then, in the working group, each one of those had a member on this executive committee, and over the years it developed that these three agencies came out to be the three agencies that showed the most interest and expressed the most effort out in the rural areas.

It did not mean, as Dr. McCauley mentioned, that we did not have and use effectively resources from SBA, HUD, Transportation, OEO. We did. All of those agencies were made to feel that they had a very important contribution. This will have to be continued.

I say this even though you have the three agencies which turned out to be the ones that contributed the most to be the executive committee. These other agencies, as members if the advisory group will still need to feel that they have a role to play, and they have resources to make available out there in rural areas.

Mr. ROSE. Gentlemen, you have done a very good job of explaining what must be a very exciting program. We are deeply grateful to you for your time and interest in tackling the problems of rural America in this way.

We hope that, as the Rural Development Subcommittee. We can give some impetus to what you are doing and see that you are not out of discretionary funds—or not out of water—however you want to look at it.

Do you have any further comment, Mr. Breckinridge?

Mr. BRECKINRIDGE. I just want to thank the gentleman for giving me the other side of the coin. I was having a hard time understanding.

I would like to say this to the gentlemen in your professional capacity as representatives of Concerted Services Association that, about 2

weeks ago, we held a little planning conference on rural development at my university in Kentucky.

The idea there was to go from that to a work session in planning a rural development conference that can be bicycled around the country. We are looking for areas of inclusion as well as recognizing the need to exclude a lot of them in order to have a workable thing.

In that connection, I would like to say that I would welcome your suggestions and contributions and participation and assistance starting yesterday.

Mr. McCauley. Thank you.

Mr. Gilliland. Mr. Breckinridge and Mr. Chairman, I would like to give Mr. Breckinridge a little more information about Mr. Porter Martin's project at DeKalb, Ill.

This county was the only county that the task force recommended for a CSTE project that was above the average of the Nation, as far as income per capita was concerned and academic attainment of the population. I will let the written statement of myself and our CSTE coordinator be made a part of the record.

The reason was, we had been asked if we could see what the CSTE effort would do in a county that was above the average in economics and academic attainment. Their request indicated that they had so many people on the borderline, even though DeKalb was well up there, that they had to do something with it.

So we were asked if we would work with them on a CSTE project and see what accomplishments could be made there.

As has been brought out by Mr. Martin, and in some of the reports, it was really astonishing the cooperation that we got and how many people were interested in helping themselves there when the effort was made available to them, even in this county which was above the average of the Nation.

Mr. Breckinridge. Thank you, very much.

Mr. Rose. Gentlemen, we thank you for your patience and presence. If there are no further comments, we will excuse you.

Mr. McCauley. Thank you.

Mr. Rose. Are there any other witnesses who wish to testify regarding H.R. 7159?

Dr. Blakey. Mr. Chairman.

Mr. Rose. Yes, sir.

Dr. Blakey. I am Millard Blakey. I will let the written statement of myself and our CSTE coordinator be made a part of the record.

Mr. Rose. Who is your coordinator?

Dr. Blakey. Mr. Allen Bower.

Mr. Rose. Dr. Blakey, we would accept for the record then the statement by yourself, Dr. Millard L. Blakey, and the statement of Mr. Allen E. Bower, Sr.

[The prepared statements of Dr. Blakey and Mr. Bower follow:]

STATEMENT OF DR. MILLARD L. BLAKEY, COORDINATOR, MANPOWER TRAINING AND UTILIZATION, RURAL DEVELOPMENT CENTER, TIFTON, GA.

Mr. Chairman, Members of the Subcommittee, I am Millard Blakey, Coordinator of Manpower Development at the University of Georgia's Rural Development Center. With me is Allen Bower, Coordinator of our Concerted Services in Training and Education field demonstration project.

We greatly appreciate the invitation to present to you our comments on pending legislation of the Concerted Services in Training and Education Task Force.

Mr. Bower has prepared a separate statement which we hope can be included in the record of these hearings.

Early in 1970, and only a few months after initiation of the Rural Development Center concept in Georgia, we learned of this new and exciting idea for providing rural citizens more nearly equal access to federal domestic assistance. CSTE had, at that time, already been tested and shown to have merit in pilot areas of Arkansas, Minnesota, and New Mexico. Even a cursory examination of Dr. Eugene Griessman's evaluation of these pilot efforts convinced us that we should test this new approach to rural development in our own rural areas.¹ We therefore applied for and obtained a pilot CSTE program in a four-county area of South Georgia (See Figure 1). The project was implemented on January 16, 1971. It has been in continuous operation since that date, despite recurring periods of anxiety and frustration stemming from the uncertainties of its year to year funding.

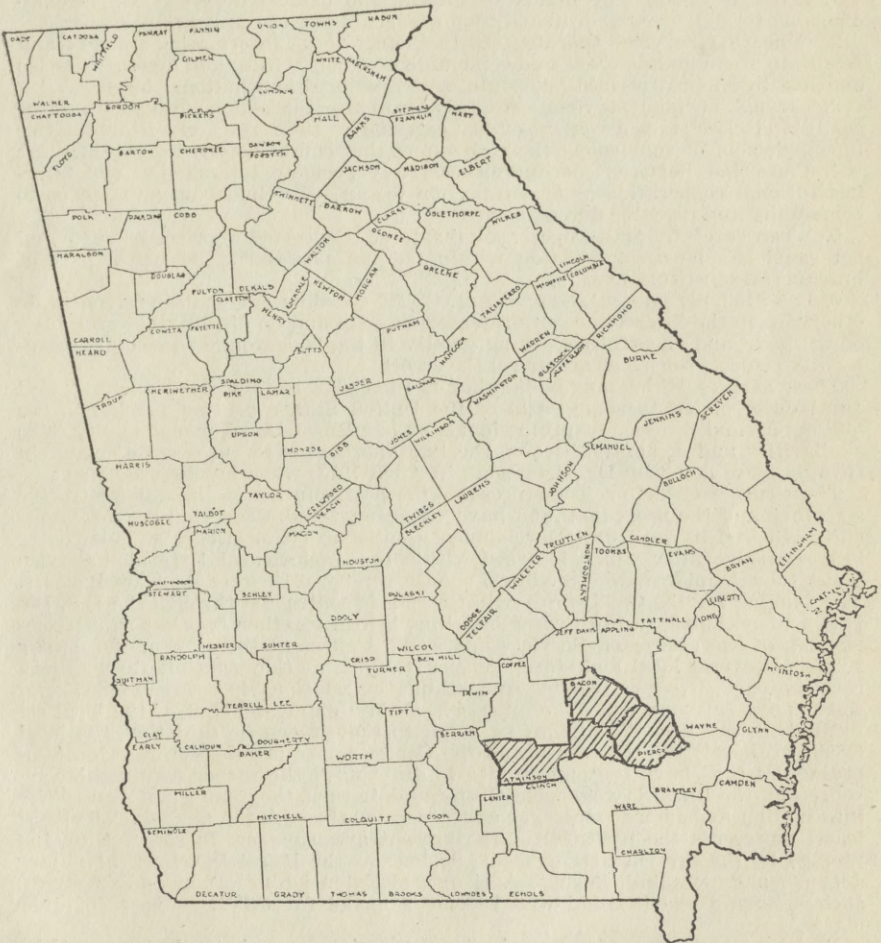


FIGURE 1. Four-County Project Area: Concerted Services in Training and Education, State of Georgia.

¹ B. Eugene Griessman, *Planned Change in Low-Income Rural Areas: An Evaluation of Concerted Services in Training and Education* (Raleigh, N.C.: Center for Occupation Education, North Carolina State University, 1969).

In regard to funds that have been obtained to underwrite the nominal costs of this project, we are most grateful to Rural Manpower Service officials of the U.S. Department of Labor and the Georgia Department of Labor for their splendid cooperation and support during fiscal years 1971 through 1975. We are also indebted to the Community Services Administration and the Georgia Department of Human Resources for recognizing the value and usefulness of Georgia's CSTE project and for providing that portion of this year's funding that could not be covered by our own resources. Hopefully, our testimony here today on the relative merits of the Concerted Services technique will further convince these agency personnel of the soundness of their decisions in keeping the Georgia project alive over the years.

The staff of Georgia's Rural Development Center continues to view Concerted Services as a unique but integral part of the overall rural development effort in this country. We consider it particularly noteworthy that:

1. CSTE is manned by highly competent and dedicated people who are indigenous to and/or extraordinarily knowledgeable of the areas they serve;
2. Concerted Services coordinators in their role as information brokers and facilitators can and do move and communicate freely within and among agencies and institutions at the local, substate, state, regional and national levels;
3. Through utilizing services of CSTE coordinators, developmental groups more easily and effectively access resources external to their respective communities to complement or supplement those resources that can be made available within;
4. Concerted Services coordinators actively promote interagency and inter-institutional cooperation and coordination toward effecting team approaches to community and resource development;
5. When carefully and properly administered, Concerted Services projects and personnel can be accommodated within but not necessarily become a part of bureaucratic institutions; and,
6. Last, but perhaps most important, CSTE coordinators—unless forced to do otherwise in the interest of self-preservation—can and do display that rare trait of willingly and cheerfully working quietly in the background to complete community projects for which others get the credit.

These aspects, which may be peculiar to the CSTE method for community and rural development in some parts of the United States, are not foreign to the philosophy and practice of professionals at our Rural Development Center. The similarities and compatibilities of the two approaches to rural development in Georgia were noted by Dr. Griessman in April 1973, when he observed that:

The Georgia CSTE project represents the best solution to the administrative structuring of the program that I have yet encountered. Concerted Services presently is based in the Rural Development Center at Tifton, Georgia. This center is a separate entity which is based within the Agricultural Extension Service under the administrative direction of the University of Georgia Board of Regents. The funding for the CSTE project in Georgia is contracted through the U.S. Department of Labor to the Center and thus brings together two important components of the Concerted Services approach. At present the staff of the Center relate to several local and state agencies. So long as they continue to maintain this approach, it seems feasible to continue the relationship between CSTE and the Center. In many ways the approach of the Center and that of the local coordinators, are broadly similar, so much so that it can be said that the local CSTE project is the microcosm and the Center is the macrocosm. The local coordinators thus have the opportunity to draw upon the rather considerable resources of the Rural Development Center and, in turn, the Center staff can utilize information and impart messages and programs through the field staff. This, at least, represents the potential of the present arrangement. In short, I am impressed by the present arrangement. So long as the Rural Development Center does not narrowly limit itself to Agricultural Extension programs and resources, such an arrangement could well become a model for CSTE projects in other states.²

While we and many of our professional associates are obviously impressed by the loose-knit but workable relationships between federal, state, and local levels that derive from the Concerted Services method, we are even more intrigued with the mod operandi and achievements of the CSTE coordinators. If you and the members of your Committee have not already done so, Mr. Chairman, I believe you will find it well worth your time to read Mark Hanson's amusing but highly

² B. Eugene Griessman, *Preliminary Evaluation of Concerted Services in Georgia* (Auburn, Ala.: Department of Sociology, Auburn University, April 1973, p. 1).

revealing and interesting account of what he calls "the improbable change agent" while describing the way a typical CSTE coordinator functions at the local, state and national levels.³

In his statement, Mr. Bower will provide us a good example of how the CSTE coordinator in Georgia determines local needs, marshals resources that can be made available through federal domestic assistance programs, and then meshes such resources with those of a small and remote community to solve critical problems. Additionally, it should be noted in these hearings that the work of our CSTE coordinator with rural Georgians has had a nationwide impact.

The Forestry Incentives Program grew out of an effort of a group of concerned citizens in South Georgia who were working with Mr. Bower to obtain federal assistance in order to make possible the reforestation of small landowners' cut-over forest lands in the CSTE impact area. Perhaps this excellent reforestation program would have been legislated and funded without the facilitating efforts of a CSTE coordinator, but my experience in rural development convinces me that we can use all the help we can get of the type that Concerted Services provided in that instance. Moreover, I know from years of experience in manpower development that informed, capable leadership at the community level is the greatest need we have in rural development. I submit to you that Concerted Services simultaneously provides and stimulates the caliber of leadership that we so desperately need in Rural America.

Again, Mr. Bower and I very much appreciate the Subcommittee's invitation to appear here today, and for the opportunity to share our views with you.

STATEMENT OF ALLEN E. BOWER, SR., COORDINATOR, CONCERTED SERVICES IN
TRAINING AND EDUCATION, ALMA, GA.

Mr. Chairman, my name is Allen Bower. I am Coordinator for Concerted Services in a four-county area of Southeast Georgia. I would like to make a few remarks concerning a project in which I have been involved.

I was selected to coordinate Georgia's CSTE pilot project in January 1971 and assigned the responsibility of helping citizens in Bacon County, where my home is located, as well as the people of three neighboring counties. Atkinson County, which is one of those four counties, has a population of 6,000. However, they had not been able to attract and hold a physician there for several years, even though they had a well-equipped clinic and certain other fine incentives to offer prospective medical personnel. Therefore, my advisory committee in that county asked me, as my number one priority, to help them secure the on-site services of a practicing physician.

At about the same time, in December 1970, Congress created the National Health Service Corps and gave it the responsibility of providing health personnel to areas without medical services. Through a member of the CSTE Interdepartmental Task Force, I learned about the National Health Service Corps in August of 1971. Having gained access to this information on a new source of federal domestic assistance, I immediately brought it to the attention of the Community Action Agency and the Health Board of Atkinson County. Upon their recommendation, and with the endorsement of the Georgia Medical Association, the Southeast Georgia Area Medical Society, and officials of the Coffee County General Hospital, an application for assignment of medical personnel to Atkinson County was filed with the National Health Service Corps.

Initially, the National Health Service Corps assigned a nurse practitioner and her physician preceptor, who implemented a wide array of medical services at the Atkinson County Medical clinic. These services included two-way radio communications with the hospital in adjoining Coffee County, thereby providing instantaneous coordination with emergency rooms about twenty miles away from the community clinic.

Later, the level of professional services was raised to that of a full-time provisional physician, who has since continued to practice medicine in Atkinson County. This gentleman even makes house calls, which, if I am not mistaken, is a rare phenomenon in these days of specialization.

Mr. Chairman, the people of Atkinson County are well pleased with and grateful for this newly acquired medical assistance, and I am humbly grateful

³ Mark Hanson, "The Improbable Change Agent and the Ph.B.," *Rural Sociology*, Vol. 38, No. 2, Summer 1973, pp. 236-242.

for having been given the opportunity to help them obtain those services. However, the point I wish to make in this statement is that, in my estimation, none of this would have happened without the existence and help of the CSTE Interdepartmental Task Force here in Washington. Coordinated and concerted actions at the local level are greatly enhanced and encouraged when it is known that help can be obtained through such a cooperating reference group of federal officials at the national level.

Mr. Chairman, I join with Dr. Blakey in a sincere expression of our gratitude for having been invited to appear here today and share our viewpoints with you and members of your Subcommittee.

Mr. ROSE. We appreciate your being here. Are you here for this conference, or did you come for some other reason?

Dr. BLAKEY. We have a special interest in the program. We have been in the program for 5 years, and we think it is a very viable concept.

At one time we had what we call a State leader. I was designated as a State leader in concerted services and education. I attended as many of these workshop sessions as possible.

Aside from CSTE, I am involved in rural development, as you can see from my written statement. I am a coordinator of manpower development in the rural development center in Tifton, Ga.

I see a great number of similarities and compatibilities between the two concepts and the modus operandi, and so forth. I have a vested interest in this type of approach to rural development.

Mr. ROSE. Thank you, sir. We appreciate your presence.

Are you, then, in favor of Mr. Alexander's bill, H.R. 7159?

Dr. BLAKEY. Yes, sir, unequivocally.

Mr. ROSE. Thank you, Dr. Blakey. We have accepted for the record your testimony and the testimony of Mr. Bower.

Mr. BRECKINRIDGE. May I ask a question?

Mr. ROSE. Yes, sir.

Mr. BRECKINRIDGE. You heard one of the witnesses say that, although they had been operating in Texas under a Manpower grant, under CETA, CETA was now taking the position with them that their program was much broader in scope than was contemplated by CETA.

Although they are still operating, it is obvious that there is going to be a cutback or a curtailment or a limitation ahead of the funds that are available to them from revenue sharing for that purpose.

Would you comment on that? Have you got that sort of problem in your area?

Dr. BLAKEY. Speaking directly to the CETA as a possible source of funding, I would say that it is possible but not probable. At least, that has been my experience. I approached our State employment and community council. As a matter of fact, I was a member of that council.

In talking with the executive secretary of the council, he expressed some interest in that concept. However, to be as succinct as possible, he felt that the amount of money that was made available for the Governor's discretionary use—with all of the various other types of needs, particularly those that have been brought forth by various agencies and institutions—would probably let us, as someone has put it, fall through the grate.

Our request, he felt, would not be honored.

We never approached the State as a whole for CETA funding such as they have in Texas.

I would like to refer to the Waycross, Ga., area. I have a proposal there to pick up the CETA program that is ongoing in their area. This is pending action. Again, however, based on my experience with area employment and training councils, their resources are so limited that the competition is going to be extremely keen. To be quite candid about it, the political climate is such that it probably will preclude this allocation of some \$25,000 a year.

Does that answer your question?

Mr. BRECKINRIDGE. If I hear you correctly, it answers it this way: that, whereas we here in Washington hear that this program is going to be picked up by CETA, you gentlemen in from the States are telling us that that is not so.

Dr. BLAKEY. I certainly have my doubts about it, sir.

Mr. BRECKINRIDGE. Very well. I thank you very much.

Mr. ROSE. Thank you.

Dr. BLAKEY. Thank you.

Mr. ROSE. I now have a statement submitted for the record by Dr. Marvin E. Konyha, the executive secretary of the Interdepartmental Task Force on Concerted Services, in Austin, Tex.

I also have a statement for the record by Dr. Roland H. Abraham, director of agricultural extension service, University of Minnesota.

Also, I have a statement for the record by district judge Nat Allen of Roundup, Mont.

Without objection, these will be placed into the record.

[The prepared statements referred to above follow:]

STATEMENT OF DR. MARVIN E. KONYHA, EXECUTIVE SECRETARY, INTERDEPARTMENTAL TASK FORCE ON CONCERTED SERVICES, AUSTIN, TEX.

As originally conceived, and as implemented in the demonstration projects, the Concerted Services approach has incorporated several unique characteristics which set it apart from other approaches to improved rural development. I choose to refer to these characteristics as Concerted Services "distinctives." While based primarily on my own observations of Concerted Services, the identification of these distinctives also borrows heavily from Dr. Eugene Grissman's assessment of the program.

INTERDEPARTMENTAL STRUCTURE

Because of the nature of our legislative and program funding process, any program that is interdepartmental in structure is a very rare breed. This process also leads to categorical programs, agency turfmanship or boundary maintenance, and severe limitations on most efforts to involve more than one agency in any program effort. By being both funded and administered on an interdepartmental basis, Concerted Services Coordinators have been able to cross agency boundaries in order to bring together program resources. Because they represent no single agency, and they have no coercive powers over local people, the Coordinators do not pose a threat to agency administrators.

A LOCAL KNOWLEDGEABLE

Key to the success of the demonstration Concerted Services projects has been the high level of competence and ability of the Coordinators. Recruited locally, they have possessed a high level of knowledge and understanding of local community needs. It is important that the Coordinator be an insider, one who knows who can do what, in the local community.

EXTERNAL REFERENCE GROUP

The direct, interdepartmental, tie to the Federal Task Force provides a dual function for Concerted Services. First, it provides the Coordinators with a considerable amount of knowledge about the latest program developments and with key contact persons in the several Federal agencies. Secondly, from a sociological perspective, this "membership" in an important reference group outside the local community gives the Coordinator a broader perspective, enabling him to better see what is and what can be.

FLEXIBILITY AND INDEPENDENCE

The Coordinators are given relatively few guidelines to follow. They have much more flexibility and independence in pursuing local development objectives than agency personnel tied to categorical programs. They are free to respond to whatever local needs are most pressing. Whereas the initial Concerted Services project thrust is in the area of training and education, Coordinators are free to work in any program area of concern to local people.

REWARD SYSTEM

Established agency representatives in local communities have often learned from experience that there is considerable risk taking in initiating new programs. They may be negatively sanctioned by both the local citizenry and their agency administrators. On the other hand, the Coordinators reward system is such that they are positively sanctioned when they implement something new. In large part, although they need positive rewards from the local community, they cannot be absolutely negatively sanctioned locally. This again gives them a greater degree of freedom to innovate than others may possess.

These, to me, are the basic distinguishing features which have made the Concerted Services program unique and highly successful. Others more familiar with individual projects can probably add a few more distinctives to this list.

I have drawn considerable attention to these features which make Concerted Services unique because I think it is imperative to continue to incorporate them in any future expansions of the program. Along with the issue of securing adequate funding for additional projects, maintaining these distinctives in a broadly expanded program presents the major challenge to those contemplating such expansion.

By practicing "the art of the possible," as the project Coordinators do so well, I believe this challenge can be successfully met.

["Concerted Services in Training and Education in Small Towns and Rural Areas," submitted by Mr. Konyha is held in the subcommittee file.]

STATEMENT OF DR. ROLAND H. ABRAHAM, DIRECTOR, AGRICULTURAL EXTENSION SERVICE, UNIVERSITY OF MINNESOTA

I am grateful for the opportunity to appear before the House of Representatives Subcommittee on Family Farms and Rural Development and to speak to the proposal to incorporate the Concerted Services in Training and Education program into the Rural Development Act of 1972. In 1968, a demonstration project was initiated in Minnesota designed to assist communities and residents of a central Minnesota county toward reaching fuller utilization of available manpower development agencies and facilities. In parallel fashion, personnel employed in the demonstration project were expected to assist Federal, state and local agencies in focussing appropriate elements of their resources toward assisting these communities and individuals in realizing fuller expression of local manpower. The basic objective was essentially to help the area realize greater potential economically and as a place for people to earn their livelihood and rear and educate their children. The project has expanded in geographic area several times, first to three counties, later to four counties and more recently to fifteen counties. The two project coordinators have been influential in helping communities and agencies move toward the project objectives. These objectives constitute a significant element of the rural development strides in these central Minnesota counties.

The area is one of relatively smaller farms than those found in much of Minnesota's agriculture. There are many small towns and comparatively few medium sized cities—only one or two as large as 10,000 people. Most are under 5,000 or

even 3,000. Hence there is a background of underemployed farm workers and rather limited off-farm employment opportunities in the area. Training of residents in the area for off-farm work appeared to have serious limitations because, to take full advantage of such training in the job market, would call for leaving the community or the small-farm investment for employment elsewhere. This, many people have been reluctant to do.

Therefore, to realize the potential benefits from manpower training and development fostered through the Concerted Services project, it became evident early on that development of off-farm employment opportunities in the area, as well as enhancement of farming opportunities, was essential to progress. This you will recognize is a substantial aspect of rural development efforts in which many communities engage assisted by a wide range of governmental agencies and private enterprises. Thus it is not surprising that the personnel assigned to the Concerted Services project became heavily involved in these same Rural Development programs contributing to greater off-farm employment opportunities and improvement in the farming potential. Our experience in Minnesota supports the view that these Concerted Services in Training and Education projects should, if continued, become integral parts of the Rural Development thrust and mechanisms.

An important aspect of such Concerted Services Training and Education programs is that they themselves should be coordinated with related activities and efforts and at the levels where the programs are being conducted. While the Concerted Services Training and Education programs have been coordinated nationally by the Federal Interdepartmental Task Force there has been no built in mechanism at the state level to aid project personnel in assuring that coordination—and support—actually occurred in the local areas. To be sure there was a loosely affiliated ad hoc group of a few state and Federal agencies at the state level which met infrequently and at irregular times to aid the two coordinators employed on the demonstration. There was, however, little assistance with the day-to-day operational questions which employees do encounter.

In Minnesota, the responsibility for administration of funds assigned to the project—that is, for payrolling and provision of employee benefits, handling of travel expenses, and provision of office space and equipment—was contracted to the University of Minnesota and assigned to the Agricultural Extension Service. The contract was developed in this manner because the Extension Service was already engaged in educational work in Rural Development and had management arrangements which suited the demonstration project well. These circumstances made it natural for the project coordinators to turn to the Extension Service for considerable counsel in performing their assigned duties. There was no other avenue as immediately available to them.

The results have been a close working relationship in Rural Development between the coordinators in Concerted Services in Training and Education and the Agricultural Extension county agents and state extension specialists. The relationship also brought about involvement of other resources of the University, particularly in health care education and planning and in main street renewal efforts of several small cities in the project area. Special programs in which the Concerted Services personnel joined the Agricultural Extension staff included development of irrigation of small farm sandlands of the area, development of animal health care programs subsequently offered at three area vocational technical schools, determining the kinds of skilled labor required to meet peak production operations in the nearby Red River Valley area, and developing and bringing into being an educational aide program to assist small farmers in the area to upgrade the management of their own skills and resources.

I have sketched these relationships to underscore a need which should be provided for if the purposes of the proposed Title VII and the Concerted Services program expansion it envisages are to be most effectively carried out. This is the need to identify an in-state agency to which the Concerted Services personnel can relate in their day-to-day activities. Since it is likely that only limited numbers of personnel can be employed for these projects in a state, some arrangement will be necessary to provide "housekeeping" for their business affairs, if our experience in Minnesota is any indicator.

Moreover, it would also appear that the personnel to be employed should be professionals who are skilled in human resource management and relationships, in educational programs and techniques and the like. Again our experience in Minnesota indicates these persons will desire and seek to obtain affiliation with some organization or agency where there are other local professionals with

similar interests and skills. Conceivably their program efforts can be enhanced thereby.

For the above reasons I wish to raise for your consideration the possibility of constituting the intent of H.R. 7159 as a separate section of Title V. This latter title as you know has educational and research dimensions of Rural Development and programs already in progress and with great potential for the future. Such Rural Development efforts can and frequently do relate to the program activities foreseen through Concerted Services. Parenthetically, placing this legislation in Title V would provide an already existing administrative base to handle such duties as I have referred to earlier, facilitate coordination with ongoing Rural Development work presently authorized under Title V, and provide a local in-state professional affiliation for the Concerted Services personnel. This would also appear to be consonant with Section 706 of the proposed legislation in that the Secretary of Agriculture already has administrative arrangements with states for conducting Rural Development programs and management functions regarding the funds provided under Title V of the Rural Development Act of 1942. It is my belief that what I have here prepared would both enhance total Rural Development programs and be efficient in provision of an administrative base which already exists.

Again I wish to compliment the subcommittee for considering ways in which to strengthen the manpower training and education elements of Rural Development. Thank you for this opportunity to speak to the legislation under consideration.

STATEMENT OF NAT ALLEN, DISTRICT JUDGE, 14TH JUDICIAL DISTRICT, ROUNDUP, MONT.

My name is Nat Allen, District Judge, 14th Judicial District, State of Montana. I am presenting this statement in support of Concerted Services in Training and Education. That support is based on my knowledge of the Montana Concerted Services Demonstration Program in Roundup, Montana, and its Coordinator, Ralph Gildroy.

This is the only program that I am aware of that really delivers to rural communities and rural areas. According to our coordinator this is due to the program's flexibility in dealing with Areawide and Statewide problems; the interdepartmental, interagency, intergovernmental structure fostering cooperation and reducing overlap and duplication; the very important liaison with the Interdepartmental Task Force providing suggestions, recommendations, resource materials and contact persons; and the semi-annual Concerted Services Workshops allowing project comparisons of the various programs throughout the nation.

In our local situation the Concerted Services Coordinator has been able to function effectively in as many areas as we have problems. His first action was to maximize citizen participation by arranging a very large public meeting which provided the citizens' inputs to establishment of the area's priorities. Those priorities have been the foundation of our goals, objectives and work plans.

One of our top priorities became an emergency for our small community when our one remaining doctor gave us a six month deadline to provide an additional doctor for relief from the tremendous work load (one doctor serving a medical area of 6,000 persons). Concerted Services met this deadline. Had it not, it would have meant the loss of our one remaining doctor, the loss of our hospital and nursing home, and the loss of sixty directly related jobs. As a result of his experiences with medical problems the Concerted Services Coordinator is now President of the eleven county South Central Regional Health Planning Council and is presently one of a three man State Committee developing a proposal to the Governor for establishment of Montana's one Health Systems Agency according to the Health and Resource Development Act of 1974. He has also been requested to establish a five man team and prepare an educational program for presentation to the sub-area consumer representatives on the Governing Board of the Health Systems Agency.

The desperate need for housing in our area has been a lingering problem for the past twenty years. Seventeen percent of our housing is substandard and there are no rental and, rarely, for sale homes available. Concerted Services conducted our Community Survey, established our County-wide Housing Authority, expanded it to a six county Central Montana Authority and made application for housing under the new Section 8 of the Housing and Community

Development Act of 1974. Because of this documentation our town of Roundup was the first town designated under Section 8 for fifty units of low-income housing for the elderly. The Musselshell County Housing Authority has been awarded the bid for construction, the F.H.A. Examination Fee has been paid and final plans are being delivered to the Federal Housing Administration. Related to this housing project Concerted Services prepared a Community Development Block Grant proposal to the Department of Housing and Urban Development which has provided for acquisition of land and the site improvements of sewer and water and curb, gutter and sidewalks. Roundup is one of three Montana cities approved for these non-discretionary funds.

In matters of employment, the Roundup office of Concerted Services has served as an outreach for the Montana Employment Service. This has provided job placements, on the job training, vo-tech training, training for handicapped, matching of E.E.A. and P.S.E. candidates and slots, summer youth programs and in-school programs. The coordinator is vice-chairman of Area V Manpower Council.

Our Coordinator was responsible for three feasibility studies for the raising of mushrooms in our abandoned coal mines. He was also responsible for encouraging ten private investors to place \$110,000 in a pilot project to prove the growability and quality of the product. This pilot was performed manually and did prove the excellence of the minded area as a growing house and that the mushrooms were very well received. However, one million dollars is required for the necessary mechanization. This amount has not been raised. The project remains viable.

As to the Montana Agriculture Industry, Concerted Services coordinated a 34 county effort (over half the State) to prove interest in a vertically integrated industry. This led to Farmer Cooperative Service Report No. 140 which substantiated an existing Montana study. This, in turn, has resulted in a \$200,000 education program to inform farmers and ranchers and a State proposal to the Old West Regional Commission to expand the project to a five State region.

Solid Waste collection, disposal and resource recovery is a matter of prime concern not only to our area but to all of Montana. In our eleventh county region this problem was tossed to our Roundup Concerted Services Coordinator. Utilizing a team approach involving the U.S. Bureau of Reclamation, U.S. Bureau of Land Management, U.S. Forest Service, USDA Soil Conservation Service, Burlington Northern Railway, Montana Power Co., H. C. L. Equipment Co., City of Billings Sanitation Department, Western Interstate Commission for Higher Education and Concerted Services. A most excellent in-depth study was produced, printed and distributed within three months at a total cost of \$672.26. This study has set the pace for Montana. The State Legislature has appropriated \$200,000 for a follow-up study to expand this effort State-wide. On the basis of the study, Concerted Services submitted a proposal to Surface Environment and Mining of the U.S. Forest Service to determine the value of pulverized solid waste in increasing the evapo-transpiration rate on reclaimed strip-mined areas in the coal fields of Eastern Montana. This grant has been approved and the study is now being conducted by an interdisciplinary team at Montana State University, Bozeman.

The Roundup Concerted Services Coordinator is now serving a second term as the Over-All Chairman for the State Committee on Community Development. A state-wide list of priorities has been compiled. As a result of discussions pertinent to these priorities the Coordinator is setting a two day meeting this month during which all of the Subcommittees of the Montana Rural Areas Development Committee make 45 minutes presentations. Among the questions to be answered by each sub-committee is "what are some problems which prevent this particular endeavor from contributing at an optimum level to the social and economic development of Montana and its people?" The written statements will be compiled, printed and distributed to all interested persons. Top resource persons are being provided for the effort by the Montana Rural Areas Development Committee and the Montana Committee for Rural Development.

In order to direct and maintain attention to the problems and potentials of small communities, the Montana Concerted Service approach has been a multi-county approach. The Roundup Coordinator formed the State's first multi-county federation (eleven county) and from that the State's first, and only, district council. He wrote the constitutions and by-laws and obtained the necessary municipal and county signatures on interlocal agreements representing

over 90 percent of the population in the area. With this framework for an operating mechanism contracts have just been signed with the Old West Regional Commission for an administrative and management grant and with the C.S.A. for grants for winterization and in-school programs. These programs have not been previously available to our six county district. They will provide the foundation for additional outreach.

It is apparent that our Roundup Concerted Services Project has been both extensive and intensive, active and productive. It is providing to our small communities and rural areas the technical expertise, know-how, and a continuity that should assure the Federal and Regional offices of sound management and administration of its programs. Concerted Services, with its flexibility and its encouragement of imaginative processes, has made this happen.

I strongly urge your favorable consideration of H.R. 7159, a bill to amend the Rural Development Act of 1972, by adding the new title as follows: Title VII—Concerted Services in Training and Education Task Force.

Mr. ROSE. Are there any further comments?

If not, we will conclude our consideration at this point until our further session of H.R. 7159.

Now we will call on Mr. Bostic. I believe you had some comments you wanted to make on H.R. 7849?

Dr. BOSTIC. That is correct, Mr. Chairman. I will make it very brief. I am accompanied by Frank Naylor, Associate Administrator, Farmers Home Administration.

I appreciate the opportunity to make these comments.

The comments made, Mr. Chairman, to expand the community facility loan program to towns larger than 10,000 prompt us to express our concern that these bigger communities are much more able to go about (1) getting other financial resources, and, (2) putting together the large applications that could use all the funds in a few large projects. Our more rural communities, the ones under 10,000, are really the ones that need the essential community facilities.

Since this program was first funded, the community facility loan program has had an authorization of \$250 million. Seventy-one percent of that money has gone for health care facilities in the towns under 10,000. That is where we think the need is really the greatest. I think, if we open it up to 50,000, Mr. Chairman, that we are just going to have these smaller communities beat out by the bigger communities, because they will come in for more money, for bigger projects, rather than the small health care facilities and nursing homes and those types of facilities that are really needed in the more rural communities.

Mr. ROSE. Congressman Hughes has told us that if we change this definition or let community medical facilities into this 5 percent guaranteed—let us put it another way. If we open up the towns between 10,000 and 50,000 people, that it will only mean a 2-percent increase in the cost of that program.

Here is what I would like to ask you to do. You obviously have some question about it.

To enlighten your favorite subcommittee, would you have your department prepare for us, or ask your computer company to prepare for us, a list of communities that would be eligible in this country if we changed the definition from 10,000 to 50,000 people.

Dr. BOSTIC. From 10,000 to 50,000? Would it be every community outside of SMSA's? As you know, when you go to the census to get this information, you have to be rather specific. If you want to get it outside of SMSA's, I think we can do that.

The problem we have, Mr. Rose, Mr. Breckinridge, and Mr. Bedell, is these larger communities are pawning to 5-percent money. They see this as something that would be helpful to them. We have the problem that faces us every year of the interest subsidies in our rural development programs growing very rapidly. This year they are going to cost us almost \$1 billion.

We do not want to expand our program to include these bigger communities because they will be the ones that will have the bigger projects. They will have much larger loans, and they will take it away from our little communities that really need these health care facilities.

Mr. ROSE. I believe you have the figures and the breakdown for the whole country.

Dr. BOSTIC. I think we have it for 25,000 population. If it goes up to 50,000, it will take some work to put it together.

Mr. Chairman, we will be more than happy to get it. We will send it up to you as soon as I can get my hands on it.

Mr. ROSE. Thank you very much.

[The requested information follows:]

NOVEMBER 12, 1975.

Mr. JAMES BOSTIC,
Acting Under-Secretary for Rural Development,
U.S. Department of Agriculture, Washington, D.C.

DEAR MR. BOSTIC: During recent hearings before this subcommittee on October 28, 1975, it was requested of your office to produce Administration figures documenting the actual effect of H.R. 7849 currently under consideration.

I would like this documentation in my office no later than November 28, 1975. Thank you for your help and immediate consideration with this matter.

With best wishes,
Sincerely,

CHARLES ROSE, *Chairman.*

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., December 2, 1975.

Mr. CHARLES ROSE,
Chairman, Subcommittee on Family Farms and Rural Development, U.S. Congress, Washington, D.C.

DEAR MR. ROSE: This is in response to your letter of November 12, 1975, requesting information relative to HR 7849 currently being considered by your committee.

The Department of Agriculture recommends that this proposed bill not be enacted. With limited funds available for community facility loans, the increased demand for such loan funds for larger facilities in larger communities would deprive many smaller rural communities of an essential source of funds for a diversity of other types of community facilities as well as smaller health care facilities.

Presently, over 70 percent of the available community facility loan funds being provided through the Farmer Home Administration (FmHA) are being used for health related facilities in rural communities of 10,000 population or less. We are concerned that the larger percentage of loan funds are presently being used for health care facilities, in view of the fact that this loan program is intruded to help fulfill the needs of all types of essential community facilities in rural areas.

The Department of Health, Education and Welfare, the American Hospital Association, and a large private consulting firm experienced in health care facilities have been contacted for information as a basis for determining the possible effect that this proposed bill might have. However, we are unable to obtain readily available information relative to the specific needs for additional medical facilities in communities of 10,000 to 50,000 population. We, therefore,

have no sound basis for estimating the cost of such improvements nor the need for supplemental credit resources such as might be provided by the community facility loan program in communities of 10,000 to 50,000 population. The American Hospital Association indicates that there are approximately 885 existing hospitals in the United States located in communities between 10,000 and 50,000 population.

A summary of community facility loans made by the Farmers Home Administration in fiscal years 1974 and 1975 and a summary of the number of places between 10,000 and 50,000 population by geographic districts are attached. The Economic Research Service has provided a list of communities having populations between 10,000 and 50,000 populations. A copy of this information is also enclosed.

Sincerely,

JAMES E. BOSTIC, Jr.,
Acting Assistant Secretary for Rural Development.

[The attachments referred to are held in the subcommittee file.]

[The following letter was submitted by Hon. William J. Hughes:]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., January 23, 1976.

HON. CHARLES ROSE,
Chairman, Subcommittee on Family Farms and Rural Development, Committee
on Agriculture, Longworth House Office Building, Washington, D.C.

DEAR CHARLIE: This is in response to Secretary Bostic's letter to you of December 2, 1975 relating information relative to H.R. 7849 and H.R. 6332.

I must admit that I was disappointed in Secretary Bostic's response. I was amazed at the lack of hard information and the inclusion of non-relevant materials. For instance, Secretary Bostic included a summary of community facility loans in fiscal years 1974 and 1975 made by the Farmers Home Administration, a list which is not useful in considering the merits of H.R. 7849. Also included was a summary of the number of places between 10,000 and 50,000 population. This document is not at all significant to the purpose in mind, for as you know, community facility loans can only be made in non-urban and non-urbanizing areas. The FmHA list makes no attempt to drawing this distinction.

Thus, I do not believe that the FmHA has responded, let alone refuted, the information that I have received. This information gathered with the help of the Library of Congress, the National Association of Counties and the American Hospital Association estimates that approximately 850 communities might be newly eligible for community facility loans under H.R. 7849. This figure is less than the total number of hospitals in the United States located in communities between 10,000 and 50,000 population that is noted in Secretary Bostic's letter.

Although 850 communities might be newly eligible the number of communities applying for hospital loans would be considerably less. This figure would be reduced by several factors including the number of communities that do not wish to undertake construction projects, facilities that cannot secure certificates of need, facilities that can secure funding through other sources, and communities which are not rural in character. On this last point, it is clear that only on site inspections by the FmHA can determine if a community outside an urban or urbanizing area is still sufficiently urban in nature to render it ineligible for FmHA loans.

Further information from the American Hospital Association indicates that last year 17 communities, only 2 percent of the total places that might be newly eligible under H.R. 7849, had unmet loan needs. It cannot be denied that these 17 areas would have had some impact on available loan funds, but clearly this would have been minimal. As well as exaggerating the impact, the FmHA neglects to take into account the positive effect that loans to slightly larger trade centers will have on rural America's health services.

I hope the Subcommittee will reconsider this issue as it is of such importance to our rural citizens. I believe this legislation is addressing itself to an area of tremendous needs, in a manner that will help to keep people in rural areas and provide sophisticated medical care close to home.

With kind personal regards.

Sincerely,

WILLIAM J. HUGHES.

Mr. ROSE. Are there any questions from any of the committee?

Mr. BEDELL. Dr. Bostic, you said that of \$250 million 71 percent of it went to health care for towns of under 10,000 people.

Where did the other 29 percent go?

Dr. BOSTIC. It went for transportation, for recreation, for fire, for public safety, for ambulance services, and those types of things under the broad definition of community facilities.

Mr. BEDELL. For towns of under 10,000?

Dr. BOSTIC. Yes.

Mr. BEDELL. You said there was \$1 billion of interest subsidy per year?

Dr. BOSTIC. Yes; that is all of our rural development programs that come under the office of the Assistant Secretary for Rural Development. This year, fiscal year 1976, the interest subsidy that we will pay will be almost \$1 billion.

Mr. BEDELL. How much do you loan out, roughly?

Dr. BOSTIC. We will loan out about \$6.5 billion.

Mr. BEDELL. You will loan out \$6½ billion?

Dr. BOSTIC. Yes, sir.

Mr. BEDELL. And the interest subsidy per year will be \$1 billion?

Dr. BOSTIC. It is growing. Last year interest subsidy cost was about \$800 million. This year it will be about \$1 billion. Next year it will be \$1.2 billion.

Mr. BEDELL. But out of \$6.5 billion of loans, you figure that your interest subsidy is—

Dr. BOSTIC. Well, it is cumulative, Mr. Bedell, because we make a loan at 5 percent for 40 years, you see, and each year we have to make up the difference.

Mr. BEDELL. But that is the subsidy over the 40-year period?

Dr. BOSTIC. No; that is cost for this year. Each year, for all of the loans that we have, the individuals pay back a certain interest rate, let us say 5 percent on a water and sewer system.

Now, if we borrow our money at 9, we have to make up the difference. The interest income is only 5 percent, and we have to make up the difference.

Mr. BEDELL. So there would be a 4-percent difference that you would have to make up?

Dr. BOSTIC. That is right.

Mr. BEDELL. But on \$6.5 billion, \$1 billion is 17 percent. I wondered how we get the difference from 17 percent to 4 percent, so I know what we are talking about.

Dr. BOSTIC. Our total portfolio this year will approximate by the end of this fiscal year \$20 billion outstanding debt.

The \$6.5 billion figure that is referred to is new lending authority for this fiscal year, but it does not take into account our entire portfolio. It approaches \$20 billion this year.

Mr. BEDELL. So the \$20 billion is what you have to pay the subsidy on?

Dr. BOSTIC. That is correct.

Mr. BEDELL. That would be a 4-percent subsidy on \$20 billion.

Dr. BOSTIC. It varies program by program.

In a housing program, it can be as much as 7 or 8 percent.

Mr. BEDELL. Does this include interest subsidy on export sales?

Dr. BOSTIC. No, sir, it is just in the rural development program.

Mr. ROSE. Dr. Bostic, let me be more specific in what I asked you a minute ago.

If you will take section 109 of the Rural Development Act, the "Definition" section, and look at how that section amends section 306 A-7 of the Consolidated Farmers Home Administration Act of 1961, and that is completely reprinted into Public Law 92-419, and add to it the language of Mr. Hughes' bill, you will see that he is adding "and community medical facilities" to a rather complicated definition.

Dr. BOSTIC. I understand that.

Mr. ROSE. We need you to tell your computer operation that we want to know what communities in this country will qualify for loans under Mr. Hughes' amendment, and where they are located, how big they are, and a reasonable projection of what this will open up—what kind of exposure this will open you up to.

Dr. BOSTIC. Mr. Rose, I am sure we can give you the communities, and their names and populations. As far as the estimate goes, we will do the best we can, because these people are not eligible now and we would be hard put to come up with a figure that would not be questionable. But we will see what we can do on that.

Mr. ROSE. Thank you very much.

Mr. BRECKINRIDGE. I have one further question.

Would you please give me a general idea of the categories in which the 71 percent of the \$250 million was spent?

Dr. BOSTIC. It was health care facilities. These would be clinics, nursing homes, convalescent homes, hospitals, and expansions of existing hospitals in some cases, and in other cases there would be no hospitals involved.

Those are the kinds of health care and health-care-related facilities that I am talking about.

Mr. BRECKINRIDGE. Is that the 71 percent?

Dr. BOSTIC. Yes.

Mr. BRECKINRIDGE. Are you afraid that if we go from 10,000 to 50,000, then these would be absorbed in larger areas?

Dr. BOSTIC. Yes; a lot of these community facility loans have gone to communities to put in a health clinic or establish a convalescent care facility or nursing home, or to expand a small rural hospital to help them meet the new OSHA standards. We think that is where we ought to put our money. If we open it up to the Princeton, New Jerseys, of the world, which is a specific example that Mr. Hughes spoke in reference to, I would say they are bigger communities and have a bigger tax base. They already have some kind of health care facility.

It is the small ones that do not have the health care facilities and those are the ones we want to help.

Mr. BRECKINRIDGE. Would you have a printout available that would indicate the facilities, and what amounts have gone to what communities for what purposes?

Dr. BOSTIC. Yes.

Mr. BRECKINRIDGE. Would you make that available for the committee?

Dr. BOSTIC. Yes, sir, it will take some time to list them, but we will put it together.

Mr. BRECKINRIDGE. Thank you very much.

Mr. ROSE. Mr. Bedell?

Mr. BEDELL. Dr. Bostic, how much money was appropriated last year for this part of the act—for FmHA?

Dr. BOSTIC. \$200 million was appropriated last year for community facility loans.

Mr. BEDELL. How much was spent?

Dr. BOSTIC. \$200 million.

Mr. BEDELL. You spent the whole amount?

Dr. BOSTIC. Yes, sir.

Mr. BEDELL. My next question is, how much discretion do you folks have in regard to whether or not you make a loan? For example, supposing we pass this law—change the law so that it could do this—would it be at the discretion, then, of your FmHA people as to whether they were to make a loan to Princeton, N.J., or not. Or would it be pretty much required then that they do so simply because we had passed the law?

Dr. BOSTIC. It would pretty much be required that they do so because the Congress passed the law.

If they had an application in that was ready and available for funding, then we would be hard pressed to say—since you expanded the definition to include 50,000 people—that we would only loan money in communities under 10,000. The people between 10,000 and 50,000 would not let us get away with that.

Mr. BEDELL. Would it make any difference, in your opinion, if a requirement were to be put into the proposed amendment which would require that a given percentage of the people served by that facility had to come from outside the corporate limits of this larger community that we are talking about?

The purpose of the act is to serve the people from outside the larger corporations.

Dr. BOSTIC. It would be very hard. There would not be a single community between 10,000 and 50,000 that would not say that it was serving practically everybody out in the rural community. So it would have the effect of us really being in there and having to loan those communities the money.

It is very hard to say what population group is served by a hospital with any specificity.

Mr. BEDELL. They certainly have a record of who they have been serving?

Dr. BOSTIC. That is correct.

Mr. BEDELL. We could find out if the people who have been there have come from the corporate limits of the town or not.

Dr. BOSTIC. Yes.

Mr. BEDELL. I ran into this in Fort Dodge, Iowa. They were interested in this. It falls in the group of 10,000 to 50,000.

If I understand it correctly, if they served a large area where the people outside the area were interested in helping in it, that if they build a separate facility just outside the corporate limits, then they would qualify. However, if they expanded their operations within the corporate limits, then they did not qualify.

To me, both of them would serve the same constituency.

I think there is some legitimacy to the fact that they are primarily serving rural areas and that this was the purpose of it.

I take it that you feel it would not change your attitude whether or not this was a facility primarily serving the rural people from out-

side the corporate limits, or whether it was primarily serving people from within the corporate limits of the community.

Dr. BOSTIC. I think it would make it very difficult to administer.

Just to give you some idea of what we are looking at, you are probably talking in the range of 1,100 or 1,200 communities that potentially could become eligible.

Mr. NAYLOR. You are also looking at a concept that is growing in this country quite rapidly, and probably very properly so, of regionalization and consolidation of community facilities.

It costs today somewhere between \$60 and \$100 per square foot to build a hospital. We are getting up in the range of \$60,000 to \$100,000 a bed to put a hospital up.

The types of facilities that will be going into the communities that you are talking about—this 10,000 to 50,000 range—would be facilities that would typically cost \$15 million to \$25 million per loan.

When you are looking at a \$200 million budget, it does not take much to see what is going to happen to it very quickly.

Second, and perhaps more importantly, is that the peripheral smaller communities, where we typically have been making our loans, are looking and have a very desperate need for clinical space for aged, old folks homes, nursing homes, auxiliary care, ambulatory care spaces, to supplement these regional centers.

Typically, these projects have cost the agency in loans from \$1 million to \$3 million. This is where the bulk of our money has gone, toward extended care facilities, nursing homes, clinical facilities, which are on the periphery of these regional type centers.

I think it has been the agency's feeling that here is a situation where towns are unable to get bond ratings, generally speaking, in the smaller areas. They do not have city organizations that permit them to have fund raisers, if you will, in the form of grantsmanship, who desperately need these facilities to supplement and make this entire regional system work.

If we went to this larger population area, we would very probably, almost certainly, dilute that ability and severely hamper our smaller rural communities.

Mr. BEDELL. I take it you are going to give us some information on that?

Dr. BOSTIC. Yes.

Mr. BEDELL. Where you disagree with Congressman Hughes' 2-percent figure. Is that right?

Dr. BOSTIC. Yes. And, Mr. Chairman, when you have Mr. Hughes' redraft of his bill, we would be more than happy to look at it and give you our estimates on who would be affected by it.

Mr. ROSE. Thank you.

[Material submitted by Dr. Bostic is held in the subcommittee file.]

Mr. ROSE. Gentlemen, if there are no further questions or comments, we stand adjourned.

The record will remain open for the receipt of the additional materials discussed in the hearing.

[Whereupon, at 6 p.m. the hearing was adjourned.]

[The following material was submitted to the subcommittee:]

UNITED STATES SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., January 23, 1976.

HON. CHARLES ROSE,

Chairman, Subcommittee on Family Farms and Rural Development of the House Committee on Agriculture, Longworth Building, Washington, D.C.

DEAR MR. CHAIRMAN: On November 12, 1975 the House Subcommittee on Family Farms and Rural Development requested the Farmers Home Administration (FmHA) to supply statistical information relative to H.R. 7849, which would make community medical facilities in rural localities of up to 50,000 people eligible for essential facilities loans from the FmHA. Introduced in the House by Representative William J. Hughes, this bill is identical to my bill S. 1353. The major purpose of these measures is to assure that rural residents will have better access to quality advanced medical care. The information requested of the FmHA was to permit the Subcommittee to assess more accurately the potential impact of H.R. 7849 on limited FmHA loan resources. FmHA responded to the Subcommittee's request on December 2, 1975, and I would like to comment briefly on this response.

FmHA has consistently opposed the legislation in question on the grounds that increased eligibility for FmHA loans would significantly increase the demand for these loans to the detriment of small communities. Yet FmHA admits that it cannot substantiate its assertion. In its letter to the Subcommittee, FmHA says that it has "no sound basis" for estimating "the need for supplemental credit resources such as might be provided by the Community facilities loan program in communities of 10,000 to 50,000."

The agency includes with its report a summary of community facilities loans made during 1974 and 1975, as well as information on the number of places in the United States having between 10,000 and 50,000 people. I believe that this information is an inadequate response to the Subcommittee's request. FmHA's summary of essential facilities loans made over a two year period shows that all loan money in the program was committed, but I feel that it is unreasonable to conclude from this fact that H.R. 7849 would harm the interests of small rural towns. On the contrary, the legislation is meant to serve the people of these localities by promoting greater availability of sophisticated medical services, which are usually found in larger communities. Smaller towns generally cannot provide these services, and the present population ceiling is too inflexible to permit FmHA to meet this critical need. H.R. 7849 is specifically designed to address a unique problem of rural areas, and increasing the eligibility of FmHA loans is an appropriate means of achieving this objective.

The list of places between 10,000 and 50,000 would seem to show that the number of communities that might be newly eligible under H.R. 7849 is indeed larger. But such is not the case. Under present law communities must meet several conditions other than population size to qualify for FmHA essential facilities loans. For example, a community must also be rural in character and must be unable to secure private financing for construction. These standards significantly reduce the number of communities potentially eligible for loans under the legislation.

I have conducted a thorough review of the available data in an effort to determine the impact of H.R. 7849 on the FmHA essential facilities loan program. From this data, I am able to conclude that FmHA's fears of a flood of newly eligible communities is exaggerated. According to information supplied by the American Hospital Association and the Library of Congress, facilities in approximately 850 localities may be newly eligible under H.R. 7849. This is the number of communities between 10,000 and 50,000 people which are not components of urbanized areas. In any given year, only a small portion of this number would actually be able to secure FmHA assistance.

From September 1, 1974 to August 31, 1975 medical facilities in a total of 244 communities of all sizes undertook construction projects. Of this number, only 82 were in municipalities of between 10,000 and 50,000. The number outside urbanized areas which might have applied for FmHA loans under H.R. 7849 was only 17—a mere two percent of the potentially eligible communities and a tiny fraction of the places in the United States between 10,000 and 50,000.

While it is true that these seventeen communities would displace some loans now going to smaller communities, it must be recognized that H.R. 7849 would not automatically grant loan money to any applicant. Rather, it would do no

more than allow rural hospitals with serious financing problems the opportunity to compete for loans. FmHA would still maintain full control over determining which of the loan applications submitted best fulfilled the objectives of the Rural Development Act.

I fully appreciate the genuine concerns of those who fear the potential impact of H.R. 7849 on the availability of loans for small rural communities. The legislation would balance that concern with the need to furnish the residents of those same small towns with reasonable access to sophisticated medical care.

Sincerely,

HARRISON A. WILLIAMS, JR.

STATEMENT OF HON. LARRY PRESSLER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF SOUTH DAKOTA

Unemployment in the rural areas of our country is misunderstood because so much of our attention is focused on urban employment. While the data are not impressive for rural unemployment, the national data tends to obscure heavy seasonal fluctuations and pockets of chronic unemployment.

In our rural areas, there is a great need for this legislation. Emergency unemployment funds have demonstrably ignored rural areas at the expense of urban, metropolitan areas. It has been estimated that rural areas are being shortchanged by a ratio of 60¢ on a dollar by present formulas which put most of the unemployment and manpower training funds into urban areas. This failure to provide an equitable share of manpower funds accelerated trends toward urbanization at a time when we need to be developing our rural areas.

I have co-sponsored this legislation in order to give our rural areas a fair shake. Those of us who represent essentially rural districts know that we do not have the clout to compete with urban projects which have the advantage of large-scale specialization in grant preparation and administration. A separate program of rural jobs is essential to the protection of rural America.

This bill will not open the floodgates, but requires a modest level of unemployment—six percent must be achieved over a 90 day period in order to qualify for funds. This bill will fill a gap in the Rural Development legislation which I believe offers some genuine promise for strengthening rural America. I urge favorable consideration of this bill.

IOWA EMPLOYMENT SECURITY COMMISSION,
Sioux City, Iowa, October 25, 1975.

HON. BERKLEY BEDELL,
*Cannon Building,
Washington, D.C.*

DEAR SIR: It was brought to my attention that you will be introducing a bill to aid depressed rural areas.

In this regard, I submit the following study I did on a high unemployment county in Northwest Iowa—Buena Vista.

I hope this will help you with background material in your endeavor.

Respectfully,

JAMES J. MEYER.
Manpower Research Economist.

Enclosure.

IMPACT OF UNEMPLOYMENT IN A RURAL COUNTY

Unemployment in a rural area is a highly variegated and evasive matter to study. In most cases, even based on the best information available, the number of unemployed is minimal.

In a rural area, even if persons are unemployed, they are usually trying to find part time or seasonal employment in order to meet their bills—and in most instances they do just that rather than draw unemployment benefits if possible. Therefore an unestimatable variable, underemployment is high, while unemployment remains relatively low.

A rural county, Buena Vista, had circumstances occur in 1975 that forced unemployment rates to unprecedented highs caused by a major plant shut-down, with layoffs occurring in two other local manufacturers and one company outside the county which also affected the area. (see table 1 and 2)

At the end of December, 1974, two companies had major layoffs numbering nearly 800 persons. Followed by off-and-on type layoffs by a large meat-packing firm in an adjoining county.

In a large metropolitan area, a layoff of this size might effect the unemployment rate, but it would only show up as a small increase. This was not the case in Buena Vista—(see table 1). Unemployment rose from its normal rate of 2 percent to a range of 8 to 10 percent.

The immediate impact was for other firms, particularly businesses directly dependent on the closing firms, to follow suit and cut their work force. However, they recalled their workers when business picked up from other sources.

In examining table 2, a delay can be noted between the initial layoffs until the full impact of persons drawing unemployment insurance benefits was felt. The reason for this was that the office and clerical staff were forced to take vacation and some management also had severance pay benefits. Some union workers also had vacation benefits which delayed their filing for UI benefits.

Other areas to consider are Food Stamps, Welfare and ADC for a full picture of the impact on Buena Vista.

Using July 1974 and July 1975 as a basis for comparison, the following was noted:

1. In July 1974, there were \$11,716 worth of food stamps issued for a cash expenditure of \$5,111. In July 1975 there were \$22,176 issued for a cash expenditure of \$10,001—almost double that of the previous year.

2. In July 1974, there were 119 ADC cases involving 385 persons for a cost of \$32,801. In July 1975, there were 163 cases involving 443 persons at a cost of \$41,056.

3. In July 1974, general relief amounted to \$2,588, but declined to \$1,163 in July 1975. Social Service officials felt that this decline was due to persons becoming eligible for Social Security benefits and moving from the welfare program to the Social Security program.

The current CETA program does not offer much relief to rural counties according to certain officials. Counties (mainly urban) that have prime sponsors located in them usually receive most of the benefits of this program due to the close proximity of the job developers to the local employers. It is easier for CETA officials to monitor the program and write contracts without extensive travel.

Buena Vista was included for estimates for CETA funding. However, to meet guidelines for these monies, the unemployment rate had to average 6.5 percent for three months during the period September, 1974 to March, 1975.

A consortium of Clay and Buena Vista counties reached this qualifying level in February–March–April, 1975, but didn't receive either Title II or VI funds because it was not within the September–March period.

Unemployment is usually low in rural areas due to the emphasis on agricultural production. Agricultural products have been in demand in recent years.

Rural counties usually have only one or two major industries whose employment fluctuations can severely affect unemployment. An example is the current picture presented by Buena Vista county.

Policies dealing with unemployment should be more responsive to this situation.

Another consideration would be to combat underemployment. Due to the fact that rural counties have participation rates below the state and national levels, underemployment is also a problem. Many persons do not even seek work due to the fact that they think none exists in the rural areas.

TABLE 1.—UNEMPLOYMENT AND RATE OF UNEMPLOYMENT

	Unemployed	Rate of unemployment (percent)
July 1974.....	254	2.4
August 1974.....	222	2.2
September 1974.....	188	1.8
October 1974.....	160	1.6
November 1974.....	181	1.8
December 1974.....	400	4.1
January 1975.....	498	5.1
February 1975.....	846	9.0
March 1975.....	1,140	11.4
April 1975.....	1,049	10.2
May 1975.....	962	9.2
June 1975.....	1,089	10.0
July 1975.....	839	8.0
August 1975.....	836	8.1

TABLE 2.—UNEMPLOYMENT INSURANCE BENEFITS, WEEKS COMPENSATED

	Regular	Extended benefits	FSB	SUA
July 1974	136			
August 1974	73			
September 1974	52			
October 1974	55			
November 1974	69			
December 1974	143			
January 1975	450			
February 1975	621			25
March 1975	2,281	49		51
April 1975	3,139	148	8	47
May 1975	2,132	107	68	18
June 1975	1,679	115	84	20
July 1975	1,749	102	54	43
August 1975	1,276	121	71	166
September 1975	720	621	92	60

STATEMENT OF RICHARD D. PARDO, PROGRAMS DIRECTOR, AMERICAN FORESTRY
ASSOCIATION

Mr. Chairman and Members of the Subcommittee, I am Richard Pardo, Programs Director of The American Forestry Association, the nation's oldest citizen conservation organization, now in its 100th year. We appreciate your invitation to testify here today in support of H.R. 9089, a bill to provide for rural employment conservation programs.

AFA has a long-time interest in civilian conservation work, dating back to the CCC's of the 1930's and early 1940's. May I quote two paragraphs from an editorial that appeared in our official publication, *American Forests*, last December, following our 99th Annual Meeting at Mackinac Island, Michigan:

"AFA calls for new CCC. Following is the text of a telegram sent to President Gerald R. Ford on October 1, 1974:

"Meeting now at Mackinac Island, The American Forestry Association votes to commend to you the strong desirability of using presently proposed public service employment on federal, state and local public forests. Should you direct the U.S. Forest Service to activate a national program to utilize manpower on conservation projects we are assured that the program can be implemented without delay. Long-term benefits for our country will result from forest improvement projects. Growing pressures on public forests for quality water supplies, recreation, hunting and fishing, forest products and minerals have generated a large backlog of high priority conservation work which if further neglected will create timber shortages, higher timber prices and resource erosion. A new program of public employment in American forests assures you the dual advantage of fast implementation and lasting results. We pledge the interest and support of our hundred-year-old national conservation organization."

"Pointing to the deteriorating economic situation worldwide, AFA Directors observed that the prospect of new public works programs is imminent and that the revival of a Civilian Conservation Corps type effort would help cope with urgent conservation needs on public lands. On the national forests alone, five million acres need to be reforested. In dispatching the telegram, President Voit Gilmore recalled that the AFA, more than any other organization, was responsible for the establishment of the CCC in the days of the Great Depression. 'That citizens must tighten their belts is today self-evident,' President Gilmore said, 'but there are those of us in AFA who also recall that the Great Depression resulted in some of the greatest gains on national forests and other public lands in American history. In our efforts to cope with a worsening situation, it is our hope President Ford and the Congress will join us in reviving a great landmark project like the CCC, that served this nation notably. Many senior citizens of today who are serving as mayors of towns and cities, serving in Congress, and running big business organizations got their start in the CCC, planting trees, building roads and trails, bridges, checking soil erosion and in carrying out dozens of other worthwhile programs. The program not only rehabilitated people, it rehabilitated land in our opinion it is needed again and now.'"

H.R. 9089 would create public service conservation jobs in rural areas where unemployment is critical. At the same time, it would contribute to better management and care of natural resources on national forests and other U.S. Department of Agriculture projects. By amending the Rural Development Act to provide for conservation jobs whenever rural unemployment reaches unacceptable levels, H.R. 9089 would create a permanent vehicle for dealing with two serious problems at once. Other emergency unemployment legislation focuses largely on urban problems and would provide little help in rural areas.

This proposal is enhanced, Mr. Chairman, by a ready backlog of conservation job opportunities on the national forests and on state and private lands under cooperative agreements and projects between USDA and state or local governmental units. For example, the U.S. Forest Service identified this spring projects totalling \$67 million over and above regular budgeted programs ready to go if emergency funds could be made available. They included such vital activities as Forest Fire Protection (Fuel Treatment), Reforestation and Timber Stand Improvement, Forest Roads and Trails, Recreation Construction, Recreational Use, and Research Construction in rural areas. State forestry agencies could provide similar projects on state and private lands of equal public value and conservation purposes.

To cite one specific example, on October 9, Agriculture Secretary Butz submitted a report to Congress on national forest reforestation needs. The report indicates that more than two million acres of national forest lands need reforestation which will require appropriated funds to accomplish. The report also indicates a backlog of 8.7 million national forest acres in need of timber stand improvement practices—precommercial thinning and release and weeding—which must be financed by appropriated funds.

This is productive work that can be done by men with a minimum of experience under trained supervision. Such work is ideally suited to the rural conservation employment project approach of H.R. 9089.

H.R. 9089 goes one step beyond the CCC concept in providing for conservation employment projects on private lands as well as public lands. At first glance one might question the concept of applying public resources for the improvement of private property.

However, Congress long ago decided that it was in the public interest to assist private non-industrial landowners in applying sound forestry practices when it passed the Cooperative Forest Management Act of 1950.

Congress reconfirmed this policy as recently as 1973 by passing the Forestry Incentives Program, to provide federal cost-sharing of certain forestry practices on small non-industrial woodlands.

The application of conservation employment programs on this same land is merely one more approach to the problem of improved forestry practices on private land. In addition it also attacks the problem of rural unemployment.

We are not talking about giving public support to the large land or timber owner. We are talking about the four million small non-industrial landowners who together own 300 million acres—almost 60 percent—of the nation's commercial forest lands. These lands are producing timber and other resources far below their potential. The major reason for this is that the landowners lack the financial ability to apply conservation practices.

The nation's future timber supply may well depend on these lands and how well they are managed. Every year lost now in reforestation or timber stand improvement means timber growth that is being lost; land capability that is going unused.

If increased productivity is our national goal, then the productivity of these private forest lands cannot be ignored. Although in the short run the benefits may appear to run to the private landowner who is getting something for nothing, it is the general public that stands to lose if this productivity is not captured now.

Mr. Chairman, I am not an expert of employment problems, but I do feel qualified to say that H.R. 9089 if passed and properly implemented could be truly landmark conservation legislation. We commend those Members of the House who have sponsored the bill and urge a favorable report by your subcommittee.

STATEMENT OF COL. KENNETH R. HAMPTON, RETIRED, ON BEHALF OF THE
NATIONAL WILDLIFE FEDERATION

Mister Chairman, I am Col. Kenneth R. Hampton, U.S. Army (Ret.), Assistant Conservation Director for the National Wildlife Federation (NWF) which has

its national headquarters at 1412 Sixteenth Street, N.W., here in Washington, D.C. I am a professional conservationist with degrees in Forest Management and Meteorology.

Ours is a private organization which seeks to attain conservation goals through educational means. Affiliates of the National Wildlife Federation are located in all 50 states, Puerto Rico, Guam, and the Virgin Islands. These affiliates, in turn, are made up of local groups and individuals who, when combined with associate members and other supporters of NWF, number an estimated 3½ million persons.

The Federation welcomes your invitation to share with the members of this subcommittee our views on H.R. 7860, a bill to authorize the Secretary of Agriculture to carry out rural conservation employment projects in rural areas of substantial unemployment. In our judgment, the concepts contained in H.R. 7860 are sound and timely. The U.S. stands to gain much from a massive national effort to lower rural unemployment by initiating labor-intensive conservation projects on national forests, non-federal public lands and privately owned forest, range, and farm lands provided the projects will enhance environmental quality. The backlogs of conservation work in wildlife habitat improvement, reforestation, timber stand improvement, erosion control, and recreational-type construction in the national forest system alone are tremendous. Add to those backlogs the labor-intensive, environmentally sound projects on non-federal public lands and private holdings which could be fulfilled under the provisions of H.R. 7860, and it is easy to visualize the bill's great conservation potential, to say nothing of its potentially significant social impact.

The Federation has long recognized the multi-faceted values attached to a large scale public service program aimed at enhancing conservation of natural resources. Attached, for the record, are copies of a national resolution on this subject adopted at NWF's last annual meeting in March 1975 and a message sent to President Ford last October which also addresses the subject.

Mr. Chairman, I do not intend to engage in a detailed analysis of H.R. 7860. I have already indicated our support of the principles embodied in the bill. But I must make one cautionary observation. The Federation's endorsement of H.R. 7860 is based on the assumption that the proposed rural conservation public service program is intended to cover the widest possible mix of labor-intensive, *environmentally-acceptable* projects designed to enhance *all* natural resources. I emphasize "*environmentally-acceptable*" because NWF is adamantly opposed to this bill becoming a vehicle for projects it considers to be environmentally-unsound, such as stream alteration done under the guise of flood control or erosion control. On the other hand, the word "*all*" is emphasized because we want to be sure that projects designed to enhance wildlife resource values receive full consideration. For these reasons, NWF recommends that language be included in sections 604 and 605 which would make it mandatory for the Secretary of Agriculture to coordinate all project proposals with state wildlife and state forestry agencies, as appropriate. Also, it would be advisable for the legislative history of the bill to clearly indicate that the "large backlogs of needed conservation work" (mentioned in section 601) includes wildlife habitat improvement, reforestation, timber stand improvement, trail construction, and enhancement of other outdoor recreation values.

To assist the members of this subcommittee in gaining a greater appreciation for the backlog of wildlife habitat improvement work that needs to be accomplished in *national forests alone*, the majority of it labor-intensive requiring little equipment other than hand tools, we are also attaching for the record an extract from a document prepared late last year by top Forest Service officials. The statistics contained in the extract are still valid. I would only call your attention to the magnitude of the backlog. More than one million acres require seeding and planting for wildlife food and cover; 690,000 acres of wildlife openings and 15,000 wildlife watering facilities need to be developed; to protect key wildlife areas, almost 6500 miles of fencing is required; almost 21,000 miles of fish streams need improvement, as well as about 40,000 acres of fish lake habitat; and as for waterfowl wetlands, over 100,000 acres of shallow water need improving and 78,000 nesting facilities require developing. All of this amounts to a multimillion dollar effort, principally with picks, shovels, axes, and the like but with only a minimum of technical supervision. For greater detail, I refer you to Attachment 3.

In closing, Mr. Chairman, I would make one further observation. So often proposed environmental legislation runs into opposition from one or more in-

dustries or other organized groups which conjure up all sorts of reasons—mostly economic and many based on faulty premises—for blocking passage of environmental legislation. But in this case, it seems to us that H.R. 7860 is a bill behind which all groups—conservation, industry, social welfare, and others—can rally in support.

Thank you for the opportunity to express our views on this important legislation.

[Attachments to Colonel Hampton's statement are held in the sub-committee file.]



