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Senate Hearings

Before the Committee on Appropriations

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PART 3 (Pages 1–871) EDUCATION PROGRAMS
Department of Health, Education, and Welfare

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1979

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-FIFTH CONGRESS

SECOND SESSION

Printed for the use of the Committee on Appropriations

PART 3 (Pages 1–871)—EDUCATION PROGRAMS
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1979

TUESDAY, FEBRUARY 28, 1978

U.S. SENATE
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 3:30 p.m., in room S-128, the Capitol, Hon. Birch Bayh presiding.

Present: Senators Bayh, Chiles, Brooke, and Schweiker.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION

STATEMENTS OF:

MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
ERNEST L. BOYER, COMMISSIONER OF EDUCATION

ACCOMPANIED BY:

JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS
WILLIAM F. PIERCE, ACTING EXECUTIVE DEPUTY COMMISSIONER FOR SUPPORT SERVICES
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, FINANCIAL MANAGEMENT
ED YORK, DEPUTY ASSISTANT SECRETARY FOR MANAGEMENT
PATRICIA GRAHAM, DIRECTOR, NATIONAL INSTITUTE OF EDUCATION
ERNEST J. BARTELL, DIRECTOR, FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION
MARIE D. ELDRIDGE, ADMINISTRATOR, NATIONAL CENTER FOR EDUCATION STATISTICS
DOMENIC R. RUSCIO, ACTING DEPUTY ASSISTANT SECRETARY FOR EDUCATION (MANAGEMENT AND BUDGET)
PENELOPE L. RICHARDSON, DIRECTOR, LIFELONG LEARNING PROJECT
EDWARD T. YORK, JR., DEPUTY COMMISSIONER FOR MANAGEMENT

EDUCATION BUDGET REQUESTS

Senator CHILES [presiding]. This afternoon we begin our examination of the budget requests for education. We will lead off with Dr. Mary Berry, the Assistant Secretary for Education. We hope to have the Commissioner, Dr. Ernest Boyer, also present. They will present us with a brief overview of the fiscal year 1979 budget for education.

The 1979 education budget request totals $12 billion, an increase of $1.5 billion over the 1978 appropriations. And the 1979 figures do not include an additional $1.2 billion for student assistance programs—which the President recently proposed—which are designated to serve as an alternative to the various tuition tax credit proposals that have been introduced in Congress.

I am pleased that this year we will have our first meeting on the Education Mission budget. Chairman Magnuson has given us continued support in this effort, and has allowed us to hold today's regular committee hearing with the Assistant Secretary and Commissioner of Education in a Mission framework. I hope we will be able to use this hearing to discuss major Federal education policy and priorities with our distinguished witnesses.

Mission budgeting, as required by the Budget Act, is a sorting out of programs by their major functional objectives, so that we can examine how much Federal resources are devoted to each policy objective.

There is no more important area for this kind of exercise than education, where we have a vast number of separate programs, ranging from less than a million dollars to several billion dollars.

For example, we have 10 different programs to improve administration, planning, and management of school systems. We have 19 different programs for improved instructional methods, and 9 for training of educational personnel. We have 8 programs to aid school districts in serving the disadvantaged, and 10 programs providing poverty-oriented assistance to students to eliminate financial barriers to education.

Deciding how to divide up educational policies is a difficult task, as I am sure you are finding in the debates over what to include in a department of education. I hope that by next year we will be able to examine the education budget in a broader, governmentwide context.

The Department of Health, Education, and Welfare has provided us with a breakdown of how their budget is divided on a mission basis and told us what their major priorities are.

However, they have not provided us with a discussion of what the tradeoffs are and what programs can be reduced because they are less effective in meeting mission objectives. That, I think, is the heart of mission budgeting.

I hope that in our discussion today, and in future mission budget presentations, the Department will focus on these kinds of evaluations and tradeoffs.

Our aim is to have a better discussion on what we want to achieve in education, and what is the best way to do it with limited financial resources.

Dr. Berry, do you have an opening statement that you'd like to give?

Dr. BERRY. Yes, I do, Senator. Thank you very much.

INTRODUCTION OF ASSOCIATES

I am accompanied today by Dr. Patricia Graham, who is the Director of the National Institute of Education; Charlie Miller, who is Deputy Assistant Secretary for Financial Management in the Department; and Dom Ruscio, who is Acting Deputy Assistant Secretary for Management and Budget in my immediate office.

Commissioner Boyer is at a reauthorization hearing which Patricia Graham and I just left. He should be here shortly.

In the meantime, John Ellis, who is the Executive Deputy Commissioner for educational programs will fill in for the Commissioner until he arrives.

PREPARED STATEMENT

I do have a statement which I would like to submit for the record.

[The statement follows:]

STATEMENT OF DR. MARY F. BERRY

I am pleased to appear before this Committee today to provide an overview of the President's proposed budget for education.

This is my first appearance before the Appropriations Committee and I would like to take this opportunity to extend my thanks to its members. For several years, those of us who worked in the schools and universities across the country viewed what went on here in Washington with great concern. We saw unrealistic budget proposals, vetoes, and impoundments--all of which threatened the very foundation of our education system. But, we also saw the Appropriations Committees of both houses stand firmly behind that system and the people it serves. Again, thank you.

The two basic goals of our education proposals are (1) to improve access to educational opportunities for the disadvantaged, the handicapped, and for minority groups, and (2) to make those opportunities worth taking by seeing to it that once in school, these people receive a high-quality education. Our proposals place special emphasis on helping students to master basic reading and mathematics skills. To achieve our goals--to give them real meaning--requires the sort of commitment I believe this budget makes. What we are proposing is an education budget totalling $12.8 billion or $2.7 billion more than last year's appropriation. When Secretary Califano was here before this Committee, he indicated that HEW's share of the Federal budget had doubled since 1964, from 18 to 36 percent. HEW's education budget has grown to seven times its size over the same period.

This budget proposes $6.6 billion for programs to assist elementary and secondary school children. The largest share of this, $3.4 billion, is for the Title I program for needy children. This amount would allow local schools to increase per pupil spending for an estimated 5.6 million children. The funds would also assist nearly one million children in

State operated programs for the neglected and delinquent, handicapped, and children of migratory workers. I should add that $400 million of the total is to fund a new provision that is now before the authorizing committees. If enacted, this provision would target Title I money on urban and rural districts where there are high concentrations of needy children.

The budget proposes $804 million for grants to States for the handicapped. This represents an increase of $269 million over last year's appropriation and will help us reach approximately 4 million children. Along with this increase we propose to train twice as many teachers as are being trained with the 1978 appropriation.

A total of $333 million is being requested for desegregation assistance. Here we propose to target more funds to assist those schools which have severe or emergency needs when it comes to implementing desegregation plans. We are also proposing to expand training and advisory services authorized by Title IV of the Civil Rights Act.

In the vocational and adult education area, the budget proposes to maintain level funding for all but the consumer and homemaking program.

For Impact area aid, the budget request currently before this Committee totals $856.4 million. That amount breaks down as follows: $811.4 million for maintenance and operations payments to schools under the various categories in the law; $33 million for construction assistance, with the emphasis placed on facilities for children residing on Indian lands and on military installations; and $12 million to assist school districts which have encountered major disasters. In addition to the budget request, we are also proposing legislation which would gradually adjust payments for local school districts to reflect more closely the actual burden Federal activities place on these districts. If enacted, we estimate that this legislation would result in savings of about $76

million in fiscal year 1979. The budget also includes $752 million to put the Impact area aid program on an advance funded basis, as are most of the other education programs.

For higher education, the budget includes $5.2 billion to support student aid programs, an increase of $1.4 billion over 1978, and $364 million to carry out other higher and continuing education activities. The primary objective of the student aid programs is to ensure that economic barriers do not prevent access to higher education. Our budget proposal would continue to assist students from poor families and would extend this assistance to families who do not now receive benefits--namely middle-income families. Specifically, we are requesting $3.2 billion for the Basic grants program, which increases the maximum grant award from $1,600 to $1,800 and liberalizes the extent to which middle-income families can participate. We estimate that more than 5.2 million students will receive these grants. Approximately 456,000 exceptionally needy students will be assisted through the Supplemental opportunity grants program. The budget also includes $600 million for Work-study programs, an increase of $165 million over last year's appropriation. We see this program as one of our most worthwhile investments--one which will provide part-time employment to over a million students. With respect to loans, the budget includes $286 million for Direct student loans to 853,000 students and $827 million for Guaranteed and Health student loans to an estimated 1.6 million students. We are also requesting $77 million to support State-matched scholarships to 307,000 needy students.

Among the other higher education programs, we are requesting $115 million to maintain funding for the Talent Search, Upward Bound, and Special Services programs; $120 million is proposed to strengthen the academic quality of about 200 developing institutions; and $50 million for grants to postsecondary institutions to help make those institutions more accessible to the handicapped.

With respect to library programs, the budget proposes $233 million to level fund aid for public libraries, school libraries and instructional equipment, and research libraries. The President's budget would not continue the smaller, more narrowly focused programs for undergraduate instructional equipment, librarian training, and college library resources. For Special projects and training, the budget includes $116 million, of which $11 million represents proposed legislation.

Mr. Chairman, to achieve the goals I stated earlier requires that we open the doors to new thinking and re-examine some of the ways in which we presently do business. For example, any efforts to improve basic skills must take into consideration the latest in the way of accurate statistical information. We must also rely on sound research and evaluation to identify and help overcome the problems we are encountering. For this reason, I believe the work of the National Center for Education Statistics, NIE, and the Fund for the Improvement of Postsecondary Education can and must play a critical role in this effort.

I will be glad to answer any questions the Committee has.

Biographical Sketch

NAME : Mary Frances Berry

POSITION : Assistant Secretary for Education

BIRTHPLACE AND DATE : Nashville, Tennessee
February 17, 1938

EDUCATION :
J.D., University of Michigan, 1970
Ph.D., University of Michigan, 1966 (American Constitutional History)
M.A., Howard University, 1962 (History)
B.A., Howard University, 1961 (Philosophy)

EXPERIENCE:

1977-Present	Assistant Secretary for Education, DHEW
1976-77	Chancellor, Professor of History, and Professor of Law, University of Colorado at Boulder
1973-76	Provost, Behavioral and Social Sciences, University of Maryland, College Park
1969-76	Associate Professor of History, University of Maryland, College Park

1970-71 Adjunct Associate Professor of History, University of Michigan

1968-70 Assistant and Associate Professor of History, Eastern Michigan University

1966-68 Assistant Professor of History, Central Michigan University

Admitted to practice law in the District of Columbia

PUBLICATIONS: Black Resistance/White Law: A History of Constitutional Racism in America (1971)

Military Necessity and Civil Rights Policy: Black Citizenship and the Constitution, 1861-1868 (1977)

Numerous articles in the fields of American Constitutional and legal history

STATEMENT HIGHLIGHTED

Dr. BERRY. If you do not mind, I would like to go over the highlights of this year's Education Division budget.

I am pleased to be here today to provide an overview of the President's budget request for education. This is my first appearance before this committee, and I would like to take this opportunity to extend my thanks to its members, and to you, Mr. Chairman.

For several years while I and others here were working in schools and universities throughout the country, we looked at what went on here in Washington with a great deal of concern. We saw what we thought were unrealistic education budgets coming out of the administration. We saw vetoes; we saw impoundments; and all of these we believed threatened the very foundation of our educational system. But, we also saw the Appropriations Committee, this committee and your counterparts, in the House, stand firmly behind the system of education and the people it serves.

I simply want to thank you and the committee for keeping the faith during that long, dark night.

The two basic goals of our education proposals are: First, to insure equal access to educational opportunities for all—for the disadvantaged, the handicapped, and for minority groups. Second, we want to make those opportunities worth taking, by seeing to it that quality education is available in the schools. Access, without quality education, would not be serving the students well.

In addition, our proposals place special emphasis on helping students to master basic reading and mathematics skills. To achieve these goals, we believe, requires a budgetary commitment—the kind of commitment that the President has made in this budget.

What we're proposing is $12.9 billion, which is $2.4 billion more than the 1978 comparable appropriation. When the Secretary was here before this committee, he indicated that HEW's share of the Federal budget had doubled since 1964 from 18 to 36 percent. The education budget in HEW has grown seven times in size over that same period.

ELEMENTARY AND SECONDARY EDUCATION

In this budget, we're requesting $6.6 billion for elementary and secondary school children. The largest share of this—$3.4 billion—is for our biggest program, title I grants for the disadvantaged. This amount would permit local schools to increase their spending for an estimated 5.6 million children now being served, as well as expand services to additional children.

The funds would also assist nearly 1 million children in State-operated programs for the neglected and delinquent, the handicapped, and children of migratory workers. I would add that $400 million of the increase is to fund a new legislative provision we are proposing to the Congress. That provision, the so-called concentration provision, if enacted, would target a portion of title I funds on urban and rural districts where there are high concentrations of needy children. We are persuaded that, when you have high concentrations of poor and needy children in the district, you need a greater infusion of funds, and that is exactly what our legislative proposal is intended to do.

We are also proposing $804 million in grants to States for the handicapped. This represents an increase of $269 million over last year's comparable appropriation, to allow us to reach approximately 4 million children. The amount requested will support 12 percent of the excess costs associated with educating handicapped youngsters, up from 9 percent last year. Along with this increase, we propose to train twice as many teachers as had been trained with the 1978 appropriations.

A total of $333 million is being requested for desegregation assistance. Desegregation of our schools remains a very pressing national problem, and here we are proposing to target more funds on assisting those schools which have severe or emergency needs when it comes to implementing desegregation plans. We are also asking the Congress to expand funding for training and advisory services authorized by title IV of the Civil Rights Act.

In vocational and adult education areas we are maintaining level funding for all the programs there, except the consumer and homemaking programs, where we slightly decreased the amount we're making available.

IMPACT AREA AID

For impact area aid, we believe we have developed a sound, realistic proposal for reform. I think it's fair to say that we believe that last year our proposal was not realistic.

Senator CHILES. And the year before that, and the year before that. [Laughter.]

Dr. BERRY. We have one now that we think is more realistic and certainly less disruptive.

Senator CHILES. More realistic, this time.

Dr. BERRY. We're learning. The budget request before this committee totals $856.4 million, which breaks down to $811.4 million for maintenance and operations payments to schools; $33 million for construction assistance, with special emphasis being placed on facilities for children who reside on Indian lands and on military installations; and $12 million to assist school districts which have encountered major disasters.

In addition to this request, we are proposing legislation which would gradually adjust the payments to local school districts to reflect more closely the actual burden Federal activities place on these districts. If our legislative proposal is enacted, we presently will be saving about $76 million in fiscal year 1979.

The budget also includes $752 million to put the impact area aid program on an advance-funded basis. As you know, most other education programs are on an advance-funded basis. This approach provides States and localities with more time to deal with their own legislative and budgetary planning processes.

HIGHER EDUCATION

For higher education, the budget proposes $5.2 billion for student aid programs—an increase of $1.2 billion over 1978. In addition, $364 million is being requested to carry out other higher and continuing education activities.

The overall objective of our student aid request is to see to it that economic barriers do not prevent students from having access to higher education. Our budget proposal would continue to assist poor families, and would also extend assistance to families who do not now receive benefits—namely, middle-income families.

Specifically, we're asking for $3.2 billion in the basic grants program. This will increase the maximum award to $1,800, and will liberalize the extent to which middle-income families can participate in the program. We estimate that this amount will result in 5.3 million students receiving grants in academic year 1979–80. In addition to that, 456,000 exceptionally needy students will be assisted through the supplemental educational opportunity grants program. And then we have $600 million in the budget for work-study programs, an increase of $165 million over last year. We believe that the work-study program is a very worthwhile investment. The universities like it and it provides part-time employment to students to help defray a portion of their education costs.

With respect to loans, we have requested $286 million for the direct student loan program. This represents the statutory minimum for Federal capital contributions, and will serve 853,000 students. The budget also includes $827 million for guaranteed student loans to an estimated 1.6 million students.

Finally, we're asking for $77 million for State-matched scholarships for 370,000 students.

Now, in the other higher education programs, aside from direct student aid, we're asking for $115 million for the very successful Talent Search, Upward Bound, and Special services programs aimed at helping disadvantaged students; $120 million for upgrading the academic quality of about 200 developing institutions; and, $50 million for grants to help postsecondary institutions become accessible to the handicapped.

LIBRARY RESOURCES AND SPECIAL PROJECTS

Elsewhere, we propose $233 million to level fund grants for public libraries, school libraries and instructional equipment, and research libraries. We would not continue the smaller, more narrowly focused programs for undergraduate instructional equip-

ment, librarian training, and college library resources. As the Secretary has explained, under the college library program many institutions receive less than $5,000. The funds are spread so thinly that nobody is really assisted.

In special projects and training, we have $116 million, of which $11 million represents proposed legislation on educational quality. That proposal is now before the authorizing committees.

To achieve the goals I stated earlier—those of access and quality—requires that we open the doors to new thinking and reexamine some of the ways in which we presently do business.

For example, if we want to improve basic skills—and we do—we must take into consideration the latest, most accurate statistical information. We must also rely on sound research and evaluation, and we must know who is not achieving, why they are not, and what are likely to be the best means to use to develop better basic skills. For this reason, the work that's done by the smaller agencies in the Education Division—the National Center for Educational Statistics, NIE, and the Fund for Improvement of Postsecondary Education—play an important role.

Mr. Chairman, I would be glad to answer any questions that you might have.

MISSION PRIORITIES

Senator CHILES. Thank you very much, Madam Secretary.

We see the education mission summary table on page 1. Let's just see, at a glance, what the Administration's priorities are in education.

Overall, you are requesting a 13 percent increase in Education Division funding, which is a substantial real growth. Your top priority is clearly "handicapped," in which you requested a 45 percent increase. For the "disadvantaged," currently the largest category for aid to districts, you're asking for a 21 percent increase. Other major changes are for an additional 20 percent increase for Indians; 22 percent for improving administration, planning, and management of school systems. Facility construction triples—but that's really a part of the increase for the handicapped.

Slower rates of growth were requested for bilingual training personnel and developing an integrated school system. The losers seem to be supportive services, minus 11 percent; vocational education, minus 3 percent.

Would you briefly tell us how these priorities relate to the overall thrust of federal education policy?

Dr. BERRY. Yes. I think the winners and losers, as you describe them, fit in perfectly with our perception of what the Federal priorities ought to be in education. The increase in State grants for the handicapped is proposed because we want to improve access for a segment of our population whch has for too long been given short shrift by our education system. We are bringing on line the new Education for All Handicapped Children Act, which requires that a free, appropriate public education be provided to our handicapped children. So, it made eminently good sense that we gave the highest priority to providing a large increase in funding for that program.

With respect to the disadvantaged, we remain firmly committed to title I as a means of improving the educational achievement of children from needy families. And the studies that we have, including the NIE studies that have been done, indicate that title I does work, but we still are not serving all the youngsters who should be served in the program. Most of the title I services are going to children in the first three or four grades. Time and again this budget focuses on providing equal educational opportunities for the disadvantaged.

On the other hand, as I mentioned, the vocational education area is level-funded for the most part. This area was not as high a priority as the handicapped or the disadvantaged are. Here, we have evidence that States have overmatched. They are making great contributions to vocational education. For example, the States are matching about $8.50 to every Federal dollar invested in consumer and homemaking education. There is also evidence of a considerable State overmatch in the basic grants program. And so it would seem that we have enough money out there that is devoted to these programs, that that should not be as high a priority on our list as are programs for the handicapped, which are coming on line for the first time and for which there is tremendous need.

So, I think that explains in part how we came up with this list of items.

VOCATIONAL EDUCATION PROGRAMS FOR THE HANDICAPPED

Senator CHILES. The vocational education people in my State tell me that they're involving themselves in a number of programs that deal with trying to provide vocational training for handicapped. If there's a thrust for handicapped—they say if there's a thrust for handicapped, why are we being left out, because the very programs you are working on now are going unfunded or getting cut. We weren't even kept level funding, which means that we can't beat inflation which means that we really go backward as far as level of funding because I don't think you've even provided an inflation factor.

Dr. BERRY. Not in the regular vocational program, we did not.

Senator CHILES. I understand that in some States vocational education is much more homemaking and teaching how to cook, sort of homemaking services. In Florida maybe this goes a little bit further.

Dr. BERRY. Well, I would think that if there is sufficient evidence, by the time we are up here again next year we will have taken another look at our priorities.

I should add that under existing law there is a 10 percent set-aside for the handicapped that can be used in vocational education.

Senator CHILES. There's a 10 percent set-aside in your vocational education fund?

Dr. BERRY. Yes.

Mr. RUSCIO. Mr. Chairman, under the law, States must set aside 10 percent of their basic grant for the handicapped.

Dr. BERRY. But that still does not answer your question about whether there should be more emphasis on vocational education programs for the handicapped. If, by next year, we have more

evidence of the numbers that are involved and we see that it is necessary, we will have to reasses our position.

EQUALIZATION FUNDS

Senator CHILES. The education budget requests no funds for equalization studies in 1979. This program received $13.5 million in fiscal year 1976–77. The National Institute of Education's financing and productivity section has $14.3 million in its budget for 1979. In addition, the fiscal year 1979 budget for policy research has $2 million for two equalization studies.

Why do we need to have three different sections of HEW working on equalization? And what benefits have we derived from the $13.5 million spent by the Office of Education in 1976–77?

Dr. BERRY. I think one of the benefits that I am told and that I think we have derived has to do with the number of States that are developing equalization plans with the technical assistance that they have at that time. I believe we are successfully avoiding overlap and duplication in this area. Funds that are used at NIE are for applied research and technical assistance and dissemination to the States. NIE's program is intended to help States understand and solve problems that they have in their local school districts. It is a very practical kind of orientation in terms of the problems we're trying to solve. The funds requested for Policy Research are intended to focus on Federal policy with respect to school finance. This program will look all the way across the programing in the department as well as interact with other Federal agencies. In other words, the policy research group will deal with Federal policy, while NIE will be assisting those at the State and local level who are on the firing line.

Would you like to make some additional comments, Dr. Graham?

NIE EQUALIZATION ACTIVITIES

Dr. GRAHAM. I might just simply add two examples of what NIE spent in this area in technical assistance—we were particularly of help to the State of South Carolina, in which we drafted some of this legislation. And Vice President Mondale, at least, said the legislation there was very helpful.

And, in addition, we have provided assistance through the National Conference of State Legislatures, which has provided technical assistance to various states that were considering equalization within their States. We are told that's been helpful.

Senator CHILES. Well, part of what the mission budget, I think, for the first time kind of showed us how many outfits are doing the same kind of thing or are looking in the same area. And it would seem to me that it would just be much better if one agency was responsible for this important area of education demands. We clearly had that designated.

And also it would seem that at some stage one thing, implementing studies that are made is one thing, but when we're continuing to sort of study a problem we ought to be studying equalization so we kind of know whether we have it or don't have it. And it seems to me, after that we should be implementing.

27-001 O - 78 - 2

I don't know why we should be spending the sums that we're talking about here just to study the problem.

Dr. GRAHAM. I think the sum that you quoted for NIE, $14.3 million, is not all to be spent on equalization. That's to be spent on the entire range of research and development activities of finance and productivity.

On equalization issues, we expect to spend $1.1 million this year and $2 million in 1979 on equalization issues. But that figure of $14.3 million is for the whole finance and productivity area.

EQUALIZATION PLANNING

Dr. BERRY. I point out also that when we were developing our legislative program, we considered some proposals for an assistance program, some kind of funding program to implement equalization. In the process it became very clear to us that we still didn't know exactly what we should be proposing, even with all the studies that we had. There were a number of very critical questions that we still didn't answer, such as what kind of a legislative proposal would be best for both New York and Florida; questions as to whether what we were talking about was an adequate financing plan; what it meant to say you were going to equalize—does that mean having the same number of dollars going to each student, or does it mean focusing on how much effort or how much property there was in the school district?

These and many other issues arose. Some thought we ought to consider questions like what will be the impact of current welfare reform proposals on state budgets. Does that mean that States could better afford to equalize or not?

Given the uncertainties, we finally ended up not making a legislative proposal.

Senator CHILES. Mr. Commissioner, we want to welcome you here.

Dr. BOYER. Thank you, Senator.

PREPARED STATEMENT

Senator CHILES. We'll give you an opportunity to make a brief opening statement and will put your full statement in the record.

[The statement follows:]

STATEMENT OF ERNEST L. BOYER

Our 1979 budget for the Office of Education affirms the strong commitment of this Administration to education. In fact, it represents the most impressive Federal education budget in our Nation's history.

The Federal Budget is a statement of our national priorities. Therefore, we built our Office of Education request around what we have identified as our three crucial goals in American education: Ensuring access, promoting excellence, and moving ahead in new directions.

Our first goal--access to the Nation's educational system--is our great, but unfinished, agenda. We must push even more vigorously to assure equal educational opportunity for all our citizens. With this goal in mind, we are proposing major increases in Education for the Handicapped State Grants, Bilingual and Indian Education, and Student Assistance.

Access alone, however, is not enough. It must be accompanied by our second major goal--quality in education. All students must be given those basic skills which are necessary to function fully in our society. Vital to this, of course, are quality teachers, quality curricula, quality instructional resources, and quality institutions. To accomplish this objective, we are requesting increases in programs such as Title I Grants for Disadvantaged Children and Teacher Centers.

Our third major goal is to provide Federal leadership in stimulating new directions in education. Our schools need help to deal effectively with emerging problems and new areas of knowledge. We are proposing increases in certain of our discretionary programs, including legislative amendments to the Special Projects Act, to permit more flexibility in their funding.

Summary of 1979 Request

In summary, our current 1979 request to your Committee for the Office of Education totals $12.4 billion, a twenty percent increase over

the 1978 estimated level of $10.4 billion which includes $282 million in pending and proposed supplementals. This 1979 total includes our recently announced initiative to provide aid for middle income students.

At this point, Mr. Chairman, I feel it important to point out that the amount of $12.4 billion does not reflect our total Office of Education budget. Excluded from our $12.4 billion current request is a net amount of $335 million which we have proposed for separate transmittal after the authorizing legislation has been enacted--$400 million for Title I Disadvantaged Children, $11.4 million for the Special Projects Act, and a savings of $76.4 million in Impact Aid. With these additional items included, our 1979 proposed level would reflect an increase of 23 percent over 1978.

Elementary and Secondary Education

We have allocated 53 percent of our current request--or $6.5 billion--for programs in elementary and secondary education. This represents an increase of nine percent over the 1978 level.

For Title I grants for disadvantaged children, our request includes $3.0 billion, or $244 million over 1978. This increase will help meet rising costs of education for the 6.5 million children being provided compensatory education under existing programs. Under proposed legislation we are recommending an additional $400 million for new initiatives under Title I which could potentially reach nearly 870,000 additional children or further enhance the progress of children already being served.

To help States in their efforts to provide free appropriate education to all handicapped children, we are requesting $804 million for formula grants, an increase of 53 percent over 1978, and almost 17 times the amount appropriated in 1974. States will use these funds during the 1979-1980 school year to meet an estimated 12 percent of the excess costs of educating about 4 million handicapped children.

Other high priority items are: (1) $150 million for our bilingual

education program with additional emphasis in research and in training for project directors and classroom teachers; (2) $332.7 million for Emergency School Aid to help local school districts solve immediate problems related to desegregation; and (3) $10.25 million for Teacher Centers to enable teachers to plan their own inservice programs, exchange ideas, and exercise their professional growth.

For maintenance and operations payments under the Impact Aid program, we are proposing legislation to reflect more accurately the actual burden of Federal activities. Changes would be phased in gradually over the next few years. In the meantime, in order to assure the availability of these funds to over 4,000 local school districts, we are currently requesting $823.4 million under existing legislation to carry out the same program policy as in 1978. Under the proposed legislation, our 1979 request includes $747 million, a savings of $76.4 million from the request under existing legislation, as well as $752 million for school year 1979-1980 to forward fund the program for the first time.

Higher Education

To support higher education programs, we have included $5.6 billion in our request--a $1.5 billion, or 35 percent, increase over the 1978 level of $4.1 billion. This request represents 45 percent of our total budget, and includes funding for our proposed initiative to aid students from middle income families.

We have allocated the bulk of these funds--over $5.2 billion--to extend our commitment to help qualified students receive a postsecondary education.

For Basic Grants we are requesting $3.167 billion--an increase of over $1 billion above the 1978 level. This is the largest increase for any program in the Office of Education budget and represents the largest Federal commitment to higher education since the initiation of the large student aid effort in 1965. This will enable us to assist approximately

5.3 million students, more than double the 2.4 million students aided in 1978. Our proposal will guarantee a minimum grant of $250 for families with income levels up to $25,000, and will increase the maximum award a student can receive from $1,600 to $1,800.

For the remaining student aid programs, our request includes: $600 million to provide part-time employment to 1,076,000 students; $270 million for 456,000 supplemental opportunity grants; $77 million for 307,000 State scholarships; $286 million for 853,000 direct loans; and $827 million to provide access to insured loans to all families with incomes up to $45,000.

We intend that this combination package of student aid--grants, loans, and work-study--will not only promote access to postsecondary education, but will also permit greater choice in the selection of an educational institution to most effectively serve a student's needs.

Other significant items in our request for postsecondary assistance are: (1) $120 million for grants to about 200 developing institutions which enroll significant percentages of Blacks, Spanish Americans, Native Americans, and low-income students; (2) $115 million which will benefit more than 375,000 disadvantaged potential and enrolled college students through our special programs for the disadvantaged: Talent Search, Upward Bound, Special Services, and Educational Opportunity Centers; (3) $50 million to help institutions remove architectural barriers to physically handicapped students; and (4) $8 million to encourage minority candidates to pursue graduate training leading to academic and professional careers in fields in which they are underrepresented such as engineering and business administration.

Other Areas

We have allocated the remaining two percent of our budget to other areas of concern to us.

One of our highest priorities in the 1979 budget is our new initiative dealing with the Special Projects Act. If we are to actively

encourage excellence, we must have some degree of flexibility to demonstrate and try out new educational practices and techniques in response to changing social conditions. Therefore, we are requesting $49.7 million to continue or expand on-going programs in accordance with the existing formula in that Act. At the same time, we are assuming that a requested amendment through legislative channels will eliminate the formula distribution. When the law is amended, we will forward to you an additional request for $11.4 million to enable us to focus on new areas that merit attention.

A final, but just as critical, area is that of administrative funds for the Office of Education. Our 1979 request of $127 million is a modest one--it represents only 1 percent of our total program budget, and includes an increase of 34 positions. However, it will provide a vital step in our efforts to improve the Office's program management and accountability.

Conclusion

In closing, Mr. Chairman, I believe that our budget affirmatively reflects our Nation's educational priorities as well as a proper and positive Federal role. Our goals in access and excellence are lofty ones; but, I am convinced, within reach.

I look forward to working with you in the months ahead.

Biographical Sketch

NAME : Ernest Leroy Boyer

POSITION : Commissioner of Education

BIRTHPLACE AND DATE : Dayton, Ohio, September 13, 1928

EDUCATION :
A.B., Greenville College, 1950
Graduate Studies, Ohio State University, 1952
M.A., University of Southern California, 1955
Ph. D., University of Southern California
Postdoctoral Fellow (Medical Audiology),
University of Iowa Hospital, 1959
Visiting Fellow, Cambridge University (Wolfson College), 1976

HONORARY DEGREES:

Litt. D., Chapman College, 1971
L.H.D., Dowling College, 1971
LL.D., University of Southern California, 1971
Presidents Medal, Tel-Aviv University, 1971
P.S.D., Greenville College, 1971
L.H.D., Pace College, 1972
D. Sc., Alfred University, 1973
LL.D., Fordham University, 1973
LL.D., University of Akron, 1973
LL.D., Roberts Wesleyan College, 1973
LL.D., University of Rochester, 1975

EXPERIENCE:

1977 - Present	Commissioner of Education, Office of Education, DHEW
1970 - 1977	Chancellor, State University of New York
1965 - 1970	Vice Chancellor and Executive Dean for University-wide Activities, State University of New York
1962 - 1965	Director, Center for Coordinated Education, University of California, Santa Barbara
1960 - 1962	Director, Commission to Improve the Education of Teachers, Western College Association, California
1956 - 1960	Academic Dean and Professor of Speech Pathology and Audiology at Upland College, California
1955 - 1956	Assistant Professor of Speech and Director of Forensics at Loyola University at Los Angeles

SELECTED RECOGNITIONS AND PROJECTS:

Visiting Fellow, Battelle Research Center, Seattle, Washington
Danforth Foundation Associate
ACE Institute for Academic Deans, Harvard University
Listed as one of the four National Leaders in Education, U.S. News and World Report (1976)
Scholar in Residence, (1974-1975), Fellow (1976), Aspen Institute for Humanistic Studies
Past President, National Association of State Universities and Land Grant Colleges
Executive Committee, American Council on Education
Executive Committee, American Association for Higher Education
Member, Carnegie Council on Higher Education
Board of Trustees, Carnegie Foundation
Board of Trustees, Teachers Insurance and Annuity Association of America
Board of Trustees, Educational Testing Service

PRESENT MEMBERSHIPS:

Member, Board of Directors of the Kennedy Center for the Performing Arts
Member, National Council on Educational Research
Member, National Council on Educational Statistics
Member, Federal Interagency Committee on Education
Member, National Commission on Truman Public Service Fellowships

SUMMARY OF STATEMENT

Dr. BOYER. Thank you. It may be helpful, Senator, if I summarize my statement. The charts give some vividness, I trust, to the Office of Education budget, which is the central thought I'd like to address.

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION—1979 BUDGET

	Billion
Total	$12.8
Increase over 1978	2.4

As the first chart illustrates, we are proposing this year a budget of $12.8 billion, which——

Senator CHILES. If I can see through John Ellis, here.

Dr. BOYER. I can see through John Ellis. [Laughter.]

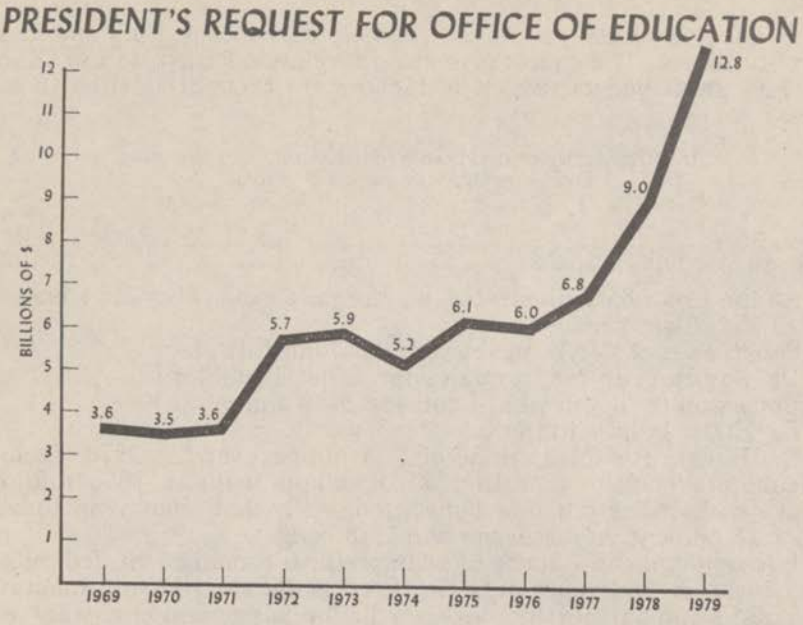
But I won't tell you what I can see. He's a great guy.

Dr. ELLIS. I agree to that.

Dr. BOYER. It's an increase of $2.4 billion over the 1978 level. I should make clear that that $12.8 billion includes $335 million that's included in our new legislation. With that amount included, it's a 23 percent increase over the 1978 budget.

In our judgment, it's the most impressive commitment, federally, to education and represents the President's clear commitment to maintain our partnership, albeit a junior partnership, in what we think is an important enterprise.

I'd like to put that budget in some perspective. It's an interesting graph to draw, that it has moved through two or three very distinct periods.



For the first 3 years in the past decade we had a $3.5 billion budget.

Then, for 6 years the education budget at the Federal level continued between $5 and $6 billion, and during the past 2 years it has moved dramatically to $9 and then $12.8 billion.

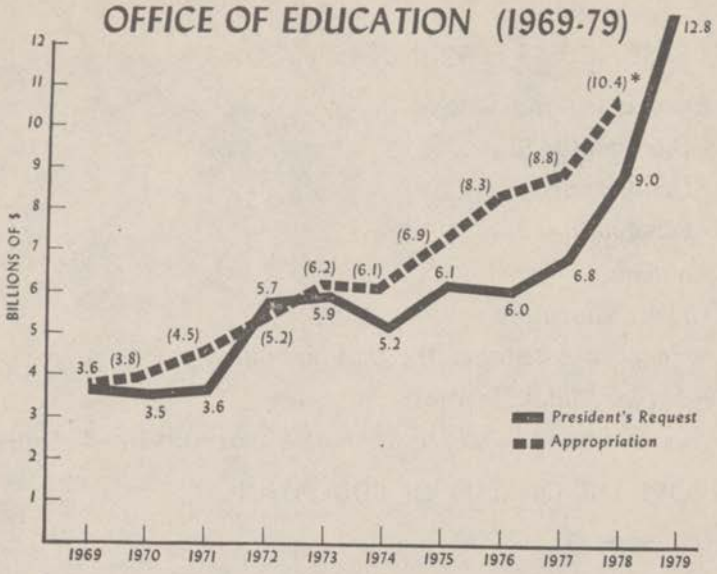
Senator CHILES. Is that including the $1.2 billion?

Dr. BOYER. I'm sorry. I should have stressed that, also. Our 1979 budget also includes the $1.2 billion proposal recently submitted which augments our original budget package.

PRESIDENT'S REQUESTS

The next chart illustrates a history well known to you. The straight line represents the Presidential request and the dashed line indicates how Congress chose to dispose of that by appropriation.

PRESIDENT'S REQUEST VS. ACTUAL APPROPRIATION OFFICE OF EDUCATION (1969-79)



*Includes proposed supplementals

And as you can see, except for an interesting fluke in 1972, which our people still haven't explained to me, there was some misunderstanding as to what was and what should be the federal role.

I think there's a great story underlying that as to the expectation and perception of executive branch and legislative branch.

THREE BASIC GOALS

I must say that the startling and to some degree distressing aspects of the management of the Office of Education was the proliferation of programs that at first blush seemed somewhat incoherent. What was, in fact, the purpose of Federal policy? What were we trying to do with this program effort totaling $10 billion, now moving toward $13 billion?

I don't pretend that we were able to cut clearly the pattern of that cloth here. That would be too tidy a judgment. But as I looked at what I thought were fundamental reasons that were reinforced by many of our programs, at least three purposes, three goals, seemed to dominate. And they are not surprising. They have been spoken to by previous Commissioners and prior administrations. I don't pretend these are novel or unique.

MAJOR GOALS OF THE BUDGET

1. INCREASE ACCESS FOR UNDERSERVED
   - A. *Elementary and Secondary*
     - *--Disadvantaged*
     - *--Handicapped*
     - *--Bilingual*
     - *--Indians*
   - B. *Higher Education*
     - *--Financial Assistance for Disadvantaged*
     - *--Aid for Middle Income*
     - *--Construction Funds to Remove Barriers to Handicapped*
2. IMPROVE THE QUALITY OF EDUCATION
   - *--Basic Skills*
   - *--Teacher Training*
3. STIMULATE NEW DIRECTIONS
   - A. *Special Projects Act*
   - B. *Additional Discretionary Funds*

But I did find it helpful to cluster around the increased access for the underserved, and it seems to me that a considerable percentage of our investment relates to that particular objective—the commitments to increased access for the handicapped, serving the bilingual, Indian education, and higher education. Certainly, almost exclusively—even our $3 billion plus for basic grants, for example—these clearly reinforce what I think is access to education. And the dramatic history is that in 1972 Congress in its wisdom affirmed access to higher education as a public policy. That's when the higher funding levels were recommended, increasing the second goal of quality to some considerable extent. I think title I is in fact driving toward that objective. And our teacher training and reeducation of teachers programs seem clearly related to that.

And I'm also keenly interested in the extent to which the Federal Government can stimulate new directions, be in touch with new priorities, without in any way trying to distort education, which is essentially local.

Well, those are, I would say, thematic considerations which are really undergirding our effort.

BUDGET SUMMARY

The basic budget picture which I am here to summarize for you is displayed on the chart.

OFFICE OF EDUCATION
MAJOR FY '79 BUDGET PROPOSALS
(dollars in millions)

PROGRAM	1978 Level	1979 Level	Change
Elementary and Secondary			
Title I	2,735	3,379 ★	+644
Handicapped	693	972	+279
Emergency School Aid	310	333	+ 23
Indian Education	60	76	+ 16
Bilingual Education	135	150	+ 15
Title IV/Libraries/Innovation	365	365	--
Vocational/Adult Educ.	733	726	- 7
Impact Aid	831	780 ★	- 51
Other	96	68	- 28
Higher Education			
Student Aid	3,785	5,245	+1,460
TRIO	115	115	...
Construction	...	50	+ 50
Developing Institutions	120	120	...
Other	109	85	- 24
Other			
Special Projects	47	61 ★	+ 14
Public Libraries	60	60	...
Salaries and Expenses	120	127	+ 7
Other	81	62	- 19
★ Legislative proposal Total	10,395	12,774	+ 2,379

We are proposing a $6.8 billion budget in elementary and secondary education which includes the large item of title I, which is moving in this budget from $2.7 billion to $3.4 billion.

And I should stress quickly that the $3.4 billion does include the proposed increases now in the legislation. So without that, it would be reduced by $400 million, which is the concentration provision in our new authorization.

The title I program, we estimate, is reaching about 6.5 million children, and we would consider that in some respects our centerpiece. If you add the $400 million in the concentration provision, we would estimate an additional 870,000 children could be added to the total number served.

Incidentally, the $6.8 billion for elementary and secondary is about 53 percent of our total budget.

The handicapped, which in terms of percentage increase probably would reflect the highest priority in this budget, increases from $693 million to $972 million. $804 million of that would be State grants, the dollars going directly to the classrooms. That represents about a 50 percent increase. We estimate this will serve about 4 million children. That's the population that's been identified.

I will touch only briefly the other items here, then welcome questions.

The emergency school aid program is familiar to you. We are increasing our discretionary grants.

Impact aid should be noted, I suspect, because we are proposing in the legislation some revision of that program. Although the budget we've submitted to you, Senator, does retain $823 million—that is, it continues to fund at the level that the present funding policy would support—if our modifications in the law were to come into effect, that figure would shift to $780 million instead of $856 million. And for the first time, our budget request to you proposes forward funding of impact aid.

We have a 1980 figure of $752 million in the budget for forward funding. That assumes the legislative revisions would occur. That $752 million is over and above the base figure I'm picturing here.

Higher education, in terms of total dollar increase, is the largest part of our budget. For student aid programs we're moving in this budget from $3.7 billion to $5.2 billion. And as you know, a large percentage of that is an increase of approximately $1 billion which is the so-called higher education initiative.

The only other item I think I'll note in this brief summary is the consolidation of what we call special projects. This brings together a number of items under the Special Projects Act and includes an $11 million increase for discretionary funds to carry out certain of our main priorities.

That's a very brief overview of the written statement which has been submitted to you, and I'll be happy to respond to questions.

You've met my colleagues who will join me, Bill Pierce and John Ellis.

EDUCATION DIVISION ORGANIZATION

Senator CHILES. We are concerned whether the Education Division is organized in a way to let it meet its mission objectives.

The question is particularly timely since now we are considering how to create and structure a separate Department of Education.

I must say, your organizational structure looks strange to me. We have an Assistant Secretary of Education with a budget of $36 million for that office. The Assistant Secretary supervises the coordination of the $90 million National Institute of Education and the $10 billion Office of Education. We have policy research and evaluation conducted in all three of these.

Wouldn't it make sense to consolidate this operation with the Assistant Secretary having direct responsibility for operating these programs with all research evaluation statistics and consolidated staff organization that feeds directly into program operations?

Do you want to address that?

Dr. BOYER. I don't know. [Laughter.]

Senator CHILES. Maybe before I ask that question I should ask this other one.

I notice that the justification for the Office of Education says the Commissioner is the primary spokesman for educational concerns. The justification for the Assistant Secretary for Education says the Assistant Secretary for Education serves as the key spokesperson and advocate for education.

Dr. BOYER. That, I think, is editorially correct: Dr. Berry advocates, and I'm concerned. [Laughter.]

Senator CHILES. Whoever the key spokesperson is— and I understand this is part of the reason, of course, that we're talking about a separate Department of Education, so I'm not trying to put anybody on the spot.

RESPONSIBILITIES OF THE ASSISTANT SECRETARY

Dr. BERRY. I'd be happy to answer the question.

The job that I came to Washington to take, after the Secretary persuaded me to take it, is by statute—and being a lawyer, I read statutes—the chief education official of the U.S. Government. I am charged with the responsibility for providing general supervision and coordination of the various agencies in the Education Division. That is by statute.

The job also requires that I be the chairperson of the Federal Interagency Committee on Education. This committee works to coordinate education policies and programs throughout the Federal Government. That particular authority is by Executive order, not by statute.

I understood, also, that there is a Commissioner of Education who by statute operates those programs and activities funded through the Office of Education. In that role, the statute requires that the Commissioner report to the Secretary of HEW.

In addition, the law established another agency, the National Institute of Education, which is run by a director who, by the statute, reports to the Assistant Secretary.

I point this out only to say that I was fully aware of the statutory responsibilities of the office when I took it. The statute has not been changed.

I see my role as being the head of the Education Division, as required by law, until Congress changes the law. My job is to try to coordinate the activities of all the agencies within the Division to try to make sure that there is no overlap, or duplication and that there is adequate support for research and innovation, as well as statistical operations. I also oversee our newest agency, the Institute of Museum Services, which the Secretary has delegated to the Education Division. Again, my job is to see that everybody does what they're supposed to do and they don't do what other people are supposed to do. I might add that I carry out this function with a very small staff and a very small budget. That doesn't bother me so much, because when I was chancellor, my immediate budget was smaller than all of my deans. Each of my deans had more budget than I. But that didn't interfere with my authority at work.

So if my budget documents say that I'm the chief spokesperson, or whatever you say, for education, it's because I feel that it's my statutory obligation to be that until some changes are made.

I hope that answers your question.

Senator CHILES. Well, I think it helps.

I think it also points out the strange situation we've got here, when in effect you by statute are the chief spokesperson and at the same time we have an Office of Education, the Director of which has the authority to report directly to the Secretary. And I think this is one of the things that we're talking about, this and the size.

DEPARTMENT OF EDUCATION

President Carter has now recommended the creation of a Cabinet level Department of Education. I have been supporting that since I've come to the U.S. Senate, and I guess before that, when I was in the State legislature.

And I really guess what I want to get to is, involvement. Would the Education Division have to prepare recommendations and legislation for the Department of Education? As the two leading spokespersons for education, what are your views of that, your respective views of that proposal?

What programs should be included in the Department of Education and, specifically, what difference do you think it will make?

What we will be able to do in such a department that we can't do now?

Dr. BOYER. I might expand on Dr. Berry's comment and say that obviously the structure is not clean, and I think that's precisely why the President has proposed a new department—not only because education deserves that visibility, but because organizational clarity would be advantageous.

Having said that, I have to add concurrently that I think it's very clear that Dr. Berry is the senior education spokesman in the structure. I think the reference in our budget submission rather might have been seen in the context of the Office of Education, because we spoke of the Commissioner and then we spoke of the deputies who had the responsibility within their area.

So if there is any confusion in our submission as to a conflicting authority, I regret that. We wish clearly to clarify it editorially.

I would add one further thing: that while on paper and even in legal assignments there is some clutter—and it's hard to reconcile with one's sense of flow-chart order—operationally I have found the day-to-day responsibilities within OE as well as within HEW wholly satisfactory. The success or failure of any organization is not driven by the flow chart, although that can either be somewhat helpful or not, but rather by the attitudes of the people and the relationships that are worked out.

So I believe we should stress that it has now worked fundamentally to the distinct advantage of getting the job done. I want very much to have that point of view set forth.

In response to your followup question, speaking personally, I absolutely endorse the President's proposal for a separate department, for all the reasons that we have just mentioned.

It is true that through the Secretary of HEW I have been involved in suggesting the options that might be involved in that, and I believe the President in his message today has indicated that the Secretary, working with the Director of the Office of Management and Budget, Mr. McIntyre, would work with Congress in

determining what would be the final shape of the President's proposal for a department.

I think that authority now has been vested in the two senior administrators named, and I would not wish to prejudge precisely what would go into the Department. I think however that part of the objective is to not only clarify the structure but at least relate some of the pieces that are found in other parts of Government to the educational enterprise. In this way we would get not only streamlining of structure but some greater coordination within the Federal Government on behalf of education, since OE at the present time has but half, and certainly no more than that, of the total effort for education.

COORDINATION OF FEDERAL EDUCATION ACTIVITIES

Dr. BERRY. On the issue of the department, Senator, I strongly support the President's position that there should be a Department of Education. I felt this way even before I came to Washington and my experience over the last year has convinced me even more.

I do think that in the Federal Government it is true that everyone likes to talk about coordination. Everybody likes to be coordinated. That goes for agencies within a department or agencies across the government.

If we intend to have overall coordination of education activities, we're going to have to have much closer ties among those agencies that operate education programs. That's one answer to your question. I might add also that the other advantage to be gained from having a cabinet-level Department of Education is that educational officials will have greater access to the President. It would allow them to bring the case for education directly to him.

We did very well in the budget this year, and we did very well in the legislative proposal, but maybe we could do even better.

I firmly believe education is important enough to stand on its own, certainly as important as many of the other items that have been given department status in the Federal Government. When a department structure is created—and the President and Congress will have to decide that—I've urged in any discussions I've had with OMB and within HEW that research operations remain independent of program operations. In other words, while they should complement one another, research should never be subservient to program operations only, simply because you cannot expect to get the benefit of the kind of creativity—the generation of new knowledge—unless research stands apart from program operations. That is one basic principle that should guide us in whatever we do.

As far as my involvement, I've been involved in discussions within the department, with the Secretary, and with the President's reorganization staff. I have arranged for the reorganization group to come to my office later this week to discuss their work with representatives from all the other Federal agencies that are involved in education. So, I expect to have input through the Secretary, and I will be talking to the reorganization people directly.

Senator CHILES. Have they shown an indication that they're going to avail themselves of your offer?

Dr. BERRY. They have. Yes. They said they would come and talk with us, and I think it would be very useful, because there are people there from agencies all across the Federal Government—Interior, VA, and all the other agencies that have some concerns.

Senator CHILES. Thank you.

CONSULTANT SERVICES

While the cost of consultant services in the Office of the Assistant Secretary for Education and at the National Institute for Education remain at fairly current levels, the figures supplied to the committee by HEW show the consultant services will increase from $346,000 in 1977 to $40 million in 1978, to $48 million in 1979.

What's the reason for that drastic increase in the Office of Education? How do we justify this kind of increase, and what tasks are being performed by these consultant services?

Dr. BOYER. It was as staggering to me as it is to you. Unhappily, it's a definitional problem, and we have simply been designed into a new definition of what is a consultant. It does not represent at all any change in the consultant fees which in traditional terms and what I would define as a consultant is about $3 million or thereabouts in the Office.

What has happened is that almost all of the contracting we do in the Office has now been departmentally defined under the heading "consultant." In my opinion it distorts absolutely the function as it was carried on.

Senator CHILES. Could you furnish our staff with some of that?

Dr. BOYER. I will give for the record, Senator, the traditional functions that have now been subsumed under the label "consulting." It has not changed the consultancy role, which has remained essentially the same as in the past, with one exception: we are now using some additional consultants in the total redesigning of our student assistance program. But basically, some of the very large functions that were independent in the past are now grouped under that label.

[The information follows:]

INCREASE IN FUNDING FOR CONSULTANTS

The basic categories for consultants include: (1) Services for internal operations, (2) direct support services for external organizations funded by the Department (State and local agencies), (3) survey services, and (4) program evaluation.

Four primary reasons account for the apparent increase in expenditures for consultant services by Office of Education:

1. The decision by departmental management to categorize as consultant services certain activities such as program evaluations of the Office of Planning ($22 million for fiscal year 1977).

2. A flaw in the reporting system which resulted in the absence of ADP-related consultant services for fiscal year 1977 (about $7 million for fiscal year 1977).

3. The inherent differences between a final report (fiscal year 1977), a specific plan (fiscal year 1978), and general estimates (fiscal year 1979).

4. Sizable increases in specific OE efforts. The evaluation effort for student financial assistance results in an increase of $5.6 million in consultant services from fiscal year 1977 to fiscal year 1978, and an additional increase of $2.2 million from fiscal year 1978 to fiscal year 1979. A variety of new initiatives in the Office of the Commissioner, for which OE has no expertise at present, increased consultant services by some $1.5 million. A mandate to evaluate bilingual education will result in an increase of $5.6 million from fiscal year 1978 to fiscal year 1979.

NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS

Senator CHILES. The National Center for Education Statistics is currently involved in opening a contract for a national assessment for educational progress. This program has previously been operated under a sole-source contract by the educational commissioners of the States.

While I'm glad to see this open competition, I'd like to know how much you estimate will be spent on the national assessment in 1979, how much of the total budget request of $15.9 million would be contracted out? Are there other activities besides this which are being contracted out or being considered for contracting out?

Dr. BOYER. I think Dr. Berry might better comment on that, since she administers it.

Dr. BERRY. As you have indicated it is our intention to put the national assessment out on a competitive bid.

We decided to do that because the Secretary firmly believes—and has made this a department-wide policy—that we should not let sole-source contracts unless the function is unique and there is nobody else who can handle it.

We expect to spend $4.6 million for the assessment in 1979. We are now in the process of writing an RFP and I've asked for advice from my advisory committee on educational statistics as to what they believe should be put in the RFP, how it should be done, and how NCES should handle it. We haven't begun the bidding process, so I can't really answer the question as to what will happen.

As for other contracting out, in NCES there is a great deal of contracting out, and that's because a large number of surveys have to be done, most of them mandated, and NCES has a very small staff.

Senator CHILES. Are they done on sole-source, or are they done on some competitive basis?

Dr. BERRY. They're done on a competitive basis.

GRANT AWARD SCHEDULING

Senator CHILES. And your fiscal year 1979 justification of salaries and expenses, lists of grants and awards, you said one of your priorities for additional staff would be improved scheduling, awarding, and monitoring of both discretionary and formal grant programs.

We're still getting many complaints about the late award of grants, especially for emergency school aid grants. We need to notify school districts of their grant awards as early as possible so they can properly plan their programs.

Will it be possible to notify school districts in early July of all their grant awards this year? And even if you can't give a formal written approval, could you verbally notify districts by early July of the funds that will be received?

Dr. BOYER. Senator, that's been the concern.

Senator CHILES. This is a concern, I might say, not only of mine but of Chairman Magnuson, who specifically requested that I ask this question.

At one time I said, "I have a lot of questions. Can I ask this for the record?" And I was told "no," I was to specifically ask this question. [Laughter.]

I say that just to underline.

Dr. BOYER. All right, then, let me respond.

There are three comments that come immediately to mind on that. First, I discovered that our discretionary grants were operating independently, and they were posting their grants separately, and it was not possible for anyone who wanted grants from the Office of Education to find a single place where the applications that were available could be found.

Last October, we published for the first time in the Federal Register all of the discretionary grants that are available in the Office of Education at one place, and we also published the application dates. And we had them arranged in a timely fashion so that all of those interested in applying could refer to a single schedule. We also posted dates for the receipt of applications that would allow us to process those in a timely fashion.

And I'm convinced that that one act alone has put most of the discretionary grants on a timely schedule to meet the date that you've mentioned.

The second point is that I pledged last fall that we would have the money for Title I available to the districts by March 15, and I'm still holding to that schedule. If we are able to announce the awards under Title I by March 15, that will have speeded up that process from 30 days to, in some years, 4 to 5 months.

So, we are determined to meet that date, and it's on us in about 2 weeks. I checked just yesterday, and my people say that we're still on target there.

As to Emergency School Aid, that's as much a concern as the others, and we're going to get these out in more timely fashion. I should say the new legislation that the Secretary is testifying on right at this moment proposes that we shift from annual grants for emergency school aid to 5-year cycles. That would allow us to get out of the annual award business in those districts where they might have to plan ahead for several years.

Part of the problem is we have been on an annual award pattern and were hardly able to get the money out until the district has to reapply. And part of that's in our own making. So, if we can give some breathing time on the award schedule, I think this business of always running behind can be relieved as well. The 5-year cycle of emergency school aid, I think, will ease that problem enormously.

VOCATIONAL EDUCATION STATE GRANTS

Senator CHILES. Part of our information is that part of the school districts don't have their vocational funds for the 1977–78 year even now.

Dr. BOYER. That may be true. Here again, we have a special circumstance in vocational education growing out of the need to submit a new plan under new legislation. That has been an enormously complicated process—to get those plans in and reviewed and to see that they meet all of the detailed specifications that are found in the regulations. If there is a delay now in voc ed—and I'll

certainly give you for the record which states are involved—I think it flows almost entirely, not from our routine award process, but from the unusual circumstance of having to get in from the states the detailed plans.

Now, I've gone through a special process. I'm giving in some states tentative clearance in order to try to keep the funds flowing, still giving us time to review what are really complicated state plans to make sure that I don't approve the flow of vocational ed in violation of what the law intends.

I think that's primarily the explanation there. The same thing, I would say, haunts us to some extent in the handicapped program. The new legislation calling for new State plans does, in fact, cause delays in some States, based upon the double problem of not only the application but their filing a complete plan for us, which I, under the law, have to indicate meets all of the intentions.

But I will certainly make available to you where all of the vocational ed state plans now stand.

Senator CHILES. Thank you.

[The information follows:]

VOCATIONAL EDUCATION STATE PLANS

As of March 13, 1978, three States—Texas, Connecticut, and Rhode Island—and the Trust Territories had not yet had their State plans approved. For the three States there should be a resolution in the next 2 weeks.

The first quarter allocation has gone to every State and territory. Only the remaining funds have been withheld pending approval of the State plans.

Senator CHILES. There is only one more part of that question. Would you please submit to the subcommittee no later than May 1 a draft procedure to insure that school districts will get their notification for funds during the month of July?

Dr. BOYER. I'll do that.

Dr. BERRY. On or before July?

Senator CHILES. Probably not on or before July. [Laughter.]

BURDEN OF FEDERALLY REQUIRED PAPERWORK

On December 14, Dr. Boyer, I wrote you concerning what progress the Office of Education made in applying for general education provisions in section 406 of Public Law 94-482 on control and coordination of paperwork.

Your reply on January 16 of 1978 indicated an analysis had been made of every form application report that required over 20,000 burden-hours of paperwork on the national level.

As a result of this review, nearly 6 million paper-work burden-hours were reportedly eliminated.

I recently took that reply and used it as part of a speech that I was making to a statewide meeting of my teachers, and I kind of made that remark with great pride, because I had something to do with section 406 of Public Law 94-482, and I'll have to say it brought the biggest laugh of the evening. [Laughter.]

Senator CHILES. Although I tried to tell some jokes before that. [Laughter.]

To say that we had saved 6 million burden-hours, they of course expressed to me that Federal paperwork is still, a major concern.

And I would like to share with you some of the comments and examples that I received.

Every year, all school systems complete OCR Form 101-102 to prove compliance with the Civil Rights Act. And I've been told that reductions of up to 40 percent are being claimed for these forms. The school administrators tell me that these reductions, again, are on paper—they're "reductions." They say that the form still has as many questions. It's my understanding that it takes just as long to read the instructions, to compile the data, and to respond. Yet, because there are now only four possible answers to each question, rather than eight, a sizeable decrease in the number of burden-hours are claimed.

Along the same line, I wonder if any consideration has been given to how long it takes educational personnel to complete data that's usually in one form for their purposes, and in different categories that only the Federal Government would require?

For instance, one item that the yearly survey of school systems must complete is an ethnic and racial breakdown of staff, principals, teachers, and head coaches. I understand that large—or small—school districts might not have too much difficulty in supplying information for principals and teachers, but head coaches are usually classified as "teachers." And as I understand it, it takes a great deal of time and trouble to retrieve the appropriate figures on them. That's what a large school district tells me about how many hours it would take.

One more example: ESAA regulations require a breakdown of all classes of each secondary school according to race, et cetera. A large high school may have 550 or 600 classes with students being assigned their schedules by computer, according to other criteria such as so many sections of the required courses and what electives each pupil elects to choose.

I can't think of how a school system, even with a computer, is going to come up with this kind of information without doing a survey of every teacher of every class. So again, we're getting into man-hours.

Once the data is collected, the school administrators complain about the interpretation that's given their statistics. I understand some Florida school districts had their elementary and secondary school funds held up until they explained, in writing, such things as why so many black students signed up for Afro-American History courses. One school system's court-appointed desegregation plan permits kindergarden children to attend a neighborhood school, but every year—even though that's a court-ordered plan—they have to justify the disproportionate numbers of minorities or whites in the kindergarden classes, and their funds have been held up while they're complying with that, even though they're following a court-ordered desegregation plan.

The data collection problem is aggrevated by the inconsistency of the information required. Even in school districts who design their recordkeeping to minimize the time-consuming problem of retrieving different figures from different sources, the next year a whole new category of statistics may be asked for, while standard questions of previous years are omitted.

Another area of concern that repeatedly crops up is the length of time and amount of money which must be spent in responding to complaints of discrimination.

Those are a shotgun of some of the problems that I have. I want to go in, further, to the paperwork responding to discrimination complaints, but I have to tell you that, in any place I go where school personnel are—whether they be teachers, administrators, or certainly if they're superintendents or any school function personnel—conversation can't go 5 minutes on education, and they're always talking about Federal moneys, but they immediately get to this paperwork thing.

We have just broken their backs and burdened them down with paperwork, and they don't see that they have received any relief. I know sometimes there is a time between which some relief steps are taken and progress is made, but now they don't feel any kind of relief.

Dr. BOYER. Well, let me illustrate specifically what is behind the figure used.

I have to first explain that, far and away, the largest part of the paperwork reduction that we've achieved relates to the applications that students going to college had to fill out to get a basic grant.

We were receiving 2½ million forms from students that were duplicating applications for grant aid they were also making to colleges.

It seemed clear to me that for us to ask students to fill out an application to us that in fact duplicated what they were filling out for the college was wasteful, and also unnecessarily binding on us.

We went to a single application form in which we got the information from the college on a computer. The elimination of that one application took out 2½ million forms that we were receiving and that were redundant in terms of the student applicant.

These were carefully measured in terms of numbers of forms we received and the work hours involved in filling out each form. It was calculated carefully that it took a student or his parents approximately 2½ hours, or 2 hours, to fill out that form. Therefore, we did in fact eliminate, on behalf of students or their parents, about 5 million hours of work involved, to say nothing of how much time it took us to process those duplicate forms. This, added to other revisions in forms, resulted in almost 6 million reporting hours saved.

Second, another month, during one of our teacher hearings on ESEA reauthorization, I had so many complaints about the number of reports we were asking grantees to send to us, that when I returned I asked Dr. Pierce how many forms we required of people who get grants from the USOE.

I discovered that we had never summarized, on one place, the number of forms we were requiring people to send in. Each program was operating on its own, isolated.

And I said: Let's survey and find out.

Bill reported back in a few weeks that some of our discretionary grants were requiring one report a year, which seemed not unreasonable; others were requiring two reports a year; some, four; and I found a handful of programs requiring a report every month. One

of these was in the arts. And I don't know how you measure "the arts," under the best of conditions. It is clearly, I think, a case of overextending your effort when your goal seems unclear.

We were gathering close to 70,000 reports on 25,000 awards that we were giving each year.

I indicated, as internal policy, that all programs would be required to collect no more than one report a year per grant. That action alone reduced by over 330,000 the number of hours required to process reports.

Third, we eliminated 22 reports which we felt were obsolete or unnecessary. This resulted in saving close to 30,000 person-hours. In total, these actions resulted in savings of over 6 million hours.

I would be pleased to file for the record some additional detail on these savings including the name of the reports and our estimate of the work hours involved.

[The information follows:]

Insert 1470A

I. REDUCTION OF BURDEN RESULTING FROM MANAGERIAL ACTIONS SUCH AS REVISIONS AND CONSOLIDATIONS OF EXISTING REPORTS, AND ELIMINATION OF DUPLICATE REPORTS

Title of Report	Number of Reporting Hours Saved
Nomination for Graduate Fellowship	5,700
Institutional Application to Participate in Federal Student Financial Aid Programs	86,000
Foreign Language Graduate Fellowship Forms (NDEA)	409
Lenders Report on Guaranteed Student Loans	292,167
Lenders Manifest for Federally Insured Student Loans	30,000
Lenders Call Report and Request for Payment of Interest - GSL	3,600
Report on Current Upward Bound Student	672
Student Loan Application Supplement	323,000
Quarter Program Progress Report (ESAA)	24,000
Application for Determination of Basic Grant Eligibility for 1975-76 Academic Year	5,000,000
Teacher Corps Intern Application	417
Financial Status Report, NDEA Title III-A	1,054
ESEA Title II, Financial Status Report	1,121
Study of the Sustaining Effects of Compensatory Education on Basic Skills	85,856
Cost and Characteristics Questionnaires and Cost Data Interview Guide - Compensatory Education Study	589
Total	**5,854,585**

II. REDUCTION OF BURDEN RESULTING FROM REDUCING FREQUENCY OF REPORTS

Offices/Bureaus	Total Grants Processed FY 1976	Total Reports Received	Person Hours to Process All Present Reports	Hours Saved Semi-Annual Reports	Hours Saved Annual Reports
Office of Commissioner					
Arts and Humanities	89	712	7,832	3,916	5,874
Teacher Corps	249	2,988	995	663	829
Women's Program	66	792	3,960	2,640	3,300
Career Education	109	654	20,928	6,976	13,952
Right to Read	280	2,423	19,384	10,424	14,905
Bilingua Education	715	4,120	82,400	25,200	53,800
Subtotal	1,508	11,689	135,499	49,819	92,660
Higher and Continuing Education	5,070	14,287	149,249	44,740	84,094
Indian Education	1,455	5,494	27,470	---	13,735
Occupational and Adult Education	715	1,698	37,880	8,112	19,024
Education for the Handicapped	1,419	2,153	32,637	5,250	11,010
Elementary and Secondary Education	14,832	31,702	236,714	37,202	110,824
Total	24,999	67,023	619,449	145,123	331,347

Person hours to process all present reports: 619,449 - 297 person years.
Saved if OE allows only semi-annual reports: 145,123 - 69 person years.
Saved if OE allows only annual reports: 331,347 - 159 person years.

III. REDUCTION OF BURDEN RESULTING FROM ELIMINATING 22 REPORTS

Title of Report	Number of Reporting Hours Saved
Language Reference for Faculty Research Abroad	750
Personal Data On Applicant Faculty Research Abroad	750
Confidential Reference for Graduate Student Applicant	2,250
Request for Inventory Adjustment	417
School's Application for Federal Loan Insurance Comprehensive Certificate	60
Lenders Application for Federal Loan Insurance Comprehensive Certificate	1,000
Application for Federal Assistance - Drug Education Programs for School Community Team Projects	5,400
Follow Through Comprehensive Health Services Planning Questionnaire	304
LRC Service Data	42
Report Form for the Central Catalog of Volunteer Produced Books - Braille, Large Type, Tape Recorded	3,000
Instructions for Preapplication for Federal Assistance Women's Educational Equity Act Program	
Cuban Student's Application for Loan Under U.S. Loan Prommissory Note	650
Terminal Progress Report for Undergraduates Holding NDFL Awards	75
Request for Partial Advance of Funds	150
Certification of State Advisory Council for Title III, ESEA	44
Notice of Activiation of Community Service and Continuing Education Programs	1,944
Performance Report - ESEA Title II	708
Performance Report - NDEA Title III	694
A-102 Program Performance Report for Career Opportunities Program	480
Financial Status and Performance Reports for Discretionary Grants-Section 306, Title III, ESEA	8,604
Client Perceptions of LRC Services	30
Application for Federal Assistance - Dropout Prevention Program	2,500
Total	29,852

REAUTHORIZATION PROPOSALS TO REDUCE PAPERWORK

Dr. BOYER. Two other points, quickly.

We are also, in our proposed reauthorization, asking that title I and other State plans go to a multiyear application. Right now, we require the State education departments to apply every year for ESEA money. The new proposal means that they could apply on a 3-year cycle. That will cut out a lot of the repetition.

The truth is, we were getting applications in on the next year's ESEA program for which we hadn't even read the last year's application.

NON-OFFICE OF EDUCATION REQUIREMENTS

One other point. Some of the complaints do relate to other programs for which the Office of Education is not directly responsible. I am not passing the blame; I'm only pointing out that the Office of Civil Rights is a separate operation. They have their own job to do. So, I cannot explain or defend other illustrations.

And finally, at the public hearing when I asked several teachers to give me examples of what they found most onerous, one teacher reported that she had to report, hourly, what she was doing as a title I teacher. She was keeping a log, each hour of each day. I found that incredible, and I was going to eliminate it immediately, but discovered that it was a regulation imposed by the State education department in its administration of title I. So, there is a layering of the paper problem.

I'm not saying we didn't have our obligations, too, but I am pleased to identify the moves we've made and the moves we intend to make by way of specific applications or report forms.

Senator CHILES. Which one of the titles is it in which you can't have a teacher do work like lunchroom supervision?

Dr. BOYER. That's title I.

Senator CHILES. That's title I. Isn't that a requirement, then, that almost the State is going to have to be under—some States—to get some, so they can show a teacher is not involved in regular-hour time?

Dr. BOYER. In my view, that does not require having each teacher document every hour of the day. It's a matter of how you go at it. The only way is to have the regulation, and then have a spot check.

The title I requirement that the funds not be comingled gets us into certain legal and audit problems, but I am saying there are good and bad ways to carry out even difficult and constrained legislative mandates.

I share the concern fully with you, and I think steps have been made. I don't know that the impact has been felt as widely as I hope it will, but at least some moves I think are in that direction.

REVISED SURVEY FORMS

Dr. BERRY. Senator, I wanted to speak to the concerns that you expressed related to the Office for Civil Rights survey forms 101 and 102.

I just wanted to point out that we're very aware of the data burden that districts and States were experiencing there. In my first months in the office——

Senator CHILES. I hope so. When that came out on the floor of the Senate——

Dr. BERRY. I have talked to any number of people and have made the Secretary aware of it. We took some immediate steps to do something about the problem.

OCR developed a revised survey form which was reviewed in my office by the Education Data Acquisition Council. This council worked with OCR and with the chief State school officers to come up with a revised survey form which will be used for the first time in the fall of 1978 and which we believe will remedy many of those problems that you spoke of. The new form results in reducing the number of items that have to be answered, from 699 to 436. The new requirement is that only data that is absolutely essential, according to legal interpretations, will be requested. The chief State school officers were involved in this part of the effort and they approved the survey for use in their States. We also agreed to send the form out several months in advance of the due date. In addition, we will send the forms only to those schools which are applying for ESEA funds, rather than to all schools. This will reduce the required responses from 50,000 to 11,200. Also, OCR will conduct the survey every 2 years, instead of every year. So, Mr. Chairman, we have taken steps to see to it that, beginning this fall, the administrative burden is reduced.

INFORMATION ON DESEGREGATION

Dr. ELLIS. Senator, if I may speak to one issue you raised. Nothing I say should in any way endorse additional paperwork, because I share your concern and outrage with the former administration.

Upon joining the Government, one of my chief concerns was getting the Federal paperwork burden off the backs of local administrators. But you did raise the question, where you have to report the number of minority pupils in classrooms for ESA grants. Here is the dilemma:

We are finding, in the so-called second generation desegregation problems, two things occurring. One is, there is a tendency for minority pupils to accumulate in certain classes—that is a resegregation within a school building.

Second, there is a tendency for more minority youngsters to be suspended than majority youngsters. So, in the attempt to insure that we are following the Constitution and following the law there is the need, at some level, to do some sampling to insure that those two conditions are eliminated.

They are part of the so-called second-generation desegregation problems.

DISCRIMINATION COMPLAINTS

Senator CHILES. "Sampling," this is a good word to use. And what I'm talking about, in a way, is: Have you all given any thought to devising standard forms for responding to discrimination complaints?

Could some existing data be used to at least partially evaluate the justification of the complaint? Could you look at some existing data that you already have?

And I ask these questions because, of course, under section 406 of the Education Act of 1976 your office is given the operation of coordinating with the Office of Civil Rights. And without jeopardizing the right of the claimant to a complete review, it seems to me that it ought to be possible to restrict the data requested from the school, at least in germane points, to the specific complaint.

Right now, the way I understand from a lot of my schools, when a complaint is made, they're just told that a complaint is made; they don't know who has made it. Maybe that's all right, you know, maybe they shouldn't. But they don't even know how to go about answering it. And they have to go and compile information. They don't know whether that information is going to be sufficient or not.

And it seems like that makes it awful tough on them.

One school district that I met with recently estimated that about 200 hours of staff time at a cost of approximately $10 an hour is expended to produce this particular document of over 400 pages as a documentation of compliance with title IX requirements in athletics. It was filed in response to an unidentified complaint of an unknown source regarding possible discrimination against girls in physical education programs.

The district, when they compiled this, they don't know if this is going to be sufficient to answer. They haven't heard yet whether it's sufficient or not.

But to have to go do this because, you know, someone raised a complaint—it just seems like, to me, a terrible amount of work.

They tell me a similar incident concerning suspension and expulsion of minority students cost the district 180 man-hours' reporting time. It cost them approximately $10 an hour. Once that report was submitted the school system was cleared.

It looks like to me there ought to be some way, if you're worried about excess expulsions, there ought to be some information that the district can come up with that doesn't take them 180 hours to compile to show that they weren't guilty to start with.

So it's like how much time, you know, can we afford to prove a negative, you know, when again if anyone can make a complaint, and if that triggers your having to do these reports, it just looks like to me we ain't going to get there from here under that. There's just no way that it's ever going to work.

At the same time, you know, spot checks, yes; make sure people are complying, yes. I want to see that. But I can't see how we can spend that kind of time and money.

Dr. BERRY. I agree with you. I think there should be some kind of reasonable way to respond to complaints.

I'm sure that the Office for Civil Rights would have policies and procedures that do permit the district to do so without adding such a burden.

Was that requested with the last year?

Senator CHILES. Yes. October 28, 1977, in a letter from you dated August 20.

Dr. BERRY. Not from me.

Senator CHILES. No. This is from the Chief Elementary and Secondary Education Branch Office of Civil Rights out of Atlanta. Goes to the school superintendent in my state.

It says,

In a letter from you, dated August 20, 1974, you provided an assurance to this office that the Hillsborough County school system was affirmatively eliminating discrimination based on sex within the school system. Before we are assured that the school district is not only abiding by the provisions of title X and title IX for education in secondary schools, and being a leader in implementation of title IX.

One issue at the time related to the division of equality of athletic opportunities for girls in the Hillsborough County school system.

I'm aware that the various staffs on your school system have participated in numerous conferences, workshops, and title IX locally and at the State level; also that John Lisner has been used as a physical education resource person at some of these conferences.

It would be very much appreciated if you will now provide us with the documentation to show that your district is in full compliance with title IX requirements to provide equality of opportunity in athletics for all students regardless of sex. In order to do this, your attention is called to section 86.41 of the regulations implementing title IX which sets forth the requirements and the criteria by which equality of opportunity is evaluated.

The data you supply should include the following by individual schools offering athletic opportunities at the junior and senior high levels:

One, a list of boys' teams, numbers participating;

Two, a list of girls' teams, numbers participating in these;

Three, a list of co-ed teams, numbers by sex participating in each;

Four, a description of how abilities and interest of students have been assessed;

Five, names, assigned positions, sex, salary, and supplements of all coaches and althletic personnel;

Six, if there is a differential in the salaries, supplements, and descriptions basic to the differential;

Seven, a response to the 10 items of assessment cited in section 86.41 of the Regulation;

Eight, a description of any barriers which prevent current full compliance with the regulation in these schools specifically trying to overcome these barriers by July 21, 1978.

In addition, if the district has separate athletic departments, please describe its functions, responsibility of staff, composition by position, sex, salary, et cetera. If you have data that would depict comparative offerings and participation in activities and between within the current school year and going back to 1973-74, this may help us to assess your progress in providing equality of opportunity.

Your response to the request within 30 days would be much appreciated.

[Laughter.]

Senator CHILES. That triggered that kind of a report.

Dr. BERRY. There must be a less burdensome way to handle complaints, as you point out, without violating our legal responsibilities.

Senator CHILES. Thank you. [Laughter.]

BILINGUAL EDUCATION

I see in the bilingual request that you requested a 10-percent increase for this mission.

I'm particularly pleased that your budget justification shows that you will be carrying out this committee's report language and taking strong steps to see that the bilingual program meets the mission objective of developing English language competence and returning students to the educational mainstream.

What kind of programs have you found to be most effective in meeting these objectives, and what are you seeking increased funding for?

Dr. BOYER. The increase, Senator, is entirely related to research and evaluation.

We did not expand the bilingual education program this year. It was our clear judgment that there had been much ambiguity as to both objectives and execution. We felt strongly that the purposes, as identified in the legislation as we understand it—that is, to provide the kind of help needed by children who are deficient in the English language—could be provided so that they would successfully be able to complete their education.

And it's our strong conviction that that can be done without in any way diminishing, but in fact strengthening, the heritage in the context of the home.

I think frankly it's a false dichotomy that suggests that that purpose is somehow antithetical to the integrity of the background of the child's own self-image. In fact, as language is strengthened, one's entire capacity to function socially is strengthened.

Senator CHILES. I think to do otherwise, to say otherwise, is to say that the fact that this country's strengths that we've talked about for, lo, these 200 years, that we've become a melting pot and we've been able to merge many nationalities and races and creeds and everything else into the making up of our people, that that's all for naught, and that we then have to see education break down in which you're going to complete—have to provide an education within the language and culture, separate language and culture of each race and nationality—I just see that as being the most divisive thing that we could do.

Dr. BOYER. I think the purpose of this legislation and our intention programmatically is to recognize the mastery of language as the centerpiece of education as well as social coping. So we did not expand the program this year, although we're fully committed to it. We think there are great needs. We instead expanded the research component.

But we do have in the office a selected number of programs that have been identified as successful. They do succeed when the purposes are clear and the teaching is carried on in a supportive climate, which should not be surprising.

There are successful programs, and those need to be expanded. And I feel confident this program can meet its mission.

EMERGENCY SCHOOL AID BILINGUAL PROGRAMS

Senator CHILES. How do the bilingual programs in emergency school aid relate to the other bilingual programs?

Dr. BOYER. They're driven, as the name suggests, almost exclusively in terms of different legislation and different objectives.

The ESA bilingual programs are really related to the processes of aiding desegregation under that legislation where children of bilingual backgrounds might be involved. They are awarded on a competition basis and are demonstration projects. It's in part the context in which the qualifications are submitted in the applications; although frankly, of course, programmatically, in some instances there would be similarities at the classroom level. It depends on where the district is in relation to desegregation in one instance, or whether they are startup funds for demonstration in another.

TITLE I HANDICAPPED SET-ASIDE

Senator CHILES. I've been very concerned that as we've increased funding for the disadvantaged under title I, we've carried along the increased funding for all of the programs that are funded as a percentage set-asides in title I.

One of the biggest of these is the program for the handicapped.

I consider myself a big supporter of education for the handicapped. I helped to introduce and fund some of the legislation that started Florida off on that program when I was in the State legislature. And I'm certainly supportive of the thrust of that at the Federal level.

I'm wondering if we still need these set-asides, now that we're starting to fund the Education for the Handicapped Act.

I've read the comparison of the two programs which you provided in response to this committee's report language. Your case for continuing set-asides seems to rest on the two points that, one, set-asides are used for State-supported institutional support of the multiply or severely handicapped, and two, that the Handicapped Act money flows directly to the local districts.

These points seem to be contradicted by other points in the analysis. As you note, with the trends to deinstitutionalization. Forty-one percent of the set-aside funds go for day programs rather than institutional care. Couldn't these be funded under regular local handicapped programs?

Second, even with the passthrough, the States can still retain up to 25 percent of the Handicapped Act money so that they have support available, shouldn't the Federal Government be encouraging deinstitutionalization by letting the money for the State institutions phase down in favor of local developments?

Dr. BOYER. We're in a transition.

Up until the last 2 years we had very small amounts of money for education for the handicapped. So I must say very candidly that in our discussion of reauthorization, one of the longest discussions we had was what to do with the set-aside that's now there. And I must say, it was a close call.

But we still felt that the funding under ESEA, which is heavily weighted in the direction of children under institutional care, even if it's day care, did represent a population that was administratively separable from the students who are being mainstreamed in the local school. And our Education for the Handicapped Bureau—Ed Martin and staff—were not convinced that this was the time for us to assume that we knew how many of that population would and should be moved into the public school mainstream.

So we do have the two separate authorizations; that is true.

I don't think that they are competing or that it does clutter the meeting of the need.

Senator CHILES. You'd agree that it will.

Dr. BOYER. I think it's to be watched. It may be that in the next few years we will see that the majority of these children will be within the public school system and wouldn't be funded under the Education for all Handicapped Children Act. But I'm not yet personally quite able to predict where that balance is going to be finally established.

But, I repeat again, you clearly identify what we discussed at length as a transition, and how do we now deal with what was the only commitment to the handicapped we had in the past.

Senator CHILES. Of course, one of our concerns is we continually see that in the thrust of starting a new program, always, you've got a clutter of little programs that were not doing the job, so we should have an overall program and that should handle it.

We start that, and we don't do anything about the ones that are there. They continue on, too.

Dr. BOYER. But we would have a great problem if we would eliminate state institutional support programs at the present time, I think.

STATE-OPERATED PROGRAMS

Dr. BERRY. In the discussions on the topic that we had, which were rather lengthy, there was concern over the fact that we want handicapped kids to be educated in the least restrictive environment.

We didn't want to have incentives for people to put kids under State agencies because of higher Federal payments. But as we proceeded with the discussions, it became very clear that there are higher costs associated with taking care of the kids that are in those agencies. We finally concluded that instead of taking this up with the reauthorization of title I, we would reconsider the set-aside when the time comes to reauthorize the handicapped act.

Senator CHILES. What about the possibility of modifying title I so that the set-aside phases out instead of expanding to a fixed percent of the total?

Dr. BOYER. Let me give a personal response, if I may. That is not in the current legislation, as you well know. I would think it's a reasonable approach, however. It wasn't part of our discussion of alternatives, but it's not an unreasonable approach as we move the education for all handicapped on line and toward further funding. I do think we will still be left with a core of severely handicapped children that have to be dealt with in a special way—whether it's through the set-aside of title I or not, I don't know. Certainly, I think in time, Senator, we should consolidate that.

We are simply at the transition point, and choose to play it more conservatively at this time.

ELIMINATION OF ARCHITECTURAL BARRIERS TO THE HANDICAPPED

Senator CHILES. Your budget includes $50 million for loans to higher education institutions to eliminate architectural barriers to the handicapped. The requirements to eliminate these barriers is an important Federal priority and mandated by law. Yet you haven't requested any funds for the elementary and secondary schools to meet these same standards.

How much would it cost the elementary and secondary schools to meet the standards, and what would be an appropriate phasein of Federal aid? We would have to take account of the time lag for making plans for funding construction contracts.

Dr. BOYER. We are requesting $50 million in grants. We don't have an answer to your question. We're asking our bureau to give

us a better reading and will supply further information for the record.

[The information follows:]

COST OF REMOVING ARCHITECTURAL BARRIERS

Although some rough estimates of financing the removal of architectural barriers have been developed in the past several years, the wide range of these estimates indicates that the figures are not reliable. By far the prime emphasis at the Federal level has been on the funding and implementation of the State grant program. However, since interest in the removal of architectural barriers has recently grown, an effort is being made to develop reliable estimates. These should be available by June 1978.

Until cost estimates are developed, it would be difficult to determine an appropriate phase-in plan of Federal aid.

In our discussion of priorities with the elementary and secondary school people, the urgency of getting more program money seemed clearly to transcend the concern over the architectural barrier problem. I don't mean that it's not there, but in terms of priorities, programs tended to be front and center.

The higher education community, which does not have as much programmatic obligation under the law, were deeply concerned about the architectural barrier problem.

Also, I remind you that in higher education, with the college campus usually spread out over much acreage and very often multistory, the complexities in accommodating to the 504 regulations seems to some extent more complicated than many of the elementary and secondary school people described it. This is not to say that it's a problem that we ignore. It is rather a matter of priority. Higher education is giving more attention to the physical barrier problem, and the school people are now concerned more about programmatic implementations. But we'd like to have more data so we could, as you say, begin to plan to meet what clearly is a problem that needs to be confronted with the school people.

NEW FUNDING FOR THE DISADVANTAGED

Senator CHILES. You seem to be trying to start a unique new initiative in aid to the disadvantaged with a 21-percent increase costing some $612 million. What was the reason for this large increase, and how did you arrive at that particular amount, and what's your 5-year outlook for this program? Is this a one-shot increase, or just the beginning of a long-term trend?

Dr. BOYER. This is title I?

Senator CHILES. That's right.

Dr. BOYER. The $644 million has two parts to it. $244 million is to expand the current funding of title I formula for districts now eligible. The second part is the new legislation totaling $400 million. That's for targeting money on districts which have high concentrations of poor children. It's our estimate that those districts qualifying will total about 3,500 and that it will touch about two-thirds of the title I children. So we're concentrating where there is great density of title I children.

The $400 million is a new initiative, and we see both of those to be part of our long-term strategy to go through as complete a funding of the title I children as we can possibly do. It's now, I

think, approaching 70 percent of the eligibles, and we would like to continue to move toward maximum funding.

Dr. Berry may want to add to that.

Dr. BERRY. The concern of some is over our proposed strategy of concentration. Here we are persuaded by the evidence that where there are large concentrations of poor children, you need to have additional funds on top of the regular title I allocation. The evidence that we have is that title I does increase student achievement. If we want to raise the achievement of kids in those highly concentrated districts, both rural and urban, then we ought to concentrate funds. That's why we developed this dual strategy of putting more money in the regular title I, then putting money into a concentration provision on top of the regular allocation.

STUDENT AID INITIATIVE

Senator CHILES. I understand that the grant program for middle-income students reported by the Senate Human Resources Committee will provide a maximum grant of $1,800 at the $13,000 family-income level, approximately the current maximum, declining to $250 at the $25,000 income level, no grant above that.

The committee would also eliminate the income limit for guaranteed student loans.

This package, I think, has been costed out to be $1.4 billion. Will the administration support this version?

Dr. BOYER. I think we are committed to a maximum of $1.2 billion. That was the Carter proposal. I would say the spirit of what you've just described is rather consistent with our proposal. I do not believe we would feel comfortable with the added appropriation which you've indicated.

Senator CHILES. The Senate Finance Committee has reported out——

Dr. BERRY. Senator, my latest information is that we support it. We certainly expected some changes to be made. Even though our proposal amounted to $1.2 billion, we would much prefer spending $1.4 billion on the student aid package than to have a tax credit enacted.

Dr. BOYER. As a good alternative.

Dr. BERRY. Yes.

Dr. BOYER. Probably we don't have the authorization to buy into any particular dollar figure.

Senator CHILES. Well, the tuition or the tuition tax credit proposal is now being reported out, or a proposal has been reported out by the Senate Finance Committee. If Congress passes both of these, what would be your recommendation to the administration?

Dr. BERRY. The President has stated most emphatically that we can't have both. The student aid proposal was developed as an alternative to the tuition tax credit. I agree with the President unless he changes his mind. [Laughter.]

Senator CHILES. It sounds like me agreeing with my wife. [Laughter.]

CONSOLIDATION PROGRAM—TITLE IV

One of the mission areas where we have consolidated multiple programs is support of services where we've combined a variety of library resource programs, audio visual programs, guidance counseling, the presumption being that the local districts know where best where to put their resources for these programs based on their needs and priorities. I tend to support that.

In particular, though, the guidance and counseling people are telling us that they're getting the short end of the stick under title IV–B. They want separate funding under title III–D.

Do you have any way of monitoring how the States and districts divide up this money and relate that to the national needs for the various aspects of the consolidated programs?

Dr. BOYER. As you've said, the intention of that consolidation was to give greater flexibility at the local level, and that has precluded including regulatory constraints in how those dollars were assigned.

I think the answer to your question is no. That is, we do not have the capacity to control the flow of funds under the categories that are included in the consolidation.

I have to say, as a personal opinion, that the role of a good counselor, especially at the secondary school level, can be strategic. And I am keenly interested in having services that allow the student to be advised regarding vocational choices and program choices. So, it doesn't in any way reflect a disinterest. In the folding in of that program under title IV, the Office of Education does not now have any significant initiative that does recognize counseling and guidance. The new legislation continues the title IV as it was originally consolidated.

Dr. PIERCE. Mr. Chairman, could I add something.

Vocational education legislation requires that 20 percent of its funds be used for occupational guidance and counseling. That will go a long way, I think, to helping solve this problem. We do have ways of monitoring the expenditure of those funds through those vocational education State plans, as well as through the on-site visits that we make to each State each year.

DIRECT LOAN PROGRAM

Senator CHILES. Last year you proposed to entirely eliminate the direct loan program on the basis of the basic grants and guaranteed student loans having taken over the mission objectives that are targeted at needy students. This year you're proposing to maintain the same volume as in 1978. What caused this change of policy, and would the reduction here be one way of helping pay for the new middle-class grant program which the President is proposing?

Dr. BERRY. We've done a lot since last year. This year's budget does not propose to eliminate the direct loans program. Instead, we would continue the program at the level required in the statute. I think Ernie can speak to what he intends to do with the direct student loan program with respect to clearing up some of the problems.

Dr. BOYER. The budget last year was scotchtaped with last-minute revisions in which we had to determine our priorities to get that budget up to a minimum level that we thought acceptable. The billion-dollar increase was focused on several key priorities. We did revise the Ford budget that had eliminated the Federal funding for the direct loan program, as it had done for many years.

We, upon careful scrutiny this year, determined that the direct loan program could not arbitrarily be phased out without hurting large numbers of eligible students and individual institutions. Rather, what we needed to do was phase it out gradually, as we saw institutions coming up to their capacity with revolving funds. This is what that law was all about—to establish funds and then to carry them on and sustain them.

The data show that arbitrarily to cut it back would do violence to some institutions that needed it most. So we're on a phasedown strategy that we think represents the spirit of the law, without hurting the institutions' participation. We are recommending a slight reduction in that program from last year's appropriation.

PAPERWORK BURDEN ON BANKS

Senator CHILES. I have supported the strategy proposed by the administration for student aid for higher education. As I see it, that strategy is to target direct grants and scholarships to lower-income students, to provide the guaranteed loans to middle-income students, and that allows us to phase down on direct loans to institutions.

One problem with the strategy is that many banks are reluctant to lend money even with a Federal guarantee. One problem, of course, is the default problem. Secretary Califano has made it clear that you are moving on that.

Another big reason I keep hearing in Florida is that the Office of Education requires too much paperwork, that if we make it too hard for them to participate, we can't count on them as a part of that strategy.

Has the Office of Education worked with the banks on a sample or survey basis to find out how the reporting requirements could be reduced? And these followup questions could be answered for the record in writing. What forms and requirements reports must the banks and other lending institutions taking part in the program regularly submit? How many man-hours regarding reporting times would these reports require? And what use is made of the data collected? Is that data available in any other form? And when a lending institution claims reimbursement for a student default from the Office of Education, what formal procedures are required to do so? And what amount of time and expense is necessary for this process?

As I say, part of that's technical, but you can answer it for the record.

Dr. BOYER. This is, as a matter of fact, one of the forms that our new Bureau of Student Financial Assistance has revised sharply. There was a task force set up to look at the guaranteed loan application. We believed, too, that it was one of the heavyweights in the program that was discouraging participation.

I'll submit for the record the decisions that have been made and the form revisions, so that you are familiar with our streamlining to get rid of what was an unbelievably heavy paperwork responsibility.

Senator CHILES. How are you going to get that information? If you're assuming that you've done so, how are you going to get that information from the banks?

Dr. BOYER. I haven't followed the exact mechanics in detail, but I do know that we have been in close consultation with some of the biggest lenders, right along, on how to keep the program stable.

We have to maintain the credibility of the partnership, as you know. The current deputy in that program has had personal contact not only by phone but through direct meetings with the banking industry in order to show, first, the steps the administration is taking, which I think are adequate and intensive; and, second, how the procedures in which they must participate will be to their advantage, and not offensive.

I can document the particulars on this, but I do know that Leo Kornfeld has been in very close touch with the financial community. If we don't stabilize that and maintain our credibility, there is no program.

Senator CHILES. Right.

Now, of course, we have so many banks that will not participate or have stopped participating now, I found when I was elected in 1970—I just looked to see how many banks in Florida were participating in the program. The showing was miserable. And those that did were, for the most part, very small.

I found that going and holding meetings with the leadership of the banks, as opposed to loan officers who couldn't make that kind of a decision, in the different communities, increased the participation in Florida tremendously.

I haven't looked recently. I'm sure that's way down again, because of what's happened in the program. But I know you can't just send some new forms out to the banks and think that's going to change things.

I think one of the biggest jobs, probably, that Secretary Califano would have to do, or that you would have to do—and you would probably do it better than any of us, Doctor—and that would be, to get meaningful groups, the leadership of these banks, together and to show them, and convince them that there were changes being made, and the policy is different. Because you just cannot depend on—with all the publicity that's been out—on any forms which you send out, as a change in policy. And when they come to the window and say "can I make a loan," that fellow at the window is going to say, "no," unless somebody upstairs tells him that we've changed our policy: we're now going to open up and make so many more of these loans.

And I think that that will really take an initiative to see any real change.

Dr. BERRY. I think you're right, Senator. I think we have to do that.

Dr. BOYER. As a matter of fact, the guaranteed loan program has been expanding rapidly in terms of students——

Senator CHILES. Much of that has been because the States have been participating in the program.

My State is now saying they're going to stop participating. That really scares me to death; I can tell you that.

Dr. BOYER. They have been expanding, as a matter of fact, and their collection rate is very good, overall.

Senator CHILES. But it has not been expanded from the banks. It just couldn't be true in my State.

Dr. BOYER. I don't have the exact data, but I think we have stabilized on that. We have also included, in the new $1.2 billion proposal, a special allowance for the lenders to cover some of the obligations that they incur under this program.

The analysis is correct. I do feel confident that the right steps are being taken; but to see to that in a timely fashion is of course part of implementing it.

Senator CHILES. It will be just as important as taking the right step.

Dr. BOYER. That's clearly a part of the strategy of the new deputy.

DRUG ABUSE EDUCATION

Senator CHILES. I see that your budget recommends continuing $2 million in funding for drug abuse education. One of the surprising findings in the health mission budget is that, while we've been arguing about $5 million or $6 million for health education grants in the Center for Disease Control, the Alcohol, Drug Abuse, and Mental Health Administration is spending $46 million for just these kinds of things.

While I'd like to see these programs work closely with the Office of Education to provide programs in schools, I wonder whether we really need a separate program?

Dr. BERRY. I hope we can provide you with a short answer on that one.

Senator CHILES. That's probably the best. [Laughter.]

Dr. ELLIS. Senator, excuse me. Perhaps we don't need a separate program, but I would call your attention to the fact that under this OE program, we have 5 centers around the country that work with various schools, and we now have 40 clusters of schools—that is, a high school and a feeder school. We can only accommodate 40, and we have 1,000 requests. So there is a great need for what we're doing.

Senator CHILES. That's because, you know, wherever we have these separate programs—they spring up. That's always true. And $2 million is doing about as much to meet that need as anything, other than generating more of a demand, but we still ought to be doing it in one place.

NATIONAL CENTER FOR EDUCATION STATISTICS

Senator CHILES. The 1978 Senate report expressed the committee's hopes that the National Center for Education Statistics would, in the future, provide more concise and definitive explanations of its activities, purposes, and accomplishments.

What's been done to carry out this directive? Could you provide this for the record with some examples?

Dr. BERRY. I will do that.
[The information follows:]

ACTION TAKEN ON REPORT RECOMMENDATION

In response to the recommendation, NCES made significant improvements in the fiscal year 1979 budget justification. We shortened the narrative considerably from previous years and provided more precise statements of our purpose (goal), objectives, activities, and accomplishments. More specifically, we have:

(1) Revised our overall purpose (goal) statement to include our new responsibilities under the legislative mandates of 1976;

(2) Provided explicit statements of the objectives for each major component of the Center's program, i.e. Education Statistics and Statistical Services. These objectives highlight for the first time the policy-relevant issues being addressed by our agency;

(3) Summarized the program activities designed to accomplish each objective and the legislative mandates of 1976; and

(4) Described succinctly the Center's progress toward meeting the objectives and the mandates.

In addition to these efforts to improve the budget justification the Center has modified its dissemination program to better communicate to the public information about the results of NCES activities. These modifications include increased use of analytic reports on policy-relevant topics, data bulletins with summary statistics, early releases of data, and data tapes from surveys and studies. The Center has also expanded its reference service to provide brief specialized analyses requested by Federal and Congressional users. Three annual NCES publications, The Condition of Education, the Digest of Education Statistics, and (10 year) Projections of Education Statistics, continue to provide educators and citizens with comprehensive information on the condition and progress of American Education.

Senator CHILES. Senator Magnuson has a question for emergency school aid that he would like you to answer for the record, and then several other questions which he will submit for the record, at the conclusion of this hearing.

Dr. Pierce, Acting Executive Deputy Commissioner for Support Services will now explain the 1979 salaries and explain the budget request of $127.1 million of Federal staff costs.

If you would, tell us how these staffing requests relate to your major mission and priorities. For the record, we would also like to hear, on the supplemental request of $2.3 million for fiscal year 1978, and the supplementals being requested, that would increase the mail volume in the Office of Education.

Mr. PIERCE. Thank you, Mr. Chairman.

I have been joined at the table by Mr. Ed York, who is Deputy Commissioner for Management.

PREPARED STATEMENT

I would like to follow the Commissioner's lead, and simply summarize this statement, if I may, and submit the full statement for the record.

Senator CHILES. It would be helpful.
[The statement follows:]

STATEMENT OF WILLIAM F. PIERCE, ACTING EXECUTIVE DEPUTY COMMISSIONER FOR SUPPORT SERVICES

I am pleased to appear before you today to discuss our fiscal year 1979 request and a fiscal year 1978 supplemental of $2,300,000 under Salaries and Expenses for the Office of Education. Our request for 1979 totals $127,166,000, to enable us to continue our efforts to improve the administration and integrity of our education programs. These funds provide for the salaries, expenses, and support costs necessary to operate and administer over 120 Office of Education programs and 14 advisory committees. It is important that we recognize that the Federal mission in education is vital, and that the quality of our performance in carrying out this mission is to a large extent dependent on the amount of fiscal resources available to the Office.

This appropriation includes our request for $124,845,000 in Program Administration--funds to support the costs of operating the agency, and $2,321,000 in funds for Advisory Committees which serve the agency.

Program Administration

The program administration request is a modest one--it represents only one percent of our total program budget. For fiscal year 1979 we are requesting $124,845,000 and 3,492 permanent positions. This request represents an increase of $6,908,000 and a net of 34 positions above the fiscal year 1978 level, including the supplemental appropriation requests now before the Congress. A reduction of 11 positions will result due to the recentralization of the regions. Approximately 40% of this increase of $6.9 million is for annualization of personnel costs for unfilled 1978 positions and costs of 45 additional positions.

The remaining 60% of the dollar increase in our budget request is for uncontrollable items such as Automatic Data Processing, rent and other housekeeping costs. Other costs include funds to implement objectives which will simpliry and standardize regulations and ensure

their publication early in the year and to improve scheduling, awarding and monitoring of both discretionary and formula grant programs.

The concentration of staff increases over the past few years has been related almost exclusively to the enormous workload requirements in programs related to instances of fraud and abuse. This concentration has been at the exclusion of other priority programs and administrative activities in the Office of Education. This year, we are requesting 35 new positions to be assigned to priority areas of Vocational Education, Handicapped, Title I of Elementary and Secondary Education, and TRIO with the remaining 10 to be assigned in the areas of grants and procurement, audit resolution and administrative services.

New positions are associated with either legislated requirements that cannot be accomplished with current resources, or existing activities that are staffed at less than an acceptable level. Due to the impact of P.L. 94-142 and the expected increase in the funding level of the Handicapped State Grant Program, additional resources are needed. The 6 new positions will be used for policy making, planning, regulations revisions, and issuance of guidelines. Increased monitoring also is required to assure that mandated services are being provided for school age handicapped children. Title I will use the 5 additional positions to carry out legislative requirements regarding nonpublic school bypass, determinations for maintenance of effort waivers, and development of Office of Education response on audit findings. The TRIO request is based on increases in the estimated application workloads and to handle the new training authority authorized by the Education Amendments of 1976. Five additional TRIO staff are also necessary to increase monitoring to make sure that both new and continuing multi-year projects are in compliance with statutory and program requirements. The Graduate Professional Educational Opportunities Program, first funded in fiscal year 1978, but work was completed by temporary assignments from other areas and overtime. The workload requires at least two positions. The Education Amendments of

1976 specified many new requirements for Vocational Education and specifically directed that staff be increased by 50 percent. Included are new initiatives in elimination of sex bias, State planning and evaluation, Indians, handicapped, incarcerated and youth employment. Matching funds for the Indian program are now provided by the Bureau of Indian Affairs resulting in an increase of technical assistance contracts. An annual report to Congress on vocational education is required. Review and ranking of fellowship program applications previously done by the States is now the responsibility of the Office of Education. Also the change from grants to contracts in the Research and Development Program will necessitate more staff. Seventeen new positions are requested for Vocational Education.

Advisory Committees

Also included in this request is $2,321,000 to support 6 Presidential and 8 Secretarial advisory committees which advise the Office of Education on the administration and effectiveness of educational programs. Two of these committees related to programs for which we are not requesting funds and therefore will be phased out during this fiscal year.

1978 Supplemental

Now may I discuss with you our mail costs supplemental. During 1977 we were advised by the U.S. Postal Service to change our method of measuring annual mail volume. This resulted in a revised billing for that year and an increase of $2.3 million over our original 1978 estimate of $2.8 million. The new measurement system was used in preparing the fiscal year 1979 budget. Therefore, the budget which you recently received includes sufficient funds for this item.

Thank you for this opportunity to appear before the Committee. My colleagues and I will be pleased to answer your questions.

Biographical Sketch

NAME : William F. Pierce

POSITION : Acting Executive Deputy Commissioner for Support Services

BIRTHPLACE AND DATE : Borger, Texas, July 30, 1932

EDUCATION :
Riverside City College, Riverside, California, 1956
Associate of Arts
University of California, 1958
Bachelor of Science
University of California, 1962
Master of Education
Michigan State University, 1967
Doctor of Philosophy

EXPERIENCE

4/77 to Present : Acting Executive Deputy Commissioner for Support Services

1/77 to 3/77 : Acting U.S. Commissioner of Education

1976-77 : Acting Executive Deputy Commissioner
U.S. Office of Education

7/76 to 10/76 : Acting U.S. Commissioner of Education

1973-76 : Deputy Commissioner for Occupational and Adult Education, U.S. Office of Education, Department of Health, Education and Welfare

1964-73 : Michigan Department of Education:
Deputy Superintendent of Public Instruction
Director, Division of Vocational Education
Deputy Director, Division of Vocational Education
Chief of Special Programs, Division of Vocational Education
Consultant and Supervisor, Manpower Developmental and Training

1963-64 : Assistant Coordinator of Student Teachers, Michigan State University, College of Education

1962-63 : Part time instructor and graduate assistant, Michigan State University, College of Education

1960-62 : Vocational Agriculture teacher, Petaluma Senior High School, Petaluma, California

1959-60 : Vocational Agriculture teacher, Holtville Union High School, Holtville, California

1958-59 : Vocational Agriculture teacher (Practice teaching), Modesto Senior High School, Modesto, California

EXAMPLES OF PUBLICATIONS

"USOE Career Education Initiatives" by William F. Pierce, published in the 1975 issue of Reading and Career Education (booklet).

"Education for Employment" by William F. Pierce, published in the 1976 issue of the National Business Education Yearbook, No. 14, Business Education Yesterday, Today, and Tomorrow.

"Cooperative Education: A Viable Approach to Educational Reform" by William F. Pierce, published in the December 1976 issue of Adherent (booklet).

"Career Education - Career Renewal" by William F. Pierce, a chapter in a book, entitled In Quest of Knowledge, 1975

HONORS, SPECIAL AWARDS

Honorary American Farmer

Honorary Member of the Professional Fraternity Alpha Tau Alpha

National Honorary Member of the Future Homemakers of America

Office of Education Superior Service Award

SUMMARY OF STATEMENT

Mr. PIERCE. We are asking, Mr. Chairman, for a total of $127 million in this year's budget, which represents $125 million for program administration and continuing expenditure requests of $2.3 million for advisory committees.

This is a very modest request. The program administration request represents about 1.01 percent of the total program budget—anticipating a $1.2 billion increase for student assistance, compared to 1978, which is 1.14 percent; and the 1977 budget which is 1.17 percent.

Funds available to make the Office of Education function appropriately and to carry out the vital role of the Federal Government are constantly going down, so we do think this is a very modest request.

PROGRAM ADMINISTRATION

The $6.9 million increase is broken into basically two categories. Approximately 40 percent of those funds will be used to annualize personnel costs for unfilled 1978 positions and for the cost of 45 new positions that are being requested in this budget.

The remaining 60 percent of that $6.9 million increase is for uncontrollable items such as automatic data processing and other housekeeping costs over which we have very little control.

Over the past few years, the concentration of staff increases has been related almost exclusively to the enormous workload requirements related to instances of fraud and abuse. If you compare 1972 through 1978 and exclude the student financial assistance position requests, we are almost constant from 1972 to today in other program personnel requests.

NEW POSITIONS

This year we are requesting 45 new positions to be assigned to the priority areas of vocational education, handicapped, title I of the Elementary and Secondary Education and a trio in higher education, with 10 positions being assigned to areas of grants and procurement, audit resolution and administrative services.

These new positions are associated with either legislative requirements that we cannot accomplish with current resources, or existing activities that are staffed at a less than acceptable level.

ADVISORY COMMITTEES

We are also, as I indicated, asking for $2.3 million to support the six presidential and eight secretarial advisory committees which advise the Office of Education on the administration and effectiveness of our educational programs.

MAIL COSTS

We are asking, as the Chairman indicated, for a $2.3 million supplement to our 1978 budget for increased mail costs. The U.S. Postal Service, in response to a GAO study, reevaluated and reinforced its procedures for estimating charges to the various agencies for postal services. In using that correct method, we find that we underestimated our mail costs for fiscal year 1978 by $2.3 million.

The current budget before you, the 1979 budget, has used the correct estimating procedures, and therefore the estimate is accurate in the 1979 budget.

With that as a very brief summary, Mr. Chairman, we'd be happy to answer any questions you have.

COMMISSIONER'S OFFICE

Senator CHILES. The budget's "salaries and expenses" list 131 positions for the Office of the Commissioner. What other functions are carried out by each of these 131 people?

Mr. PIERCE. Most of those, Mr. Chairman, are in the Office of the Commissioner's organization, but do not report directly to the Commissioner; 33 of those positions conduct the executive operations of the office, including the correspondence units, preparation of the budget, personnel actions, travel authorizations, plus insuring that the Commissioner's priorities are addressed; 14 positions are in the Office of Legislation who act as liaison with Congress and 46 in the Office of Public Affairs who administer the public information system.

Now, some of those appear to be newly assigned to the Commissioner's office, and that's a result of Commissioner Boyer's decision to reorganize to parallel, in many ways, the organizational structure of the Department of Health, Education, and Welfare.

Programs that had been in the office before but not reporting directly to the Commissioner of Education have been transferred. And I don't think that 131 is an inordinately large number of positions. There are only 27 positions that actually support the Commissioner of Education.

Senator CHILES. I have some additional questions, but I'll submit those for the record, at the end of this hearing.

To conclude today's hearings, Dr. Berry will explain the budget request of the Office of the Assistant Secretary for Education. The budget request includes $14.5 million for the funds for postsecondary education; $15.9 million for the National Center for Educational Statistics; and $5 million for the new lifelong learning program; $10.8 million for salaries and expenses. Overall, the Secretary's budget has a $9.9 million increase over 1978.

Since we've already had some discussion of this program by your office—you might want to introduce anyone who joins with you in presenting your statement.

Dr. BERRY. I have with me Marie Eldridge, who is the Administrator for the National Center for Education Statistics; and Ernest Bartell, Director of the Fund for the Improvement of Postsecondary Education; and Penny Richardson, who is the coordinator of the lifelong learning project.

PREPARED STATEMENT

Mr. Chairman, I do have a statement that I would like to enter into the record.

Senator CHILES. Your statement in full will be admitted.

[The statement follows:]

STATEMENT OF DR. MARY F. BERRY

I am pleased to be here today to discuss the proposed budget for the Office of the Assistant Secretary for Education for fiscal year 1979.

My office is responsible for the coordination of Education Division activities, as well as the administration of three operational programs: The Fund for the Improvement of Postsecondary Education, the National Center for Education Statistics, and the Lifelong Learning program, for which we are requesting program funds for the first time. In order to carry out these functions, we are requesting $46,257,000, an increase of $9,908,000 over the comparable 1978 level. This increase will support new program initiatives and also cover the cost of 17 new positions.

For the Fund for the Improvement of Postsecondary Education we are requesting $14,500,000, an increase of $2,500,000 over the 1978 level. The 1979 request would support about 175 projects, 30 more than in 1978.

Through small grant awards -- seed money if you will-- the Fund supports improvements in postsecondary education practices which are designed and implemented, not by the Federal government, but by administrators, teachers, and counselors working with students. We believe these people are in the best position to know what specific improvements ought to be tried and how changes should be carried out. This approach, which stresses the importance of local commitment, has proven fairly successful. Preliminary surveys of past projects indicate that over two-thirds continue to operate even after Federal support has stopped.

The funding priorities for this program include extending effective educational opportunities to groups still not adequately served by the system, such as remote rural populations, and making better use of non-collegiate educational resources such as libraries, work places, and community centers. A particular concern will be improving the quality and defining the future direction of undergraduate education. Educators, students, and employers of new college graduates are pressing for a reexamination and reform of undergraduate education, so that programs offered will respond both to career and to personal enrichment needs.

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The National Center for Education Statistics is the primary source of education data collection, analysis, and dissemination for the Federal government and the education community. As such, I feel it is of central importance to the decisionmaking capabilities of educators and administrators in both the public and private sectors. For the National Center for Education Statistics we are requesting $15,940,000, an increase of $2,000,000 over the 1978 level. The Center will continue its efforts to carry out a balanced program combining data collection and statistical services to users. About $1,500,000 of the requested increase would support a new data collection initiative: The implementation of a new phase of the National Longitudinal Study, which will allow us to track participants in the Basic grants program, to examine the relationship between education and work, and to examine student access to, and persistence in, postsecondary education.

The remainder, about $500,000, will be targeted on assistance to States in the area of vocational education data collection and analysis. The inservice training and technical assistance provided to participating States will help them better to relate vocational education programs to employment opportunities at the State and local levels.

This budget also includes $5,000,000 to launch a new program of Lifelong learning activities. This program was authorized by the Education Amendments of 1976, and during fiscal years 1977 and 1978, the Office supported a temporary research and planning staff responsible for reporting to Congress, as mandated, on lifelong learning. The purpose of the report was to define the learning needs of various groups, such as older adults, unemployed youth, and other segments of the population inadequately served by continuing education; and also to recommend directions of the Federal role in lifelong learning. The funds requested in this budget will be allocated toward some program initiatives suggested by the work done over the past year.

One of our efforts will be to try to understand better and then demonstrate approaches to overcoming barriers to adult participation in education and training programs. We would also like to begin working with the states to help them assess, coordinate, and plan their own lifelong learning

activities, so that existing and future programs will be as effective as possible. We will examine, with schools, universities, businesses, and community-based organizations, their lifelong learning needs and plans. And finally, we would like to examine Federal efforts in this area. There are currently about 300 Federal programs that contribute to lifelong learning. Determining which populations actually benefit from these programs, and establishing informational services concerning them would be of great benefit not only to recipients but also to Federal education policy-making efforts.

The 1979 budget request for Program Direction and Support Services totals $10,817,000, an increase of $408,000 over the comparable 1978 level.

Most of the increase would be required to cover the costs of the 17 new positions requested, increasing the number of authorized positions in the Office of the Assistant Secretary to 264.

Ten of these positions are requested to permit NCES to fulfill Congressional mandates under the Education Amendments of 1976, and also to meet the overall objectives of the Center. Two of these positions will staff the mandated Education Data Acquistion Council, or EDAC, to plan and manage the data collection activities of the Education Division and the Office for Civil Rights. These positions will help us assure that EDAC achieves the goal of eliminating the paperwork burden and of reducing the burden on local education agencies of reporting financial data. Two more positions will enable the Center to implement the mandated vocational education data system, which will substantially increase in scope during 1979. The other six positions will be allocated to the direction of education assessment studies and to the improvement of the Center's capacity to analyze and report on the meaning and significance of data that has been collected.

Four positions are requested to provide permanent staff to implement the Lifelong learning program.

Finally, we are requesting three new positions to provide the support necessary to assure Division-wide coordination and improvement of budget policy and management practices.

I would be happy to answer any questions you may have.

PREPARED STATEMENT

Dr. BERRY. Father Bartell just has a brief statement concerning the FIPSE program. He would like to have it entered into the record.

[The statement follows:]

STATEMENT OF FATHER ERNEST J. BARTELL, C.S.C.

I am pleased to make my first appearance before this committee as the new Director for the Fund for the Improvement of Postsecondary Education.

As you know, the Fund has been given a broad mandate. Stated simply, that mandate is to improve postsecondary education opportunities for those who seek it and to improve the quality of the postsecondary education that they receive. Each year, the Fund carries out that mandate by providing seed-money grants to postsecondary institutions and agencies to carry out specific projects.

The Fund continues to evaluate proposals, not on the basis of their author's ability to tell us what they think we want to hear, but on the basis of demonstrated local commitment to the project, its potential for meeting a local need, and its potential for being replicated in other places by other institutions. These criteria have proved to be reliable predictors of the success of our projects. In fact, two-thirds of all the projects that the Fund has started but no longer supports, are still in operation today, and about 40 percent of these have secured continued funding from sources outside of their own institution.

We continue to fund educational programs in relatively unknown community agencies as well as in major colleges and universities. Approximately half the grants made by the Fund continue to be related to the problems of access and retention of nontraditional students, such as minorities, adults, women, and the handicapped. The other half are aimed at improving the quality of the educational services provided to all students--traditional and non-traditional. These educational services range from the improvement of basic competencies and general education to career counseling and advanced professional preparation.

Each year the Fund has been able to support about 145 projects with grants that average about $75,000 each. Since the typical project

requires about 2-3 years of seed-money support to help insure its survival after our funding stops, about 75 new projects can now be started each year. The keen competition for Fund dollars has undoubtedly improved the average quality of the proposals we fund.

In carrying out its mandate, the Fund has supported a variety of projects. With the help of a Fund grant, a large urban university and ten local businesses are developing short-term, job-focused curricula as alternatives to traditional degree programs. Adult women seeking professional careers who have not had an opportunity to get a degree, but have acquired managerial skills through volunteer activities are being placed in and succeeding at jobs that they would ordinarily have been ineligible for.

The local employers, representing government, banking, insurance and industry have eliminated some of their traditional job descriptions and replaced them with Job Competency Profiles that focus on the technical and managerial elements of each job and the skills and competencies necessary for good job performance rather than focusing on the traditional requirements of degrees and work experience. The university is helping adult women analyze their skills and matching them with the Job Competency Profiles. As a result of these efforts, companies are making significant financial commitments to revamping even more job descriptions. One company has committed $250,000 to further project efforts.

In a major inner city the Fund is supporting a program which is helping unemployed, minority young adults to prepare themselves to enter training schools, to enter the job market, and to successfully continue their education. A major factor in the high rate of unemployment among this group is that many of them cannot read well enough to get or to hold a job. An efficient Work-Related Reading Program has been combined with a successful year-round placement program supported

by local businesses. As a result, these young adults have been provided with a compelling incentive to continue their studies--a job or vocational training school placement.

For some time, educators have been aware of the paucity of women enrolling in mathematics courses and entering quantitatively oriented careers. In fact, the dislike of mathematics and consequent avoidance of the discipline are common among college students--male and female. This situation has come to be known as "Math Anxiety." Under a Fund grant a small university has been developing programs for reducing anxiety about mathematics and remediating mathematical skills in order to encourage students to enter regular mathematics courses and mathematics related careers.

The Fund's 1979 budget request is for $14.5 million, an increase of $2.5 million over the 1978 level. The 1979 request would enable the Fund to support about 30 additional projects. The Fund will continue to support projects that deal with improved access and quality, especially as it relates to general education.

$9 MILLION INCREASE REQUESTED

Dr. BERRY. We are, as you say, asking for $9 million over the 1978 level. These funds will support some new program initiatives, and also pay the cost of 17 new positions being requested.

The increase that we're requesting in the Fund for the Improvement of Postsecondary Education will allow us to support 175 projects, 30 more projects than in 1978.

The Fund provides small "seed-money" grant awards intended to support improvements in postsecondary education practices. The projects are designed and implemented. not by the Federal Government, but by administrators, counselors, and teachers, working along with students. We believe that the people are in a better position to know what questions to pose, what improvements are needed, and how best to go about it.

Priorities for fiscal year 1979 include extending effective educational opportunities to groups still not adequately served. This includes not just the disadvantaged and minority populations, but the more rural populations as well. And we also support projects that make better use of noncollegiate resources—libraries, work places, community centers, and museums.

Of particular concern will be improvement in quality and defining the future of undergraduate education in the next year.

NATIONAL CENTER FOR EDUCATION STATISTICS

The National Center for Education Statistics has several very important functions. They have the primary responsibility for collecting and reporting statistics on the condition of education in this country.

As I mentioned earlier, I think that statistical operations are of central importance to the decisionmaking capabilities of educators and administrators in both the public and private sectors. A portion of the increase that we're requesting will permit the Center to undertake a new phase of a national longitudinal study. This study is very important because it will allow us to track participants in the basic grant program, to examine the relationship between education and work, and to find out more about persistence and rates of attrition in higher education.

The major increase in the Statistical Services program will be used for the Vocational Education Data System mandated by the Congress. Assistance will be provided to States to develop and maintain data on vocational education along labor market lines. One of the interesting things about NCES is that the authorizing committees are mandating the Center to carry out certain activities but then we have to come to the Appropriations Committee and hope and cross our fingers that we'll get the funding for these mandated activities.

The other important function that NCES supports is the Education Data Acquisition Council. I mentioned that earlier in connection with our discussion on the OCR survey. The Council worked with OCR and the chief state school officers, to reduce the burden placed on local school districts as a result of the forms.

LIFELONG LEARNING PROGRAM

We also have a very interesting new program that has been authorized but never funded before. We're asking for $5 million for the lifelong learning program. We supported a temporary research and planning staff, because we had a responsibility to report to Congress on what we wanted to do with lifelong learning. The primary purpose of the report was to define the learning needs of various groups—such as older adults, unemployed youth, women, and blue-collar workers.

We're especially concerned that lifelong learning opportunities also include services for older Americans. This will be one of the major foci of the program. As the staff has been working on the plans for this program, they have been in close consultation with directors of health education and health services in the States—some people you might know, like Ben Clifton in Florida, and Carl Nickerson in the State of Washington.

These individuals have formulated program plans for the coming year to develop a capacity in the States to implement lifelong learning programs.

IMMEDIATE OFFICE

We also have some funds in the budget for program direction and support services. I pointed out earlier that I have a small staff in my office, 51 people, who are supposed to assist me to coordinate

and generally supervise activities throughout the Education Division—as required by law. We have asked for a small increase to support the establishment of an Office of Management and Budget within my immediate office to help with that coordinating job. That office will be responsible for seeing to it that budget and policy decisions are consistent with one another and that there is overall coordination of the division's management policies and practices.

We are also requesting additional positions for the Education Data Acquisition Council, as well as permanent staff to operate the lifelong learning program.

Finally, we are requesting some staff to help the Center in implementing the Vocational Education Data System, improving assessment studies, and in carrying out its analysis function.

I would be happy to answer any questions that you might have in these areas.

Senator CHILES. Thank you.

We will probably have some additional questions for the record on that.

I wanted to ask you one more question, if I could, on the cost of compliance.

We've seen some studies detailing the cost to postsecondary institutions for compliance with the Federal regulations and paperwork. Do you have any recent figures on the size and scope of this problem; and are there any comparable figures for elementary and secondary education?

Dr. BERRY. We have some workload data, for elementary and secondary education, but we don't have any information as to the exact cost to respondents. I suppose the only way we could do that is to ask for estimates; however I believe those estimates would be extremely imprecise because of the variation in making estimates of this kind. With respect to workload, there are 175 data collection activities in the current education data plan for public elementary and secondary schools. They generate an estimated burden of 1.2 million hours. I would like to add more detailed information for the record.

[The information follows:]

MAN-HOURS TO COMPLETE SURVEY FORMS

Dr. BERRY. Estimates to complete survey forms from the Education Division and the Office for Civil Rights, for July 1977 through February 1978, categorized by the administrative unit which proposed the survey, are as follows:

Estimated number of manpower hours to complete survey forms

Administrative Unit in Education Division	
U.S. Office of Education:	
Bureau of Elementary and Secondary Education	891,000
Bureau of Higher and Continuing Education [1]	5,307,000
Bureau of Student Financial Aid [1]	2,080,000
Bureau of Occupational/Adult Education	211,000
Bureau of Education for the Handicapped	149,000
National Institute of Education	15,000
National Center for Education Statistics	172,000
Office for Civil Rights	53,000
Total	8,878,000

[1] Includes student applications for loans, grants, fellowships, etc.

Senator CHILES. Any information that you have on that, I think—if there is any way of costing that out—would be something we'd like to see.

And I want to thank you very much for your attendance here today and your patience.

We do probably have quite a few additional questions that we'll be asking you to answer for the record.

We appreciate your being here today. Thank you much.

Dr. BERRY. Thank you very much for the opportunity, Mr. Chairman.

JUSTIFICATION

Senator CHILES. The education mission budget justification material will be included in the record; however, we will not print the regular education budget justification material since it is traditionally included in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.

[The justification follows:]

Justification

Education Summary Table

	FY 1977 Actual	FY 1978 Budget Estimate	FY 1979 Budget Estimate
Education			
A. Financing Educational Services Not Otherwise Available - Grants to States, Districts and Institutions			
1. Adult Education	80,500,000	90,750,000	90,750,000
2. Bilingual Education	129,410,000	152,043,000	167,043,000
3. Handicapped and Learning Disabilities	458,380,000	750,304,300	1,084,614,000
4. Disadvantaged	2,423,331,000	2,852,950,000	3,464,820,000
5. Vocational Education	599,757,000	643,995,000	625,995,000
6. Indians	57,410,744	153,437,000	184,585,000
7. Supportive Services	477,717,000	423,677,000	376,952,000
8. General Financial Support	1,014,376,000	747,218,000	770,493,000
B. Eliminating Financial Barriers to Education by Providing Financial Aid			
1. Poverty Oriented (needs tested)	2,936,305,000	3,770,506,000	4,018,157,000
2. General Aid	32,570,000	224,310,000	223,800,000
C. Improving the Capacity of State and Local Education Systems			
1. Administration, Planning and Management	58,425,000	67,043,000	81,993,000
2. Improved Instructional Methods	392,371,226	210,904,000	216,079,000
3. Developing Integrated School Systems	130,723,000	150,474,000	168,224,000
4. Training of Educational Personnel	118,005,000	131,799,000	147,799,000
5. Facility Construction	28,337,000	31,513,000	99,340,000
D. Knowledge Development	116,354,661	83,870,000	96,787,000
E. Federal Administration	7,614,339	9,447,000	9,855,000
Total	9,061,586,970	10,494,240,000	11,827,286,000

Fiscal Year 1978 Education Missions

Education	Office of Education	Assistant Secretary for Education	National Institute of Education	Special Institutions	Total, DHEW
A. Financing Educational Services Not Otherwise Available - Grants to States, Districts and Institutions					
1. Adult Education	90,750,000				90,750,000
2. Bilingual Education	152,043,000				152,043,000
3. Handicapped and Learning Disabilities	686,200,000			64,104,000	750,304,000
4. Disadvantaged	2,852,950,000				2,852,950,000
5. Vocational Education	643,995,000				643,995,000
6. Indians	153,232,000	205,000			153,437,000
7. Supportive Services	423,677,000				423,677,000
8. General Financial Support	648,100,000			99,118,000	747,218,000
B. Eliminating Financial Barriers to Education by Providing Financial Aid					
1. Poverty Oriented (needs tested)	3,770,506,000				3,770,506,000
2. General Aid	224,310,000				224,310,000
C. Improving the Capacity of State and Local Education Systems					
1. Administration, Planning and Management	67,043,000				67,043,000
2. Improved Instructional Methods	166,309,000	11,795,000	32,800,000		210,904,000
3. Developing Integrated School Systems	150,474,000				150,474,000
4. Training of Educational Personnel	131,799,000				131,799,000
5. Facility Construction	31,513,000				31,513,000
D. Knowledge Development	11,568,000	14,902,000	57,400,000		83,870,000
E. Federal Administration		9,447,000			9,447,000
Total	10,204,469,000	36,349,000	90,200,000	163,222,000	10,494,240,000

Fiscal Year 1979 Education Missions

Education	Office of Education	Assistant Secretary for Education	National Institute of Education	Special Institutions	Total, DHEW
A. Financing Educational Services Not Otherwise Available - Grants to States, Districts and Institutions					
1. Adult Education	90,750,000				90,750,000
2. Bilingual Education	167,043,000				167,043,000
3. Handicapped and Learning Disabilities	1,019,250,000			65,364,000	1,084,614,000
4. Disadvantaged	3,464,820,000				3,464,820,000
5. Vocational Education	625,995,000				625,995,000
6. Indians	184,335,000	250,000			184,585,000
7. Supportive Services	376,952,000				376,952,000
8. General Financial Support	657,100,000			113,393,000	770,493,000
B. Eliminating Financial Barriers to Education by Providing Financial Aid					
1. Poverty Oriented (needs tested)	4,018,157,000				4,018,157,000
2. General Aid	223,800,000				223,800,000
C. Improving the Capacity of State and Local Education Systems					
1. Administration, Planning and Management	80,493,000	1,500,000			81,993,000
2. Improved Instructional Methods	166,229,000	14,250,000	35,600,000		216,079,000
3. Developing Integrated School Systems	168,224,000				168,224,000
4. Training of Educational Personnel	147,799,000				147,799,000
5. Facility Construction	99,340,000				99,340,000
D. Knowledge Development	11,985,000	20,402,000	64,400,000		96,787,000
E. Federal Administration		9,855,000			9,855,000
Total	11,502,272,000	46,257,000	100,000,000	178,757,000	11,827,286,000

Fiscal Year 1978 Education Missions

A. Financing Educational Services Not Otherwise Available - Grants to States, Districts and Institutions

	Adult Education	Bilingual Education	Handicapped and Learning Disabilities	Disadvantaged	Vocational Education	Indians	Supportive Services	General Financial Support
1. Office of Education	90,750,000	152,043,000	686,200,000	2,852,950,000	643,995,000	153,232,000	423,677,000	648,100,000
2. Assistant Secretary for Education						205,000		
3. National Institute of Education								
4. Special Institutions			64,104,000					99,118,000
5. Total, DHEW	90,750,000	152,043,000	750,304,000	2,852,950,000	643,995,000	153,437,000	423,677,000	747,218,000

Fiscal Year 1978 Education Missions

	B. Eliminating Financial Barriers to Education by Providing Financial Aid		C. Improving the Capacity of State and Local Education Systems				
	Poverty Oriented (needs tested)	General Aid	Administration, Planning and Management	Improved Instructional Methods	Developing Integrated School Systems	Training of Educational Personnel	Facility Construction
1. Office of Education	3,770,506,000	224,310,000	67,043,000	166,309,000	150,474,000	131,799,000	31,513,000
2. Assistant Secretary for Education				11,795,000			
3. National Institute of Education				32,800,000			
4. Special Institutions							
5. Total, DHEW	3,770,506,000	224,310,000	67,043,000	210,904,000	150,474,000	131,799,000	31,513,000

Fiscal Year 1978 Education Missions

	D. Knowledge Development	E. Federal Administration	Total
1. Office of Education	11,568,000		10,204,469,000
2. Assistant Secretary for Education	14,902,000	9,447,000	36,349,000
3. National Institute of Education	57,400,000		90,200,000
4. Special Institutions			163,222,000
5. Total, DHEW	83,870,000	9,447,000	10,494,240,000

Fiscal Year 1979 Education Missions

A. Financing Educational Services Not Otherwise Available - Grants to States, Districts and Institutions

	Adult Education	Bilingual Education	Handicapped and Learning Disabilities	Disadvantaged	Vocational Education	Indians	Supportive Services	General Financial Support
1. Office of Education	90,750,000	167,043,000	1,019,250,000	3,464,820,000	625,995,000	184,335,000	376,952,000	657,100,000
2. Assistant Secretary for Education						250,000		
3. National Institute of Education								
4. Special Institutions			65,364,000					113,393,000
5. Total, DHEW	90,750,000	167,043,000	1,084,614,000	3,464,820,000	625,995,000	184,585,000	376,952,000	770,493,000

	B. Eliminating Financial Barriers to Education by Providing Financial Aid		C. Improving the Capacity of State and Local Education Systems				
	Poverty Oriented (needs tested)	General Aid	Administration, Planning and Management	Improved Instructional Methods	Developing Integrated School Systems	Training of Educational Personnel	Facility Construction
1. Office of Education	4,018,157,000	223,800,000	80,493,000	166,229,000	168,224,000	147,799,000	99,340,000
2. Assistant Secretary for Education			1,500,000	14,250,000			
3. National Institute of Education				35,600,000			
4. Special Institutions							
5. Total, DHEW	4,018,157,000	223,800,000	81,993,000	216,079,000	168,224,000	147,799,000	99,340,000

	D. Knowledge Development	E. Federal Administration	Total
1. Office of Education	11,985,000		11,502,272,000
2. Assistant Secretary for Education	20,402,000	9,855,000	46,257,000
3. National Institute Education	64,400,000		100,000,000
4. Special Institutions			178,757,000
5. Total, DHEW	96,787,000	9,855,000	11,827,286,000

Office of Education Summary Table

	FY 1977 Actual	FY 1978 Budget Estimate	FY 1979 Budget Estimate
Education			
A. Financing Educational Services Not Otherwise Available - Grants to States, Districts and Institutions			
1. Adult Education	80,500,000	90,750,000	90,750,000
2. Bilingual Education	129,410,000	152,043,000	167,043,000
3. Handicapped and Learning Disabilities	400,985,000	686,200,000	1,019,250,000
4. Disadvantaged	2,423,331,000	2,852,950,000	3,464,820,000
5. Vocational Education	599,757,000	643,995,000	625,995,000
6. Indians	57,212,000	153,232,000	184,335,000
7. Supportive Services	477,717,000	423,677,000	376,952,000
8. General Financial Support	926,283,000	648,100,000	657,100,000
B. Eliminating Financial Barriers to Education by Providing Financial Aid			
1. Poverty Oriented (needs tested)	2,936,305,000	3,770,506,000	4,018,157,000
2. General Aid	32,570,000	224,310,000	223,800,000
C. Improving the Capacity of State and Local Education Systems			
1. Administration, Planning and Management	58,425,000	67,043,000	80,493,000
2. Improved Instructional Methods	355,970,000	166,309,000	166,229,000
3. Developing Integrated School Systems	130,723,000	150,474,000	168,224,000
4. Training of Educational Personnel	118,005,000	131,799,000	147,799,000
5. Facility Construction	28,337,000	31,513,000	99,340,000
D. Knowledge Development	58,238,000	11,568,000	11,985,000
Education Total	8,813,768,000	10,204,469,000	11,502,272,000

MISSION BUDGETING

Introduction

Budget requests for fiscal year 1979 include more than $11.8 billion for education programs administered by the Department of Health, Education, and Welfare. The total of $11.8 billion includes $11.5 billion for programs administered by the Office of Education, $178 million to support Special Institutions, $100 million of R&D requests for NIE, $ 36 million for programs under the Assistant Secretary for Education, and $ 2 million for education policy research.

This year, for the first time, the Education Division, and particularly the Office of Education, has used the concept of mission in developing its fiscal year 1979 budget request. Although decisions on actual budget proposals have been made on a program by program basis, the concept of mission has proven effective in allowing the Agency to consider the match between fiscal resources and explicit goals.

The missions discussed within the Office of Education are not identical to the categories developed by this Committee, though there is considerable overlap. Before arraying the budget request according to the categories developed by the Committee, it might be beneficial to the Committee to present the missions developed by the Agency for use as a part of a systematic and comprehensive budget building process.

Essentially five major missions were utilized by the Agency. These are: (1) guaranteeing effective access; (2) improving quality; (3) stimulating new directions; (4) working toward financial equity; and (5) assessing the status of education.

Briefly, the first mission is concerned with strategies to assure effective access to the educational system for unserved or underserved groups. This mission focuses on those target groups for whom full participation in the educational system has historically been denied. These groups include the poor, the handicapped, and minorities. To redress these inequities the Federal government supports supplementary education services and activities to stimulate State and local efforts to provide these groups with effective access.

A related Federal mission focuses on strategies to attempt to improve the quality of services being offered to our Nation's students, particularly the disadvantaged. This mission stems from the belief that the mere assurance of access to the educational system is insufficient to guarantee equal educational opportunity, because presence in school does not necessarily mean that students will receive the services necessary to allow them to benefit to the extent possible. Programs within this mission follow a number of different strategies, ranging from limited efforts to build State and local capabilities, through categorical programs directed at specific problems, to activities which provide all or a significant part of the costs involved in the provision of services.

A third Federal mission is to stimulate educational innovation and chart new directions for the educational system. In this area in particular both the Federal government's unique position and its abilities to explore the inter-connections between isolated innovations place it in an optimal situation to nudge the existing system toward more effective attempts to deal with emerging educational problems.

In addition to the above missions, the Federal government has a special obligation to assure that the burdens imposed by its own activities do not fall unfairly on local school districts. Since these burdens and these activities are designed for the general benefit of the Nation, a required mission for the National government is to relieve the fiscal pressures that it has generated.

A fifth and final mission for the Federal government is to examine the condition of education in the Nation, to support research on how the system functions and might be improved, and to evaluate the impact of specific educational programs. This mission is carried out primarily by the three major units in the Education Division - the Office of Education, the National Institute of Education, and the National Center for Education Statistics.

The Structure and Budget Levels

The structure provided by the Committee to display mission budgeting is different from the one outlined above. The Committee structure is

divided into four non-discrete missions--Financing Educational Services, Eliminating Financial Barriers, Improving the Capacity of State and Local Education Systems, and Knowledge Development. Three of these missions are subdivided into categories. The first two missions are subdivided into target group classifications, and the third is subdivided into more detailed classes of functions. The fourth mission is not subdivided.

The fiscal year 1978 amounts represent actual appropriations, including proposed supplementals. The fiscal year 1979 levels reflect the Presidential request.

Financing Educational Services Mission

Approximately 57% of the Office of Education budget is devoted to programs classified under the mission of financing educational services. Programs under this mission serve two distinct purposes. The first major purpose is to provide access to quality education for specific groups in society, as in the case of Education for the Handicapped which provides funds to State and local education agencies to assist them in addressing the needs of handicapped students across the Nation. A second purpose is to provide funds to State and local agencies for either support services or general financial aid. In total, 29 discrete programs are included in this mission, involving a number of different population groups, covering every conceivable type of Federal aid, for almost every type of purpose, and affecting individuals as well as organizations and institutions.

In FY 1979, $6.6 billion is being requested by OE for this mission, an increase of $935 million and 17% above the 1978 level. Specifically, the thrust of the Agency's proposal is to increase funds for programs providing services to the underserved in our society, including the disadvantaged, the handicapped, persons of limited English-speaking ability and Indians. At the same time, we are proposing to hold constant or reduce those programs which provide general financial support or supportive services.

$91 million, the same amount as the 1978 level, is requested for the Adult Education category. This category includes only one program which is targeted on those adults who lack the basic literacy and numeracy skills required to function

in society. Level funding is requested in anticipation of needed program reform which will be proposed through the reauthorization of expiring legislation.

$167 million is requested for the Bilingual Education category which represents an increase of $15 million or 10% over the 1978 level. This increase is targeted at improving the effectiveness of bilingual education programs through training project directors and conducting studies on improved ways of offering bilingual education.

Programs in the Handicapped and Learning Disabilities category are aimed at providing SEAs and LEAs with a portion of the excess costs of educating the handicapped child in an appropriate and least restrictive educational environment. In addition, aid is targeted at specific populations of handicapped children requiring special aid, such as the deaf-blind. An increase of $333 million is proposed for this category. $269 million of this total is targeted on the State Grant program and will raise the Federal share of excess costs from 9% in 1978 to 12% in 1979. This $269 million represents an increase of 50% from the prior year level.

The Disadvantaged category accounts for the majority of funding in this mission. Overall, $3.5 billion is requested for the Disadvantaged in FY 1979, an increase of $612 million and 21% over the 1978 level. Within the Disadvantaged category, Title I of the Elementary and Secondary Education Act accounts for most of the funds. An increase of $244 million in this activity is proposed to meet higher costs of education for 5.6 million children in LEAs and 900,000 children in State-operated programs. In addition, under proposed new legislation $400 million is requested to fund new initiatives to allow children from low-income families to benefit to the extent possible from the educational process.

For the Vocational Education category the Agency requests $629 million, a decrease of $17 million below the 1978 level. Decreases are in higher education and the consumer and homemaking program where States spend an estimated $8.50 for every Federal dollar.

Indian Education is a new category included by the Committee for the first time this year. While Indians benefit as do any other students

in all OE programs, there are a few select programs targeted specifically at this population group. For these programs the Office of Education is requesting $184 million in 1979, an increase of $31 million and 20% above the 1978 level. These funds provide supplementary services to Indian children in public schools and support programs operated by Indian tribes and organizations.

Increases in the above categories are partially financed through proposed reductions totaling $47 million for the Support Services category. A number of programs are proposed for termination, including College Library Resources and University Community Services. Under the category General Financial Aid, a total of $657 million is being requested, and a reform of the Impact Aid program is being proposed to provide a more equitable arrangement for compensating school districts affected by Federal activities.

In summary, the Financing of Educational Services mission reflects a posture of maintaining Vocational Education, Adult Education and Supportive Services at the prior year level or below, while allowing for substantial growth for Bilingual Education, Education for the Handicapped, for Disadvantaged, and Indians. These allocations reflect Federal policy of targeting programs on the underserved.

Eliminating Financial Barriers Mission

The Eliminating Financial Barriers mission represents $4.0 billion (37%) of the total fiscal year 1979 request. The majority of the programs under this mission is targeted on higher education, in contrast to the previous mission where the majority of programs is in elementary and secondary education.

The major purpose of student assistance programs within this mission is to assist qualified students in securing access to postsecondary education. The principal Federal strategy in pursuit of this goal is to provide funds through grants and loans for student assistance, both directly to students and indirectly through States and institutions of postsecondary education, with the assumption that needy students will bear some of the responsibility of financing their education.

Consistent with this strategy, all but a small fraction of the funds within this mission are assigned to the Poverty Oriented category.

The cornerstone of the Federal effort in student assistance is the Basic Educational Opportunity Grant program. This program is an efficient and equitable form of targeting aid on a national basis on the most financially needy. The fiscal year 1979 budget for Basic Grants proposes increasing the maximum grant a student can receive from $1,600 to $1,800, and will give additional help by liberalizing the basis for computing the total amount a family is expected to contribute to the costs of a student's education. An estimated 2,193,000 students will receive basic grants in the school year 1979-80.

Supplementing the Basic Grant are two other grant programs, a program supporting work-study and two loan programs. The other grant programs are Supplemental Grants and State Incentive Grants. The fiscal year 1979 budget includes $270 million for supplemental grants, the same level as in 1978. An increase of $13 million is proposed for Incentive Grants to capitalize on the required State matching of funds for this program.

The College Work-Study budget, which will help over 800,000 students, is to be increased by $15 million in order to offset mandated increases in the minimum wage and to serve approximately 26,000 additional students.

Regarding the loan programs, the fiscal year 1979 budget proposes a reduction of $22 million for Direct Loans. This reduction in Federal capital contributions is possible because of increased loan repayments to institutional revolving funds. The effect of the fiscal year 1979 request will be to maintain the same loan volume as in fiscal year 1978. Guaranteed Loans, which is a non-controllable program, will be increased by $227 million, bringing the total to $757 million for fiscal year 1979.

In addition to the above programs a total of $700 million has been placed in the contingency allowance in the President's budget to provide

additional support for middle-income families who have children enrolled in postsecondary institutions.

Another important characteristic to recognize about this mission is that the reorganization in the Office of Education has combined for the first time all of the Student Assistance programs listed above. The purpose of this reorganization is to provide greater coordination among programs having similar purposes. In addition to Student Aid, this mission also incorporates selected institutional aid programs assigned primarily to the general aid category. The fiscal year 1979 budget maintains roughly the same level of support ($224 million) as in 1978 for these programs.

Improving the Capacity of State and Local Education Agencies

The third mission, Improving the Capacity of State and Local Educational Agencies, accounts for $662 million of the total request. It is subdivided into four categories. Under the category of Administration Planning and Management, the Agency proposes a total of $80 million, an increase of 19% over 1978, the majority of which will be spent under Emergency School Aid. The principle focus of such activities is to assist State and local agencies in planning and implementing desegregation efforts. Within this appropriation the Office of Education is requesting funds for the first time to develop State-wide desegregation plans and procedures.

The Improved Instructional Methods category accounts for $166 million, the same level as 1978, and includes approximately 28 separate programs. Programs assigned here are basically small, targeting funds to priorities such as reading, international education, women's equity, technical assistance in civil rights area, etc. The principle objective of funding in these areas is not to provide basic services, but rather to focus attention on those issues and support activities where the Federal effort will have a multiplier effect.

A major proposal within this category is the Special Projects Act, where the Administration is proposing new legislation to provide greater flexibility at the Federal level to stimulate new directions in education and to improve the quality of instruction being offered in our Nation's

schools. A total of $49 million, which is an increase of $.2 million above the 1978 level, is being requested in order both to maintain or expand existing programs. In addition, $11 million is being requested under proposed legislation to fund several new activities.

A second area of emphasis in this category concerns the education of handicapped children. Six separate programs, each focusing either on a specific type of handicap or type of education approach, are included in this category. A total of $59 million is requested for fiscal year 1979 for supplementary services being provided.

A third area of emphasis, desegregation, accounts for $84 million. These funds are taken from five separate programs under the Emergency School Aid Act which are directed toward the development of curriculum and instructional approaches specifically designed for LEAs reducing racial isolation.

A third category, Developing Integrated School Systems, includes a number of programs, the majority of which are located under Emergency School Aid. Within this appropriation an increase of $18 million is requested for activities related to the mission of developing integrated school systems. This increase will permit the targeting of funds during those critical stages when school districts are implementing desegregation. In addition, funds under Training and Advisory Services will be targeted at LEAs in order to further assist them in the desegregation process. Finally, for the first time the Administration has earmarked funds for SEAs to develop State-wide desegregation policies and procedures.

A fourth category is Training Education Personnel, which covers a range of inservice and pre-service training activities. Specifically, the Federal government is involved in both upgrading the overall quality of teaching in the Nation and training individuals in particular areas of education, including Special Education, Bilingual Education, and Education for the Disadvantaged. The total increase requested for fiscal year 1979 for these training activities is $16 million. Of particular note are a proposed $10 million increase for Special Education Manpower Development

and a $2 million increase for Teacher Centers, which provide teachers with the flexibility to structure their own training.

The final category in this mission is for Facility Construction. A total of $99 million is requested for fiscal year 1979, which represents an increase of $68 million over the 1978 level. Of this total $33 million is proposed for Impact Aid construction which focuses construction on Federal property and for Indian students. Other funds within this category are to meet obligations incurred in prior years associated with postsecondary construction grants and loans. In addition, for the first time the Administration is requesting $50 million for reconstruction activities in order to assist postsecondary institutions in removing barriers to Handicapped children.

Knowledge Development

The last mission, Knowledge Development, covers research, development, statistics gathering activities, and evaluation. $ 97 million is devoted to this mission throughout the Education Division. Of this total, $12 million will be spent in the Office of Education, to be supplemented by $ 85 million in NIE and NCES. Our limited knowledge regarding education makes it imperative that at the Federal level we continue to increase those activities aimed at improving instruction in our Nation's schools and colleges. The fiscal year 1979 request represents an increase of $ 12 million in order to expand our activities in this area.

National Institute of Education

Summary of Missions

	1977	1978	1979
Education Missions:			
C. Improving the Capacity of State and Local Education Systems			
2. Improved Instructional Methods...	$25,100,000	$32,800,000	$35,600,000
D. Knowledge Development.....	44,800,000	57,400,000	64,400,000
Total, Appropriation.....	$69,900,000	$90,200,000	$100,000,000

GENERAL STATEMENT

The National Institute of Education (NIE) will focus its FY 1979 research, development, and dissemination activities on two major goals -- the advancement of educational equity and the improvement of local educational practice. NIE will pursue these goals by addressing the five priority areas established by Congress in the 1976 legislation which reauthorized the Institute. The five priorities are:

(1) improvement in student achievement in the basic educational skills, including reading and mathematics;

(2) problems of finance, productivity, and management in educational institutions;

(3) improving the ability of schools to provide equal educational opportunities for students of limited English-speaking ability, women, and students who are socially, economically, or educationally disadvantaged;

(4) preparation of youths and adults for entering and progressing in careers;

(5) improving the dissemination of the results of educational research and development, including assistance to educational agencies and institutions in the application of such results.

The five areas represent primary educational concerns of parents, teachers, students, administrators, and other practitioners. The Institute's research in these areas will help solve their educational problems and aid policymakers who need information about successful approaches in improving teaching and learning.

The Institute's activities are grouped under two of the stated education missions. The first, improving the capacity of state and local education systems by improved instructional methods, includes activities such as the Institute's dissemination efforts, the educational satellite demonstration projects, the University of Mid-America open learning system and other curricula development.

The activities categorized under this mission comprise approximately 36% of the Institute's budget in 1978 and reflect a slight reduction to 35.5% of the budget in 1979. The NIE priority under the improved instructional methods mission is to improve the quality of local educational practice by increasing the use and application by students, teachers, and schools of the knowledge gained from educational research and development.

The second, knowledge development, comprises the majority of NIE activities and approximately 64% of the budgetary resources are devoted to the knowledge development mission in 1978 with a slight increase to 64.5% in 1979. Activities include: the Institute's research grants programs in basic skills, equity, and school organization; and priorities such as research on student achievement and testing, the improvement of teaching, secondary schooling, the revitalization of urban education, and the implication of legislation and judicial rulings on education.

Relation of NIE Activities to Congressional Priorities

NIE Activity	Congressional Priority
o Dissemination and Resources	o Improving the dissemination of the results of educational research and development, including assistance to educational agencies and institutions in the application of such results;
o Basic Skills	o Improving student achievement in the basic educational skills, including reading and mathematics;
o Educational Equity	o Improving the ability of schools to provide equal educational opportunities for students of limited English-speaking ability, women, and students who are socially, economically, or educationally disadvantaged;
o Education and Work	o Preparing youth and adults for entering and progressing in careers;
o Finance and Productivity	o Solving problems of finance and productivity in educational institutions;
o School Capacity for Problem Solving	o Solving problems of management in educational institutions.

SUMMARY OF NIE ACTIVITIES

	FY 1977			FY 1978			FY 1979		
	*C/2	**D	TOTAL	C/2	D	TOTAL	C/2	D	TOTAL
Dissemination and Resources	$12,700,000	$ --	$12,700,000	$19,500,000	$ --	$19,500,000	$20,900,000	$ --	$20,900,000
Basic Skills	1,400,000	16,100,000	17,500,000	1,400,000	20,100,000	21,500,000	1,600,000	24,200,000	25,800,000
Educational Equity	400,000	5,000,000	5,400,000	700,000	6,900,000	7,600,000	2,000,000	9,700,000	11,700,000
Education and Work	3,000,000	5,000,000	8,000,000	200,000	8,600,000	8,800,000	1,100,000	7,200,000	8,300,000
Finance & Productivity	2,900,000	8,400,000	11,300,000	4,800,000	8,600,000	13,400,000	4,800,000	9,500,000	14,300,000
School Capacity for Problem Solving	400,000	2,500,000	2,900,000	1,300,000	4,500,000	5,800,000	400,000	5,000,000	5,400,000
Program Direction and Administration	4,300,000	7,800,000	12,100,000	4,900,000	8,700,000	13,600,000	4,800,000	8,800,000	13,600,000
TOTAL	$25,100,000	$44,800,000	$69,900,000	$32,800,000	$57,400,000	$90,200,000	$35,600,000	$64,400,000	$100,000,000

*C/2 - Improving the Capacity of State and Local Education Systems -- Improved Instructional Methods

**D - Knowledge Development

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National Institute of Education
Five Year Funding Level
($ in thousands)

Education Mission	1978	1979	1980	1981	1982
C. Improving the Capacity of State and Local Education Systems					
2. Improved Instructional Methods	$32,800	$35,600	$34,900	$33,900	$33,000
D. Knowledge Development	57,400	64,400	65,100	66,100	67,000
Total Appropriation	$90,200	$100,000	$100,000	$100,000	$100,000

EDUCATION DIVISION
OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

Summary of Education Missions

(Comparable Obligations)

Education Missions:	1977	1978	1979
A. Financing Educational Services not Otherwise Available:			
6. Indians.....	$ 198,774	$ 205,000	$ 250,000
C. Improving the Capacity of State and Local Education Systems:			
1. Administration, Planning, and Management.....	---	---	1,500,000
2. Improved Instructional Methods.....	11,301,226	11,795,000	14,250,000
D. Knowledge Development....	13,316,661	14,902,000	20,402,000
E. Federal Administration...	7,614,339	9,447,000	9,855,000
Total, ASE.....	32,431,000	36,349,000	46,257,000

EDUCATION DIVISION
OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

Fiscal Year 1979

Obligations by Education Activity
(in thousands of dollars)

	Total Obligations	Financing Educational Services	Improving The Capacity of Education Systems			
		Indians	Administration, Planning, and Management	Improved Instructional Methods	Knowledge Development	Federal Administration
1. Fund for the Improvement of postsecondary education.....	$ 14,500	$250	$ ---	$ 14,250	$ ---	$ ---
2. National Center for Education Statistics.....	15,940	---	---	---	15,940	---
3. Lifelong learning.....	5,000	---	1,500	---	3,500	---
4. Program direction and support services.....	10,817	---	---	---	962	9,855
Total, ASE.....	46,257	250	1,500	14,250	20,402	9,855

EDUCATION DIVISION
OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

Fiscal Year 1978

Obligations by Education Activity
(in thousands of dollars)

	Total Obligations	Financing Educational Services	Improving The Capacity of Education Systems			
		Indians	Administration, Planning, and Management	Improved Instructional Methods	Knowledge Development	Federal Administratior
1. Fund for the Improvement of postsecondary education.....	$12,000	$ 205	$ ---	$ 11,795	$ ---	$ ---
2. National Center for Education Statistics.....	13,940	---	---	---	13,940	---
3. Lifelong learning.....	---	---	---	---	---	---
4. Program direction and support services....	10,409	---	---	---	962	9,447
Total, ASE.....	36,349	205	---	11,795	14,902	9,447

Summary of Mission

SPECIAL INSTITUTIONS

The Special Institutions are private, nonprofit, educational institutions which receive a substantial part of their operating expenses through direct Federal appropriations.

The four Institutions that are affiliated with the Federal government all have as their primary mission the education or assistance of specific groups in our population in which a Federal interest has been defined by statute. In fulfilling its particular basic purpose, each Institution is committed to excellence in providing its program to the group for which it is responsible. Although there is variance in the nature and scope of the Institutions' programs, their goals are fundamentally similar.

American Printing House for the Blind

-- The Printing House provides educational materials to students of less than college grade, who attend public schools and classes with sighted children and blind students who attend special schools and classes for the blind.

-- The Printing House is requesting $3,906,000 for FY 1979, an increase of $408,000 over the FY 1978 appropriation. The request includes $3,574,000 for educational materials, an increase of $408,000 over the past year; $250,000 for educational and technical research, and $82,000 for the advisory committees, the same levels as the 1978 appropriation.

-- The request for educational materials, when taken together with the $10,000 permanent appropriation, will supply an estimated 32,400 students, 1,680 additional blind students and all 1978 base pupils (30,720) with educational materials. The estimated 1979 per capita rate of $110.62 is an increase of $7.24 over the 1978 level.

National Technical Institute for the Deaf

-- The National Technical Institute for the Deaf (NTID) is a national coeducational residential center that provides postsecondary technical education for our nation's young deaf people to prepare them for successful employment. NTID also prepares professional manpower to serve the nation's deaf population and conducts applied research into the educational achievement, communications, personal/social, instructional, economic and employment aspects of deafness. NTID is the only institution of its type in America.

-- The request for NTID is $16,625,000, an increase of $1,995,000 over FY 1978. The 1979 budget is composed of both built-in and program increases. The program increases will allow for expansion in the areas of career development, information dissemination, professional training and research. Built-in increases will provide for annualization of salaries, salary increment and contractual rate increases.

-- In 1979 NTID will continue to provide a full spectrum of technical, communications training and other developmental services to a full-time equivalent student population of 1,070 deaf students. In addition, the Institute will provide training programs to over 1,100 students, faculty and staff who work with the deaf. Approximately

95% of NTID's graduates will be placed in jobs commensurate with their education during 1979.

Gallaudet College

-- Gallaudet College provides a liberal arts undergraduate education program for the deaf, a tutorial school for deaf students who need such training to qualify for college admission, a graduate school program in fields related to deafness, and a continuing education program for deaf adults.

-- The College also administers two national demonstration schools for elementary and high school deaf students--the Kendall Demonstration Elementary School and the Model Secondary School for the Deaf. The Model Secondary School provides for the establishment of day and residential facilities for the secondary education of young persons who are deaf in order to prepare them for college, other advanced training or employment. Kendall School operates as a national model school for the deaf which provides instructional programs and on-site instruction for children, from infancy through age 15.

-- Gallaudet College is requesting $44,833,000, an increase of $1,143,000 over the FY 1978 appropriation. Of the total, the College is asking for $33,728,000 for operations, an increase of $3,968,000 over the past year, and $11,105,000 for construction.

-- The increase of $3,968,000 for operations includes built-in costs of $2,968,000 and program increases of $1,000,000 covering all three components of the institutions. The built-in increases are for faculty and staff pay raises, increased cost of utilities, annualization costs and the increased costs of occupying and operating new facilities. The program increase will allow for expansion in the following areas: the Graduate School, Psychology and Romance languages and continuing education for the College; Preschool/Primary total communication, cued speech and parent's education programs for Kendall School; and, multiply-handicapped programs and dissemination activities for the Model Secondary School.

-- The 1979 estimate for construction will provide for equipping and furnishing the new learning center, upgrading security on campus, constructing a theater annex, renovating and furnishing the student union building and ely hall, initiating a program to remove architectural barriers on campus, and completing the third phase of an energy conservation, safety, and security system.

-- In 1979, the College will directly serve an enrollment of approximately 1,410 graduate and undergraduate students; the Model Secondary School anticipates an enrollment of about 365 students in its programs; and, Kendall School anticipates an enrollment of 200. In addition, the College will directly serve approximately 7,825 persons through enrollment in continuing education programs. Gallaudet indirectly serves many tens of thousands of deaf persons both in the United States and abroad and also serves more than 10,000 teachers and administrators in deaf education.

Howard University

-- Howard University consists of seventeen schools and colleges and offers comprehensive academic programs in higher education on the undergraduate, undergraduate professional, graduate, and graduate professional levels. The University also offers the Masters degree in 43 departments and the Doctor of Philosophy degree in 21 fields. The University conferred 952 undergraduate degrees; 316 professional degrees and 517 graduate degrees during the 1977

Academic Year. In addition, the University administers the Howard University Hospital, which provides a full range of in-patient and outpatient medical care.

-- The 1979 budget request for Howard University is $113,393,000, an increase of $14,275,000 over the 1978 appropriation. The request is presented in three categories: the academic program in the amount of $81,287,000, an increase of $8,200,000 over FY 1978; Howard University Hospital, the same as the 1978 level; and, $10,000,000 for construction, an increase of $6,075,000 over the past year.

-- The request for 1979 includes funds for built-in increases such as faculty and staff raises and for partial support of the university's retirement program. In addition, funds are also provided for program improvements in the University library system and in the schools of Medicine and Communications.

-- The budget request for construction includes funds for several construction projects such as payment on Dunbarton College, powerplant improvements, energy conservation measures, removal of architectural barriers, renovations of residence halls and Freedman's Hospital buildings and the feasibility study for the physics and Sherman Avenue buildings.

-- The Federal appropriation remains constant for the Howard University Hospital because additional operational expenses will be funded by an increase in patient care receipts and from further improvement in collection procedures.

-- The University enrollment for 1979 is estimated at 9,042: 2,550 for undergraduate, 6,290 for graduate and professionals schools, and 202 for the Howard University Hospital.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SPECIAL INSTITUTIONS

Education Mission

SUMMARY

Agency/Appropriation	1977	1978	1979
American Printing House for the Blind	$3,012,000	$3,498,000	$3,906,000
National Technical Institute for the Deaf	12,675,000	14,630,000	16,625,000
Gallaudet College:			
1. Academic program	15,610,000	17,510,000	20,208,000
2. Model secondary school for the deaf	7,343,000	8,343,000	9,217,000
3. Kendall demonstration elementary school	3,270,000	3,907,000	4,303,000
4. Construction	15,575,000	16,216,000	11,105,000
Subtotal	41,798,000	45,976,000	44,833,000
Howard University:			
1. Academic program	63,487,000	73,087,000	81,287,000
2. Howard University Hospital	22,106,000	22,106,000	22,106,000
2. Construction	2,500,000	3,925,000	10,000,000
Subtotal	88,093,000	99,118,000	113,393,000
Total	145,578,000	163,222,000	178,757,000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SPECIAL INSTITUTIONS

Education Mission

Financing education services: Handicapped and learning disabilities:	1977	1978	1979
American Printing House for the Blind.....	$3,012,000	$3,498,000	$3,906,000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SPECIAL INSTITUTIONS

Education Mission

Financing education services:	1977	1978	1979
Handicapped and learning disabilities:			
Gallaudet College:			
1. Academic program.....	$15,610,000	$17,510,000	$20,208,000
2. Model secondary school for the deaf.....	7,343,000	8,343,000	9,217,000
3. Kendall demonstration elementary school.....	3,270,000	3,907,000	4,303,000
4. Construction.....	15,575,000	16,216,000	11,105,000
Total.....	41,798,000	45,976,000	44,833,000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SPECIAL INSTITUTIONS

Education Mission

Financing education services: Handicapped and learning disabilities:	1977	1978	1978
National Technical Institute for the Deaf.....	$12,675,000	$14,630,000	$16,625,000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SPECIAL INSTITUTIONS

Education Mission

Financing education services: General financial support:	1977	1978	1979
Howard University:			
Academic program.....	$65,487,000	$73,087,000	$81,287,000
Howard University Hospital.....	22,106,000	22,106,000	22,106,000
Construction.....	2,500,000	3,925,000	10,000,000
Total.....	90,093,000	99,118,000	113,393,000

Special Institutions
Five Year Funding Level
($ in thousands)

Education Mission	1979	1980	1981	1982	1983
A. Financing Educational Services:					
1. Handicapped and learning disabilities.....	$65,364	$66,692	$68,674	$70,905	$73,383
2. General financial support.....	113,393	123,393	133,393	148,393	163,393
Total.....	178,757	190,085	202,067	219,298	236,776

DEPARTMENTAL MANAGEMENT

Summary of Appropriations

Appropriation/Mission	FY 1977	FY 1978	FY 1979
1. Office for Civil Rights....	$ 28,987,000	$ 53,742,000	$ 73,356,000
2. General Departmental Management:			
Departmental Direction....	50,467,000	62,647,000	60,341,000
Departmental Operations...	65,993,000	73,317,000	76,287,000
Total.....	116,460,000	135,964,000	136,628,000
3. Office of the Inspector General.....	27,165,000	33,613,000	40,311,000
4. Policy Research:			
Health.....	3,934,000	6,800,000	7,550,000
Education.....	646,000	150,000	2,100,000
Welfare.....	15,369,000	22,999,000	17,350,000
Total, Policy Research..	19,949,000	29,949,000	27,000,000
Total, Departmental Management..	$192,561,000	$253,268,000	$277,295,000

Office for Civil Rights

Summary of Missions

	FY 1977	FY 1978	FY 1979
Office for Civil Rights.....	$28,987,000	$53,742,000	$73,356,000

Civil Rights activities cross-cut all HEW and other Federal health, education, and welfare missions. The percentage of the Civil Rights appropriation associated with Federal Health, Education, and Welfare missions varies continually as Civil Rights performs its compliance enforcement workloads in institutions which receive HEW or other Federal funds in the health, education, and welfare areas.

General Departmental Management

Summary of Missions

	FY 1977	FY 1978	FY 1979
Departmental Direction.....	$ 50,467,000	$ 62,647,000	$ 60,341,000
Departmental Operations.....	65,993,000	73,317,000	76,287,000
Total, General Departmental Management.....	$116,460,000	$135,964,000	$136,628,000

General Departmental Management activities cross-cut all DHEW missions. The percentage of the General Departmental Management appropriation associated with the Health, Education, and Welfare missions of the Department varies continually as the Assistant Secretaries conduct their departmental policy and management activities for the Secretary and as they conduct specialized staff services in support of Agency program operations.

Office of the Inspector General

Summary of Missions

	FY 1977	FY 1978	FY 1979
Office of the Inspector General	$27,165,000	$33,613,000	$40,311,000

Office of the Inspector General activities cross-cut all DHEW missions. The percentage of the Office of the Inspector General appropriation associated with the Health, Education, and Welfare missions of the Department varies continually as the Inspector General conducts Audits of departmental programs and investigations of allegations of fraud and abuse related to the Department's programs.

Policy Research

Summary of Missions

	FY 1977	FY 1978	FY 1979
Health	$ 3,934,000	$ 6,800,000	$ 7,550,000
Education	$ 646,000	$ 150,000	$ 2,100,000
Welfare	$15,369,000	$22,999,000	$17,350,000
Total	$19,949,000	$29,949,000	$27,000,000

Health

Research in the area of health is directed to significant policy questions concerning the availability, utilization, and financing of health services among low-income populations. Specific examples are the health insurance experiment and several studies in the areas of deinstitutionalization and disability. The health insurance study is an on site experiment which involves various aspects of the design and operation of a national health insurance system. Research will consider the demand for services as a function of price, the impact of various programs on different income classes, and the administrative costs and difficulties involved in administering different types of income-related insurance plans. Deinstitutionalization studies will focus on issues relating to costs; roles and responsibilities of Federal, State, and local governments; legal rights; and treatment options for the institutionalized. Disability studies will examine the effects of Federal programs on the income of the disabled.

Education

Research in education is designed to obtain a better understanding of the effects of existing or proposed educational programs and services for the poor. Recent research has focused on the Federal role in desegregation of the nation's schools and school financing. Areas of investigation include: analyses estimating the effects of student aid income on college retention and performance, public policy, and its impact on the strength of the family unit; a major study of the current state of school financing and the effect of equalization policies at the State and local level. This will investigate the issues and methods for the financing of elementary and secondary education as an initial step toward developing a long-term Federal strategy in this area.

Welfare

Research in this area is designed to provide a better understanding of the causes of low earnings; the effects of existing or proposed income maintenance and employment-related assistance programs; and to suggest program modifications or initiatives which will contribute to policy objectives for increasing self-sufficiency among low-income families. The three income maintenance experiments; Seattle, Denver, and Gary, along with the national demonstration of the Monthly Income Reporting Experiment constitute the major initiative of this research. These on site experiments are designed to test individual behavioral responses to alternative income maintenance programs, a negative income tax plan, manpower program participation and employment and the administrative procedures involved in monthly reporting of income. In addition, several other related projects provide information on: a longitudinal survey of income changes over a ten year period of five hundred families; basic poverty research projects; research on retirement policies and programs; statistical projects relating to income maintenance and welfare reform; and state and local government demonstrations for new methods for delivery of human services.

Five-Year Projection
(In Thousands of Dollars)

Appropriation/Mission	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
1. Office for Civil Rights	$ 73,356	$ 73,356	$ 73,356	$ 73,356	$ 73,356
2. General Departmental Management	136,628	136,810	136,810	136,810	136,810
3. Office of the Inspector General	40,311	40,704	40,704	40,704	40,704
4. Policy Research					
Health	7,550	8,500	10,000	10,000	10,000
Education	2,100	1,500	1,000	500	500
Welfare	17,350	17,000	16,000	16,500	16,500
Total, Policy Research	$ 27,000	$ 27,000	$ 27,000	$ 27,000	$ 27,000
Total, Departmental Management	$277,295	$277,870	$277,870	$277,870	$277,870

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

SALARIES AND EXPENSES - SUPPLEMENTAL REQUEST

Question: You are requesting a supplemental of $2.3 million to cover increased mailing expenses. What is the cause of this shortfall?

Answer: The shortfall is the result of the U.S. Postal Service enforcing its procedures for estimating mail costs.

Question: What will your total postage costs be if this supplemental is approved?

Answer: The total allocation for mail for FY 1978, including the supplemental, will be $5,100,000.

Question: Why do you need such a large budget for postage?

Answer: The OE is administering a program budget in excess of $10 billion for FY 1978. When Congress legislates programs to assist the cause of education throughout the Country, it expects the OE to be responsive to the requests of constituents for information and applications relative to these programs. This is particularly true in the student assistance programs where OE must take an active role in ensuring dissemination of information to all students who are potential recipients of assistance.

Question: What are your top-priority items that must be mailed?

Answer: Priority items which are mailed are applications for assistance--grants, loans, etc.; programmatic information; requests for proposals; student assistance financial transaction reports; collection letters.

Question: How could the Office of Education reduce its postage costs?

Answer: The OE has established an Administrative Studies Team with mail control as a priority function. This team has instituted mail management which is expected to reduce and control the percentage of yearly increases. However, due to increased programmatic growth (e.g., student financial assistance) no noticeable reduction in mail costs is to be expected over the next few years.

TRAVEL FUNDS

Question: For what specific purposes will the funds you have requested for travel be used?

Answer: FY 1979 travel funds will be used for the following major areas:

- Student Assistance Programs - investigators, analysts, compliance specialists and field examiners to detect and prevent program abuse.

- Handicapped State Grants - investigate complaints rendered by constituents that mandated services for handicapped children have not been provided.

- Title I Monitoring - increase monitoring of big city schools, to States during the conduct and resolution of fiscal audits, and annual State reviews, and to implement monitoring of Neglected and Delinquent State operated/ supported institutions.

- Special Programs for the Disadvantaged - technical assistance and monitoring as well as review and evaluation of continuation awards.

- Vocational Education Programs - implement management evaluation reviews mandated for 12 States.

- Site visits projected to increase from 11,180 to 13,263.

Question: Is there no way that these costs could be reduced through greater reliance on other, less expensive means of communication?

Answer: Less expensive means of communication, such as mail and telephone, are not effective in the areas of monitoring and evaluation due to lack of on-site inspection of the program. Although limited technical assistance can be provided indirectly, meetings and workshops conducted on-site are more effective.

A travel policy for the OE is in the process of being finalized which states that: "Professional staff within the OE will travel to the extent necessary to accomplish the effective administration of the programs for which this Office is responsible." This policy statement establishes priority ranking for OE travel as follows:

- Evaluating OE funded programs
- Interpreting and clarifying Federal education programs
- Professional staff development
- Other professional activities

For FY 1979, the OE travel budget request is less than 5% of the total S&E request. This is a realistic if not low request to carry out the vast amount of monitoring, technical assistance and evaluation required to administer a program budget in excess of $11 billion.

In view of the limited resources available for travel, the OE policy statement on travel also establishes cost-control regulations such as use of tourist class and reservations at moderate priced hotels.

In addition, OE managers are required to prepare travel plans and budgets, with quarterly status reports submitted to the Commissioner.

ADVISORY COUNCILS

Question: In April Secretary Califano, in a memo to the Office of Management and Budget, recommended merging 12 Education Advisory Councils into four broad committees to parallel the structure in the Office of Education.

What recommendations were included in this memo? What actions have taken place or are planned on these recommendations?

Answer: The Commissioner has recommended to Congress that the advisory committees on Adult, Vocational, and Community education be merged into the National Advisory Council on Occupational and Vocational Education. He also recommended that the Education of Disadvantaged Children and the Equality of Educational Opportunity Councils be merged to form a National Advisory Council on Equity in Education. The Commissioner also recommended that the Council on Environmental Education be terminated.

Question: How will these recommended revisions affect program efficiency?

Answer: A single advisory council addressing the national programs of BOAE is recommended. Each program area will be represented as council members. The single council can more efficiently and effectively review and make recommendations about policy regulations and practices in relation to Bureau and OE priorities. At the same time through the use of subcommittees each program area can receive the kind of indepth review and analysis which has been customary under separate councils. A single council will also effect economies of staff and eliminate duplication of effort in studies and projects undertaken.

The proposed new council on Equity in Education will have a greater range of advising capacity than either of the former councils, because it will be concerned with two program areas rather than one. Therefore, the council will be able to provide a larger view to OE program officers because their interests will cross program boundaries. It is anticipated that the diversity in the council membership will provide a richness in program recommendations which could expand the view of program officers who work within the confines of discreet programs.

Question: Would the cost of Advisory Councils be reduced as a result of the recommendations?

Answer: We anticipate a savings of approximately $378,000 as a result of the merging of the five committees into two and the termination of the Environmental Committee.

VOCATIONAL EDUCATION POSITIONS

Question: The 1977 supplemental provided an additional 68 positions for the Bureau of Occupational and Adult Education. The 1979 budget contains a $7 million cut in this program but recommends 17 additional positions, one-half of the new positions requested for the entire Office of Education. Why do you need 17 additional positions in this bureau?

Answer: The FY 1977 supplemental provided no positions for the Bureau of Occupational and Adult Education. However, the FY 1978 Budget Request included reallocation of 33 positions to the Bureau and a request for 35 new positions. The 35 new positions were not approved by Congress. Not only did the Education Amendments of 1976 require that we increase our staff by fifty percent, but many workload requirements were also mandated. We are requesting the 17 positions to handle this workload, which includes additional data functions relating to the Vocational Education Data System and other data activities; national leadership in Vocational Education on elimination of sex bias, State planning and evaluation, Indians, handicapped, incarcerated and youth unemployment; doubling of the new Indian Vocational Grant Program in fiscal year 1979 when the Bureau of Indian Affairs is required to match the Office of Education funds; and changes in the Bilingual Vocational Grant Program which require monitoring activities in fiscal year 1979. In addition, the Vocational Fellowship Program now requires the Office of Education to review and rank applications where the states formerly performed this function, and a mandated change in the Vocational Research and Development Program format requires contract awards rather than discretionary grants. Although fewer contracts will be awarded than the previous number of grants, the program requirements for contract initiation and maintenance far exceeds that of a grant.

REGIONAL OFFICES

Question: The January 11 Federal Register included an explanation of the reorganization of the Regional Offices of Education. Please explain how the new organization will affect the Regional Offices of Education?

Answer: There are now two offices in each region, a Regional Office of Educational Programs and a Regional Office of Student Financial Assistance. The Regional Offices of Student Financial Assistance are under the direction of the Bureau of Student Financial Assistance and programmatic functions now in the regions will remain there. With the exception of Student Assistance, all other program functions have been transferred to headquarters and the Regional Offices of Educational Programs will only be responsible for technical assistance and dissemination of information for the Education Division.

Question: How many Office of Education employees actually transferred from the Regional Offices to Washingtton, D.C.? What are these people doing?

Answer: There were 296 positions identified for transfer to headquarters. However, the actual number of employees accepting headquarters' assignment and actually transferring is not known, we estimate 200. Job offers have been made and responses are required by April. These people will continue to carry out the programmatic functions they were reponsible for in the regions.

Question: Would it be possible for you to require regional office personnel to spend a greater amount of their time providing assistance to small and rural school districts, which often have the greatest need for technical assistance? Are you convinced that State

and local education agencies will receive improved services as a result of this change?

Answer: As the sole function of the Regional Offices of Educational Programs will be to disseminate information and provide technical assistance, the regional staff will be able to spend all of their time assisting State and local agencies and all school districts. This will be an improvement over the past when other responsibilities were of greater priority.

AFFIRMATIVE ACTION

Question: Last April Commissioner Boyer said that past efforts on affirmative action had been minimal at best on the program side of the Office of Education. What actions have been taken to improve the affirmative action accomplishments in the Office of Education?

Answer: Two new Concerns Staffs, Womens Concerns and Handicapped Concerns, have been created. These staffs along with existing staffs, which include Black Concerns, Hispanic Concerns, Asian and Pacific Concerns, and the Equal Employment Opportunity Staff, now report directly to the Commissioner.

S&E-EXEMPT POSITIONS

Question: In the Bureau of Education for the Handicapped, the justification states that 20 of the 39 positions in Innovation and Development are Civil-Service-Exempt positions. Can you explain the rationale for this, and tell us why it is necesssary to have 20 exempt positions in this program area.

Answer: The "Education for all Handicapped Children Act of 1975" requires that qualified personnel be hired to conduct data collection and evaluation activities. It further states that these positions shall be exempt from competitive service and that no more than twenty (20) shall be hired at one time. (Sec. 617. (2) (D)). Therefore, up to 20 of the 39 positions in Innovation and Development may be Civil-Service-Exempt positions, when the expertise is needed.

S&E REGIONAL OFFICES

Question: When the reorganization of the Regional Offices of Education was announced, it was stated that many Regional Office employees would be transferred to Washington, D.C. Your 1979 Budget indicated a reduction of only 11 positions in the Regional Offices. Why is the reduction only 11 people?

Answer: Recentralization of program administration will result in an overall reduction of 11 positions in fiscal year 1979, but 296 positions were transferred from the Regional Offices to Headquarters. As recentralization will be completed in fiscal year 1978, the 296 positions have been added to both the 1978 and 1979 figures reflected in the budget request for the Bureaus affected.

Question: What activities will the 200 people remaining in the Regional Offices be engaged in?

Answer: The remaining 200 positions will provide assistance over the whole spectrum of Education Division programs as opposed to concentrating on only those for which the regions previously had some form of formal authority. This assistance will include the dissemination of information regarding exemplary programs.

Question: Since the reorganization apparently did not bring the education program specialists back to Washington, what was the real purpose of the reorganization?

Answer: The purpose of the recentralization was to streamline OE operations and eliminate duplication. As we explained 296 positions, including Education Program Specialists are being transferred to Headquarters, so that all program activities will be centralized.

EMERGENCY SCHOOL AID

Question: The Seattle School District recently adopted a comprehensive desegregation plan. Seattle is the first major U.S. city to initiate such a plan wihout being placed under a court order. Since several provisions of the Emergency School Aid regulations require a school district to be under a court order in order to receive funds, Seattle's task of desegregating may be made more difficult because of its efforts to voluntarily desegregate.

Don't you think that districts that choose to desegregate without a court order should be rewarded rather than penalized by the Federal government?

Answer: Neither the Statute nor the regulations give more weight to court ordered plans than voluntary plans. No school district can be penalized in the program because the desegregation plan is voluntary rather than court ordered. There are no ESAA regulations which require a school district to be under court order to receive funds.

Question: Does the Administration's proposed legislation reauthorization for Emergency School Aid have any specific proposals to assist districts that are carrying out non-court ordered desegregation?

Answer: The proposed reauthorization package continues to treat mandated and nonrequired plans equally. The package will encourage State governments to play a larger role in the planning and implementation of voluntary desegregation within and among the school districts of their States. Two ESAA dollars will be provided on a matching basis for every State dollar expended on planning, technical assistance, and training activities related to voluntary desegregation.

Question: What do you believe the Education Division's role should be in encouraging and supporting voluntary desegregation?

Answer: We believe the Department should and does encourage voluntary desegregation. We believe that voluntary desegregation efforts backed by a state department of education and a broadly representative group of parents, teachers, educators, and minority group representatives provides a far more promising way to redress problems of racial segregation than divisive litigation.

GUARANTEED STUDENT LOAN PAPERWORK FOR BANKS

Question: What forms and reports must the banks and other lending institutions that take part in the program regularly submit? How many man-hours reporting time do these reports require?

Answer: Exclusive of the forms necessary for lenders to submit in order to be approved for participation in the program, or to have an individual loan approved, three reports must be submitted regularly: The Lenders Manifest (OE Form 1151) is filed on a monthly basis, and requires an average of 30 minutes to complete, the Lender's Request for Payment of Interest on Student Loans (OE Form 1166) is filed quarterly, semiannually or annually at the discretion of the lender and requires approximately 30 minutes to complete, and the Lenders Report on Guaranteed Student Loans Outstanding (OE Form 1166-2 or 1166-3), which requires an average of 1.5 hours to complete and is submitted yearly. These estimates of man-hours required are based on estimates prepared for OMB as part of the forms clearance process. Preparation time varies depending on the size and activity of the lender and the degree to which the lender relies upon computer support.

PURPOSE OF DATA COLLECTED

Question: What use is made of the data collected on these forms and reports?

Answer: The Lender's Manifest (OE Form 1151) reports loans disbursed, loans converted to repayment and loans paid in full. The form need not be submitted if no transactions occur. This information is needed to update the Office of Education's records on each loan, and to initiate a bill to the lender for the insurance premium to be paid on each loan. The Lender's Request for Payment of Interest on Student Loans (OE Form 1166) enables the lender to receive payments of interest and special allowance due to the lender for program activity. The Lender's Report on Guaranteed Student Loans Outstanding (OE Forms 1166-2 for regulated lenders and 1166-3 for non-regulated lenders), often referred to as the Call Report, indicates the status of the lender's current portfolio, including loans disbursed, matured loans, delinquent accounts and claims paid. This data is needed to compile over-all program and budget statistics and to identify lenders experiencing administrative problems.

ALTERNATE SOURCES FOR DATA

Question: Is this data available in any other form now?

Answer: This data is not available now in any other form. We are attempting to reduce the paperwork required of the lenders, and have already redesigned one of these forms, the Lender's Report on Guaranteed Student Loans Outstanding, so that only half the information requested previously is still required.

DEFAULT CLAIMS PROCEDURES

Question: When a bank or lending institution claims reimburse-

ment for a student default from the USOE, what forms and procedures are required to do so and what amount of time and expense is necessary for this process?

Answer: A lender must submit Lender's Application for Insurance Claim (OE Form 1207) to obtain payment on a defaulted loan. It is estimated that this form requires 5 minutes to complete. The OE Form 1207 is submitted to the OE Regional Office, along with all relevant documents from the borrower's loan file, such as the promissory note and application, and a payment record and record of collection efforts. The latter is especially important, as it is needed to document that the lender exercised due diligence in collections. We do not have an estimate of the cost to the lender of this process.

IMPACT AID REPORT

Question: This committee, in the 1977 supplemental, directed the Office of Education to submit by May 1, 1977 a study of the critical problem facing unhoused pupils on military bases. The report language on impact aid in the 1978 Labor-HEW bill restated our need for this report. Late in May four Members of this subcommittee, including Chairman Magnuson, wrote Secretary Califano requesting that the report be submitted to the Committee. Now it is February 28, 1978, and we still don't have the report. Can you explain why you have been unable to respond to this request?

Answer: The completion of the in-depth study report was originally scheduled for January 1, 1977. However due to the extensive scope and complexity of the study, which was not fully realized when it began, and due to staffing limitations, it was not completed as scheduled. In testimony offered March 23, 1977 before this Committee it was noted that an abbreviated report was being submitted and that the anticipated final report would be done about May 15, 1977. An interim report was submitted to the Congress May 20. This report indicated the scope of the study would include three phases of analysis. Phase I of the study was completed August 30. It was believed essential that the resolution of certain legal and other issues, not included in the original scope of the study was necessary before the study could be forwarded in final form to the Congress. Research of records, policies, and so forth, discussion and decisions required considerable time. Once the issues had been resolved it was then necessary to re-write extensively some portions of the study and to develop recommendations which the Commissioner believed were appropriate. Following this action the study had to be forwarded to the Secretary for review and consideration.

Question: When will you submit the report to the Subcommittee?

Answer: The report was delivered to the Subcommittee on March 1, 1978.

Question: Can you personally guarantee that you will have the report in its final form to the Committee no later than April 1?

Answer: As indicated in the answer immediately above, the report has been submitted to the Subcommittee on March 1, 1978.

STATE/LOCAL RESPONSIBILITY

Question: As in past years, the justification for cut-backs in a number of the Education programs is that they constitute a State or local responsibility.

How many programs are in this category, and how much money is involved? What would it cost States and local jurisdictions to continue to fund these programs?

Answer: Eight programs are included in the category of programs proposed for reduction in the President's fiscal year 1979 budget because they constitute a State or local responsibility. Reductions below the 1978 level for these eight programs total $102,683,000, which is the amount that States and local jurisdictions would have to provide to continue to fund these programs at the 1978 level. The programs and their corresponding dollar amounts are:

(dollars in thousands)

	1978 Level	1979 Request	Decrease
Impact Aid - Maintenance and Operations	$801,000	$747,000	-$ 54,000
University Community Services	18,000	---	18,000
Cooperative Education	15,000	4,000	11,000
College Instructional Equipment	7,500	---	7,500
Consumer and Homemaking Education	40,994	33,994	7,000
State Postsecondary Education Commissions	3,500	---	3,500
Consumers' Education	4,068	3,135	933
Ellender Fellowships	750	---	750
TOTAL			-$102,683

BASIC SKILLS

Question: As I'm sure you're aware, a recent piece appeared in the Washington Post questioning your new priority on basic skills. The author made a rather convincing case for emphasizing skills attained in high school rather than the basic skills learned earlier. What is your response to this viewpoint?

Answer: The article which you refer to argues that today's students are not doing worse in the basics. Rather, according to the author, the critical problems are "with more complex skills, with the students' desire or ability to reason, with lack of interest in ideas, with a shortage of information about the world around them."

Clearly, the decline in these more complex skills is of serious concern. Moreover, our efforts in teaching basic skills

across the Nation should never lead us to forget that basic skills are merely the foundation upon which education is built. This foundation is a requirement for further and more complex learning to occur. In short, the goal is not to worship blindly basic skills, but to assure that all individuals acquire the foundation necessary for further learning.

Yet, despite our recognition that basic skills are not the ultimate goal of education, the condition of education is such that teaching students to read and write and speak effectively must be a top priority of this Administration. The sad fact is that too many children in our schools still cannot read effectively. Too many American adults still are illiterate. Too many college students still speak in half completed sentences. Such educational conditions must be remediated.

Summing up, while the Post article is correct in attempting to moderate what is thought to be a well-meaning but ill-conceived focus on basic skills, the Federal effort will be to encourage a proper focus on this National concern. That focus is that basic skills are a necessary foundation for more complex learning, and that our ultimate goal must be to increase mastery of more complex skills. The schools, as well as other institutions in society, must work together in addressing this problem.

EDUCATION FUNDING

Question: Between 1941 and 1975 the Federal share of education funds rose from 5.8 percent to 7.8 percent. During the last ten years, the level has remained fairly stable at between 7 and 8 percent. What percentage of the Nation's education costs would the 1979 Education Division Budget cover?

Answer: Current estimates of the Nation's education expenditures for the 1979-80 school year are a total of $164.3 billion. Of this total, $107 billion will be spent for elementary and secondary education, and $57.3 billion will be spent for higher education.

The 1979 Education Division budget provides for approximately $12.5 billion for education programs, or 7.7% of estimated total expenditures. Of the total budget, $6.9 billion will be spent for elementary and secondary education. This amount is equivalent to approximately 6.5% of the total estimated expenditures for elementary and secondary education across the Nation. $5.6 billion in the Education Division's budget is for higher education, of which approximately $5.2 billion is targeted at student aid. The amount of $5.6 billion represents approximately 9.5% of the total expenditure for higher education.

It should be noted that other Federal agencies provide support to elementary and secondary and higher education institutions. The above figures therefore do not reflect the total Federal contribution to education.

Question: In terms of top priorities for these major missions, for which areas do you think the Federal government should pay a greater or lesser share of the cost of education?

Answer: As we have indicated in our mission budget, the top priority for Federal government expenditures is to provide education services not otherwise available to the unserved and underserved in our society - the disadvantaged, the handicapped, bilingual children, Indians and other minorities. In addition, a related priority is to facilitate access to postsecondary education for those in financial need. Other activities ,such as general support and financing supportive services of LEAs, are of lesser priority for the Federal government.

Question: The one area where you have provided a specific indication is Education for the Handicapped, where you propose to pay 12 percent of the average per pupil expenditure. The authorizing Act allows 20 percent for 1979. What is the basis for your 12 percent recommendation?

Answer: The 1979 budget request of $804 million for the Handicapped State Grant program will pay about 12% of the excess costs associated with the education of handicapped children. Although this is substantially below the authorized level of 20% (or approximately $1.3 billion) it does represent a 50% increase in the Federal contribution over 1978. The amount of the request was determined in light of competing demands on the Federal budget and the need to examine the impact of implementation of P.L. 94-142 on the States and local educational agencies. We believe that a 12% level would be a more manageable and realistic one than 20%, while still indicating the high level of commitment that this Administration has to this effort.

DELAYS IN PUBLISHING DATA

Question: The Committee's 1978 report was critical of the National Center for Education Statistics' long delays in publishing statistics. Some of the data being published was two or three years old. What have you done to carry out the Committee's directive that the Center concentrate upon the publication of more up-to-date data and materials?

Answer: The Center has revised its publication program to increase user access to timely information. Specific actions related to publications include:

-- Reduction of the total number of data series reports from 39 in FY 1977 to 30 in FY 1978, a decrease of 23 percent.

-- Reduction in <u>length</u> of data series reports that are retained. More than 3,600 pages of listings have been eliminated from publications and are being made available through microfiche.

-- Cancellation of publication if data cannot be distributed within 18 months of the reporting date. Older data will be duplicated or made available by inexpensive means in small quantities to maintain comparable time series data and to permit the making of projections and forecasts.

-- Increases in the number of data bulletins and early releases (by three-fold); data tapes (25 percent increase); and special tabulations tailored to user needs.

URBAN EDUCATION

Question: In its September 12, 1977 issue Newsweek magazine had a feature article, "City Schools in Crisis." The article quoted a 1976 study by the Rand Corporation which analyzed 11 ghetto schools in New York that had received $40 million in Federal money over four years. The researchers found no improvement in the low academic levels and high truancy rates that the Federal funds were supposed to fight. How do you explain the lack of gain in academic achievement and attendance when there was such a large Federal investment aimed at these two problems?

Answer: The September 12, 1977 issue of Newsweek magazine in its feature article "City Schools in Crisis" did contain two sentences referring to the above mentioned 1976 Rand Corporation study. After contacting the Rand Corporation, who in turn contacted Newsweek magazine, the Office of Education was unable to identify the study or verify the information contained in the article.

However, the Office of Education has conducted a number of evaluation studies to determine the impact of Federal funds. For example, recent studies indicate that Title I funds are accurately targeted on the children with the greatest educational needs and are having a positive impact on student achievement. Other major studies indicate that federally funded programs are having a significant impact on the area of educational change by encouraging the successful implementation of educational innovations.

Other evaluation data reveal less important successes in other Federal programs. However, in general, the Office of Education continues to believe that our programs are having a positive impact on improving the educational achievement and attainment of disadvantaged children.

LACK OF COORDINATION

Question: We currently have research and evaluation activities being conducted by the Office of Education, the Assistant Secretary for Education, and the National Institute for Education. In the Office of Education we have line items for Research in Grants for the Disadvantaged (Title I), Bilingual Education, Education of the Handicapped, and Special Projects and Training. Of course, there is a need for close coordination between researchers and the National Center for Education Statistics, a program in the Office of the Assistant Secretary. Finally, the National Institute of Education is supposed to be the primary research body in the Education Division. Can you list how much is spent for research and evaluation in the Office of Education, the Office of the Assistant Secretary, and the National Institute of Education?

Answer: Amounts in the President's FY 1979 budget for research and evaluation activities in the Education Division include: (1) $68,379,000 for the Office of Education; (2) $86,400,000 for the National Institute of Education; and (3) $962,000 for the

Assistant Secretary for Education. These amounts sum to a total of $155,741,000, which constitutes the total Education Division request for research and evaluation activities.

It should be noted that funds for the Office of Education include both research related and evaluation activities. Funds for the National Institute of Education are targeted on research and development. Finally, funds for the Assistant Secretary for Education are for the purpose of conducting policy studies.

Question: How would you recommend that these activities be tied closer together? Could this be accomplished during fiscal 1979?

Answer: Although research and evaluation are performed throughout the Education Division, coordination across the various agencies is handled by the Assistant Secretary for Education. Perhaps an example will help illustrate how this occurs. In bilingual education, a Division-wide task force has been created to set a research, evaluation and studies agenda in order to improve the effectiveness of bilingual education programs across the Nation. All Agencies within the Division participate in this task force, and once an agenda is agreed upon, each Agency is assigned certain responsibilities in order to carry out the agenda.

Admittedly, there are still areas within the Education Division requiring greater coordination. We believe that the task force method, as outlined for bilingual education, is a useful approach for addressing such problems. We propose to continue such activities in FY 1978 and FY 1979 with the long range goal of maximizing coordination across Agencies and programs throughout the Division.

Question: Would the creation of a Department of Education streamline and consolidate these activities?

Answer: Regarding the utility of a Department of Education in streamlining and consolidating such activities, the primary benefit would be greater integration and coordination of those research and evaluation activities which now exist in a number of separate Federal agencies outside the Education Division.

FINANCING EDUCATIONAL SERVICES BY GRANTS TO STATES, DISTRICTS AND INSTITUTIONS

Question: This mission area includes the bulk of Federal funding for elementary and secondary education programs. It seems to me that we have four missions defined by population groups that largely overlap -- disadvantaged, bilingual, handicapped and Indians. Since the authorizing legislation is divided up this way, we have found the most helpful approach to be to show how the funding overlaps. Would you please tell us to what extent these groups overlap both in terms of eligible individuals and districts receiving aid, so the committee can know whether we are paying for the same kids out of several different sources?

Answer: Office of Education programs and their purposes relevant to this issue include:

-- Grants to the Disadvantaged. Grants for disadvantaged students are supplied to school districts to enable them to offer programs designed to contribute to the cognitive, emotional, social or physical development of educationally disadvantaged children. In FY 1979 under this program 6.5 million children will be served. In addition 900,000 children are being served in State-operated programs, of which approximately 224,000 are handicapped children. There is no overlap of funds between this program and Handicapped State Grants because P.L. 94-142, Sec. 611(a)(5)(A)(iii) states that: "In determining the allotment of each State under paragraph (1), the Commissioner may not count. . .handicapped children who are counted under Section 121 of the Elementary and Secondary Education Act of 1965."

-- Bilingual Education. Bilingual education programs at the elementary and secondary school levels are being supported in order to assist local educational agencies in responding to the special eudcational needs of children with limited English language ability. In FY 1979 this program will serve over 250,000 children in 564 school districts.

-- Handicapped Education. The mandate of P.L. 94-142 dictates that all handicapped children aged 3-21 receive free, public and individualized education by September 1, 1980. Funds have been awarded to States to initiate, expand and improve programs and projects for the education of handicapped children at the pre-school, elementary and secondary levels. In FY 1979 over 4,000,000 children will be served by this program.

-- Indian Education. Programs are being funded under the Indian Education Act to meet the special educational needs of American Indians and Alaskan natives through support of enrichment activities. In FY 1979 over 300,000 children will be served by this program.

Regarding the degree of overlap between these programs, except as noted above where no overlap exists between Title I - Handicapped and Handicapped State Grants, the Office of Education has no reliable data on the number of pupils counted for more than one of the programs listed above. These data do not exist primarily because our State grant programs are not required to report beneficiary data according to the categories required to produce such data. A major evaluation effort would be required to generate such data.

In our discretionary programs, Bilingual and Indian Education, data on beneficiaries exist. Regarding overlap, an examination of the FY 1977 awards, the last completed cycle, indicates 33 school districts and approximately 6,000 children receiving funds under both programs. It should be noted, however, that these programs have separate legislative purposes and goals.

ENERGY AND EDUCATION ACTION CENTER

Question: What is the status of this Center?

Answer: Subsequent to Commissioner Boyer's announcement of the formation of the Energy and Education Action Center on October 18, 1977, the Center was organizationally established as a staff component in the Office of the Executive Deputy Commissioner for Educational Programs on November 10, 1977. Presently the Center is allocated five Office of Education positions for carrying out the activities announced by Commissioner Boyer.

Question: Where are the funds to support the Center coming from? How much will it cost to operate the Center?

Answer: The source of support for the Center is derived from the Program Administration (Salary & Expense) funds authorized and allocated to the Commissioner of Education. An allocation of $275,000 has been assigned to the Center to support its initial phase of operations.

Question: What are the major responsibilities of the Center?

Answer: The major responsibility of the Center is to promote all phases of energy education-related activities on an interagency basis, drawing upon all relevant Federal, State and local resources to assist clientele in energy conservation, energy education and related fields. Specific responsibilities charged to the Center are:

- to serve as an information and technical support clearinghouse on energy and education;
- to provide technical assistance to schools and colleges in the areas of energy standards, projects, and sources of funding to help conserve energy;
- to support training of energy, environmental, and related personnel at all educational levels; and
- to support citizen energy education projects through state-local-regional agencies, institutions of higher education, and school systems.

These responsibilities are geared to assist current or potential grantees in becoming better informed about possible sources of Federal funds in the area of energy related activities supportable under existing legislative authorities as well as to make such clientele better informed about the availability of products resulting from previous Federally funded efforts.

Question: Why do we need to establish this Center?

Answer: There are a number of energy and education related imperatives which underscore the need for the establishment of this Center. A major factor is that in spite of a mounting proliferation of Federal, state and local efforts to support an array of energy and education activities such efforts have been piecemeal, fragmented and lack sufficient coordination to have resulted in any significant impact. Another factor is that of the lack of any well-conceived, coordinated effort attempts to infuse energy into the fabric of ex-

isting education programs, curricula, and instructional strategies rather than treating energy and education as a separate discipline to be taught periodically.

Unless there is a coordinated Federal effort to promote all phases of energy and education-related activities on an interagency basis drawing upon all relevant Federal, State and local resources to assist clientele in energy conservation and energy-related fields, the following imperatives which confront the nation's educational sector will continue to be addressed in a piecemeal, fragmented and cost ineffective manner:

-- Overcoming public indifference concerning the nation's critical energy problems as they affect the overall population in general and education in particular;

-- Convincing educators in general and education officials in particular that along with pressing problems such as inflation-derived cost spirals, limited resources, declining enrollment, and public disenchantement with education, energy costs must be considered because they represent the fastest rising budget item;

-- Building upon the fact that schools and colleges are not only major energy users, they are also the necessary and appropriate vehicles of energy information, research and instruction - each interwoven into an integrated, rather than disjointed, approach to energy conservation and alternative energy sources.

-- Fostering the realization that in the face of the array of energy-related problems confronting the American educational enterprise, energy conservation need not mean curtailment of educational services - rather, conservation - or energy savings - should be the by-product of efficient educational management.

Question: Isn't this more realistically a responsibility of the Department of Energy?

Answer: The establishment of the Energy and Education Action Center is more realistically a responsibility of the Office of Education rather than that of the Department of Energy because the energy problem facing the country is ultimately an educational one-the prime mission of the Office of Education. The mission of the Department of Energy, on the other hand, does not address the nation's education requirements in the same context nor with the same focus as does the Office of Education. This means that any education-related materials produced on energy or environment will, by definition, be reflective of the agency's position since that agency has sponsored and underwritten the cost of materials. The energy problem is so complex that the nation's school administrators, teachers, students and general population need unbiased and balanced material which will demonstrate the interrelationship of energy production to economic trade-offs, political decisions, environmental protection, ethical choices, and ecological balance. The Office of Education, through its Energy and

Education Action Center can serve as the "honest broker" by helping to ensure instructional materials, projects and programs supported in the nation's schools represent a diverse but coordinated multidisciplinary approach to addressing the energy realities.

The appropriateness of establishing the Center in the Office of Education rather than the Department of Energy is further underscored by the fact that by being located in OE the opportunity is present to provide a programmatic redirection of effort of many Office of Education administered programs - consistent with existing legislative intent. OE has historic and established communication linkages with the American education community. The EEAC has been responding to the American education communities telephone calls and written correspondence for the past 5 months. This has involved hundreds of telephone calls and over a thousand letters.

Question: In what ways are you coordinating your activities with the Department of Energy?

Answer: The activities of the Energy and Education Action Center are coordinated with the Department of Energy as follows: Procedurally, administratively, and programmatically.

Procedurally, coordination by the Center and the Department of Energy is evidenced by the fact that the Federal Interagency Committee on Education, established by Executive Order, has formed a Subcommittee on Energy and Education, chaired by the Deputy Assistant Secretary for Education. This Subcommittee developed the conceptual framework for the Energy and Education Action Center for consideration for the overall FICE body. The proposal reflected the in-put, as well as the ultimate approval of the Department of Energy officials, as well as similar representatives from 32 other Federal agencies. The Subcommittee on Energy Education meets monthly to serve as a focal point for expediting interagency funding agreements, exchange of personnel on short or long-term detail, and in determining which agency will sponsor certain projects to avoid duplication of effort. In all of these considerations and activities Department of Energy representatives play a key role.

Administratively, the activities of the Center are coordinated with the Department of Energy through review of proposed regulations, requests for proposals (RFP's) and both solicited and unsolicited proposals which might ultimately be funded by that agency. Conversely, appropriate persons within the Department of Energy are involved in Office of Education efforts for contracts and proposals dealing with energy and education initiatives.

Programmatically, the activities of the Center and Department of Energy are coordinated as follows:

-- Inclusion of Department of Energy personnel in conferences, workshops and seminars.

-- Joint sharing of information and referrals.

-- Dissemination of Department of Energy-produced educational materials on energy education.

-- Joint planning on selected future activities, including joint funding of projects.

-- Involve DOE personnel with OE personnel who administer energy-related programs, i.e., Environmental Education, Vocational Education (solar and coal technology), Consumer Education, Community Education, Adult Continuing, Career Education, etc.

DISADVANTAGED--FOLLOW THROUGH

Question: The President's budget proposes to phase down the Follow Through program and pick up those activities under expanded Title I grants to the disadvantaged. Isn't it true that Follow Through was designed not as a service program, but as an experiment to test certain ways of maintaining the skills which disadvantaged children picked up in Head-Start, but lost when they went to school?

Answer: The Follow Through program authorized in 1967 by Title II, Part B of the Economic Opportunity Act of 1964 was originally designed to serve the same disadvantaged population as those children who graduated from the Head Start Program. Because the Follow Through program was never funded at a level which would serve more than a fraction of the eligible children, the program's emphasis was changed during the school year 1967-68 to an experimental program to design and test instructional models which encourage the development of children who are confident regarding their learning ability and who are equipped with skills and concepts upon which later learning is dependent.

The requested increase in Title I will expand at a lower per capita cost than Follow Through the kind of compensatory education which Follow Through children are receiving. In addition, the President's proposed Revision of Title IV of the Elementary and Secondary Education Act of 1965 provides a new 10 percent set-aside plus incorporation of Follow Through funding for grants to improve practice in compensatory education. Finally, Human Development Services is also perpetuating the advances made by Head Start children after the childs' entry to the school system by the Developmental Continuity Program involving children in the first to the third grade.

Question: If that is so, then it seems to me that the kinds of activities which have been found to be useful in Follow Through should be made an integral part of Title I. Wouldn't this not only save money or reduce red tape, but also improve the quality of the services provided under Title I?

Answer: The State and local education agencies may if they desire make the kinds of activities which have been found to be useful in Follow Through part of Title I. In addition, economically disadvantaged children are eligible for multiple Federal and local health and welfare programs. Parents receiving supplementary training of the type offered by the Follow Through Program can continue to receive assistance through OE's student assistance programs, Federal Manpower Sharing programs, and other health and welfare programs.

BUREAUCRATIC CLEARANCE

Question: We've heard reports on the number of levels of bureaucratic clearance in the Department and OMB necessary for the approval of questionnaires for statistical collections. Can you tell us how many of these levels are now required and the length of time it takes for clearance?

Answer: Forms clearance now involves twelve steps as follows:

Step 1. The Data Acquisition Plan

Plans to collect data must be a part of the management system which keeps track of all Education Division data acquisition activities.

Step 2. Clearance of Work Statements (for RFP's)
A recent Education Data Acquisition Council (EDAC) procedure called for clearance of work statements containing data acquisition components before an RFP is issued.

Step 3. Review by Committee on Evaluation and Information Systems (CEIS)

This is an operation developed by agreement between the Council of Chief State School Officers and USOE. The review is continuous over the course of the project.

Step 4. Posting of Intent to Collect Data

Section 406(g) requires that a 30-day notice of intent to collect data must be published in the Federal Register. EDAC has added to this activity by specifying an internal Form 1100 for project officers to use for submitting notices, and by routing Form 1100 to the forms clearance officer for submission to the Federal Register.

Step 5. Submission of SF-83 to OE Forms Clearance Officer

This is the single step that existed three years ago under authority of the Federal Reports Act of 1942. It has not changed. Everything else has been built up around it.

Step 6. Submission of SF-83 to EDAC

After obtaining approval of the forms clearance officer in Step 5, the project officer now submits that approved package for an identical review to an EDAC review group.

Step 7. Review by EDAC Executive Officer

After approval by the OE forms clearance officer and by the EDAC review group, the EDAC Executive Officer must approve.

Step 8. Review by ASE

After passing EDAC, packages are now inspected by ASE prior to submission to ASMB (Step 9).

Step 9. Review by Assistant Secretary for Management and Budget

In accordance with OMB data burden reduction programs, packages are now reviewed by ASMB for potential reduction in respondent burden.

Step 10. OMB Review No. 1

Packages approved by ASE are now submitted to OMB for reviews under authority of the Federal Reports Act. First review is by the OMB Forms Clearance Officer.

Step 11. OMB Review No. 2

Second OMB review is by budget examiners.

Step 12. Review by Commerce Department

OMB sends a copy of the forms clearance packages to the Office of Federal Statistical Policy and Standards (formerly a part of OMB and now in the Commerce Department) for possible comments.

The total elapsed time for clearance of evaluation study forms ranges (FY's 1977-78) from a low of 1.5 months (for a questionnaire consisting of eight items on a postcard) to 5.5 months. The mean elapsed time was about 4.0 months. This is for new study forms and not for approval of revised or improved instruments. For these latter re-submitted forms the elapsed time varied from 1.2 to 2.8 months.

Question: How much does this slow down the studies you contract for?

Answer: Until about two years ago we averaged about two months for forms clearance in the time-table for evaluation studies. We now average about four months for clearance, thus the time necessary for clearance has doubled.

Question: Has there been any evaluation of whether the paperwork saved is worth the time delays and cost of this effort?

Answer: The time delays have added additional costs to contracts. It is estimated that the increased levels and complexity of forms clearance have increased contract costs in a range from one-sixth to one-tenth. There does not appear to have been much reduction of paperwork effected.

SUPPLY OF INFORMATION

Question: Please supply the Committee with a list of the five types of data most commonly requested by (1) the U.S. Office of Education, (2) State Education Agencies, (3) Local Education Agencies, and (4) other organizations or groups.

Answer: The five types of data most frequently requested by each agency or organization follow:

U.S. Office of Education:

- enrollment in elementary and secondary schools and in colleges and universities
- expenditures for formal education in the United States, by level and control of institution
- number and percent of persons completing high school, college, and other levels of education (includes bachelor's and higher degrees conferred by major field of study)
- number of teachers, by level and control, and their average salaries
- receipts of educational institutions, by level and control, from federal, State, local, and private sources.

State Education Agencies:

- enrollment in public elementary and secondary schools
- total expenditure and expenditure per pupil for public elementary and secondary schools
- number of public school teachers and their average salaries
- number and percent of young people graduating from high school
- revenue receipts of public elementary and secondary schools from federal, State, and local sources

Note: State education agencies frequently want State and national totals, so that they can compare their State with other States and with the Nation.

Local Education Agencies:

- enrollment in public elementary and secondary schools
- total expenditure and expenditure per pupil for public elementary and secondary schools

- number of public school teachers and their average salaries

- number and percent of young people graduating from high school

- statistics on the problems of local school systems, e.g., absenteeism (average daily membership compared with average daily attendance), school busing, violence in the schools, and results of school bond elections

Note: Local education agencies sometimes want local, State, and national totals, so that they can compare their school system with other systems of comparable size and also with the State and the Nation.

Other organizations or groups:

- enrollment in elementary and secondary schools and in colleges and universities

- expenditures for formal education in the United States, by level and control and by source of funds

- number and percent of persons completing high school, college, and other levels of education (includes degrees conferred by major field of study)

- number of teachers, by level and control, and their average salaries

- number of schools and colleges, by level, control, and type

Note: The recent availability of race data has generated a new demand for data relating to college enrollment and degrees earned by racial/ethnic category and general information on minority needs for special services.

SCHOOL CIVIL RIGHTS SURVEY FORMS

Question: During the 1976-77 school year, each of the Nation's 16,000 school districts was required to fill out the school civil rights survey from the Office of Civil Rights. The forms, known as OCR 101 and 102, were long and complex and required many hours to complete. Has the National Center for Education Statistics done any compilation or analysis of the data contained in these forms?

Answer: The Center has not done any compilation or analysis of the 1976-77 OCR forms; however, analysis of previous years' data has been undertaken.

Question: What plans do you have for the information contained in these forms?

Answer: NCES has not yet used the 1976-77 OCR data because the data tapes are not yet available from OCR. According to the latest information they are expected to become available before the first of April 1978. However, we have used OCR data from earlier years in

our own analysis program. For example, the current (1978) Condition of Education report will present an analysis of revenue and expenditure patterns in terms of concentrations of black children in 80 large-city school systems. In general, this analysis indicated a positive correlation between percentage black children and receipt of federal funds. (But not for State and local funds.) Data on numbers of black children came from OCR. More extensive analyses of this type are in progress, and future analyses will include the most recent data available from the OCR Survey. To facilitate this type of analysis, we are developing a data base integrating all available school district level data files including OCR 101 and 102.

POSITIONS

Question: The budget requests 17 additional positions for the Assistant Secretary for Education, 10 for the National Center for Education Statistics, 3 for the Deputy Assistant Secretary (Management and Budget), and 4 to initiate the new Lifelong Learning Program. Why are you requesting 10 new positions in the National Center for Education Statistics? Specifically, what activities will these people be engaged in?

Answer: The specific activities of the 10 positions requested by the National Center for Education Statistics are as follows:

-- Four (4) positions will be assigned to analysis functions: one (1) position for policy analysis, to develop the necessary and close relationship with policy analysts in the Education Division for correlating data collection and reporting activities with federally supported programs; and three (3) positions for preparing analyses of data collected by NCES to provide background on current issues such as relationship between education and work; access to and persistence in higher education; trends in financing elementary, secondary, and postsecondary education; and for improving the quality of data by identifying errors, inconsistencies and data gaps.

-- Two (2) positions will be assigned to the Education Data Acquisition Council for appraising redundancy and response burden of survey instruments proposed by the Education Division and the Office for Civil Rights. The process also includes careful study of survey plans, requests for proposals, and proposed regulations, which are the origins of data collection and reporting requirements.

-- Two (2) positions will be assigned to the mandated vocational education data system (VEDS) to assist States to develop the capacity for installing, using, and augmenting VEDS for management and evaluation of vocational education programs and for retrieving the occupational supply and demand information needed for federal policy.

Two (2) positions will be assigned to educational assessment to provide adequate technical direction to assessment studies, assure that analyses of assessment data focus on national policy issues, and integrate assessment data with other data bases.

DATA BURDEN

Question: There have been complaints that the requirements of NCES report forms place a great burden upon institutions and the States. It has been said that thorough and careful analysis of each reporting form to pinpoint the purpose for each request would simplify reporting burdens. Do you currently have any program or plans that will try to reduce reporting burdens placed upon States and institutions and local school districts?

Answer: Through the Education Data Acquisition Council (EDAC), NCES conducts formal reviews of present and proposed data acquisition activities. The review procedures established by the Secretary of HEW are designed to eliminate excessive detail and unnecessary or redundant information requests. In FY 1977, EDAC reviewed 320 proposed and on-going data collections, approved 221 of them, disapproved 8 and returned 86 for modifications and improvements. The modifications included the use of a sample instead of a universe, requirements for field testing, use of standard terminology, elimination of redundancy between companion forms and elimination of data elements. In the review process, 5 others were either given preliminary approval or withdrawn.

More than 224 thousand man-hours of response burden have been saved since the advent of EDAC in April 1976. Two specific examples of sizeable burden reductions may be cited:

-- The OCR Fall Survey was reduced from a total of 50,000 respondents to 11,200 for an estimated man-hour reduction of 26,200.

-- In the case of a proposed Bureau of Education of the Handicapped survey, the number of respondents was reduced from 99,000 to 14,000 by moving from a universe to a sample survey with concomitant reductions in man-hour reporting burden.

In response to the requirement that all proposed data activities be published in the Federal Register to invite public comment, approximately 511 responses have been received from potential respondents and/or their representative organizations (e.g., Council of Chief State School Officers, National Education Association, etc.). Of the 511 responses, 435 were related to the OCR survey.

In addition, NCES is assisting bureaus to design appropriate survey methods and instruments, developing common definitions and terms in consultation with those bureaus, and designing a data item indexing system which will identify redundancy. The computer-based index will permit quick checks for duplication of data items in survey forms and enable requesters to identify and obtain data from other sources where it may already exist.

ANALYSIS

Question: Your 1979 budget recommends a cut of $597,000 for analysis of the data you collect. Why are you recommending this cut? Shouldn't the Center be expanding its data analysis activities rather than reducing them?

Answer: Data analysis activities are being expanded in FY 1979.

The decrease in funds and the request for 4 additional staff positions in FY 1979 reflects a shift from analysis performed on contract to analysis performed by NCES staff.

Background information to meet the needs of the Department and the Congress for policy decisions can more efficiently be served by in-house staff than through the contractual process. An adequate and competent in-house staff provide the flexibility to answer a variety of data requests with minimal delay.

NATIONAL LONGITUDINAL STUDY

Question: your 1979 budget request includes an increase of $716,000 for a new Longitudinal Study. This study will provide information on participants in the Basic Opportunity Grants Program, high school dropouts, the relationship between education and work, and student access to postsecondary education. What are the specific goals of this study?

Answer: The specific goals of the study are:

-- To replicate the study of the 1972 cohort in part, in order to compare the two student populations and to observe trends that are significant for education policy;

-- To address problems now seen as important (such as high school dropouts), which may not have been foci in studies of the 1972 cohort;

-- To place greater emphasis than before on relating aspects of the high school experience to later developments in the lives of the students;

-- To measure tha impact of available student aid, particularly Federal Aid, which has mushroomed since the 1972 data were collected;

-- To address policy concerns that have emerged since the 1972 study was initiated, such as persistence and attrition in high school and college; access to postsecondary education and student financial assistance, especially BEOGS; relationship of family education and income to choice of institution and program;

-- Expand the scope of the NLS to include information concerning the development of education and vocational plans and other aspects of adolescent growth during the high school years;

-- Through comparison with Class of 1972, determine trends in attitudes, plans and abilities, to shed some light on the broad impact of the totality of changes in educational, political, economic, and social conditions and programs during the intervening period of time;

-- Help determine which relationships observed in the first study are normal, stable, enduring ones and which are affected by the environment and set of circumstances peculiar to the life and times of the cohort.

Question: How will the data gathered in the study be used? How does this compare with the 1972 study?

Answer: The new study incorporates all the uses of NLS 72; i.e., providing quantitative information about issues such as:

- Demands for and persistence in postsecondary education and training, including vocational and technical education.
- Abilities and characteristics of actual and potential users of postsecondary education.
- Extents to which plans and aspirations persist over time and are eventually fulfilled.
- Reasons why young adults change their plans and fail to accomplish earlier objectives.
- Impacts of federally funded postsecondary programs on initial choices and later activities, plans, and goals.
- Factors influencing success and satisfaction in lifework choices.
- Extents to which educational experiences prepare students for their work.
- Abilities and characteristics of those making various occupational choices and the reasons why they make those choices.

The data gathered in the new study, however, will have the following additional uses:

- To update and amplify our information on high school students, their transition into the critical developmental period of early adulthood, and the process by which postsecondary educational and vocational paths emerge.
- Through the comparison with Class of 1972 data, to estimate intercohort differences in such areas as access to postsecondary, aspirations, and achievement.
- To provide a data base which will make possible a meaningful study of students who drop out of school after the base-year survey.
- To help researchers to differentiate the normal developmental patterns of maturing young adults from the impact of a changing environment.
- To evaluate the impact of available student aid, particularly federal aid which has greatly increased since the 1972 data were collected.
- To elucidate and test hypotheses suggested by analysis of

the Class of 1972 data.

- To study the policy and program issues that are anticipated to be of concern in the 1980s.

- To study the high school educational process, identifying those elements associated with various educational, social, and career outcomes.

Question: Who will be the primary users of the information gathered from this study? How does this compare with the use of the 1972 study?

Answer: The users of the new study will consist of the same types of institutions, agencies, researchers, policymakers, and program managers who use the current NLS information. This includes federal programs concerned with the financing of postsecondary education, and federal support of vocational and technical education, and special job training programs. In addition the new information will be utilized by those interested in:

-- the occupational/educational patterns of high school dropouts (will be used to evaluate programs in the areas of vocational, technical, and secondary education);

-- the high school educational process and its influence upon future educational and occupational attainments in order to evaluate the benefits of various secondary school environments;

-- comparisons among the high school classes of 1972, 1980, and 1982.

Results from the base-year and follow-up surveys of the High School Class of 1972 NLS have been and are being used to develop analytic studies, the findings of which constitute an essential input to federal programmatic and policy decisions. The data, disseminated in the form of computer tapes and hard copy publications, is used by federal and State agencies, university and private research organizations, and graduate students. Included among the federal agencies are DOD, Department of Labor, OE, NIE, DHEW, and CBO. In addition, analytical publications reflecting NCES efforts are disseminated to persons having requested them.

KNOWLEDGE DEVELOPMENT - TITLE I EVALUATION

Question: The President's Budget proposed increasing evaluation studies under Title I aid to the disadvantaged from $11 million to 14.9 million. It looks to me like the National Institute of Education is doing studies and disseminating information in this same area. Couldn't we just eliminate the separate money under Title I?

Answer: In the Education Amendments of 1974 Congress directed the Commissioner of Education to conduct independent evaluations of Title I and to provide specific kinds of technical assistance to State and local education agencies to upgrade their evaluation activities. Up to one-half of one percent of the Title I appropria-

tion was to be used for these purposes. (See Sec. 151 of the Title I as Amended by Sec. 101 of P.L. 93-380).

Question: If the money is mandated to be spent under a Title I set-aside couldn't it be spent under the administrative control of the National Institute of Education and offset the cost of their other studies?

Answer: In these same Amendments, Congress directed the National Institute of Education (NIE) to conduct a number of special studies and allowed five million dollars a year for each of three years from this set-aside to be used for such purposes (see Sec. 821 of P.L. 93-380). Almost all of these latter studies have been completed. Since 1974, OE has initiated a variety of evaluation assistance activities. The demand for these activities by State and local agencies has increased sharply in the past year and will continue to do so in the next few years as these improvements are put into practice. Most of the additional funds will be used to support this growing demand. Some of the funds will also be used to support special Title I evaluation studies mandated by Congress (e.g. Sec. 417 of the General Education Provisions Act).

VOCATIONAL EDUCATION DATA SYSTEM

Question: The Center is establishing the Vocational Education Data System which was mandated by the Education Amendments of 1976. In 1979, the funds requested will initiate this program in 25 States. How will this system benefit Vocational Education?

Answer: VEDS will benefit Vocational Education in the following ways:

- Through the development and implementation of standard definitions, VEDS will produce data which will permit comparisons among States and instructional programs for the first time.

- The student and employer follow-up component of the system will permit quantitative evaluation of the effects of vocational training (e.g., the "return" on the federal and non-federal investment in vocational education).

- The development of the component on expenditures by instructional program will permit a quantitative evaluation in the area of accountability. In addition, since both federal and non-federal expenditures are to be reported, one will be able to assess the full cost of each program, including the cost per completer.

- The enrollments and follow-up components of VEDS will provide planning information in the supply and demand for jobs, the availability of programs within a specific area, and the probable outcomes of employment in the field of training.

- NCES is requiring that the system be auditable. This will permit quality control assessments which will assure that quality data are being provided.

Question: How much will it cost to implement the system in 25 States?

Answers: Implementation of VEDS in FY 1979 in 25 States will cost approximately $1,300,000, of which $500,000 will go toward technical assistance to the States and the remaining $880,000 will be used for capacity building contracts with the States.

- Technical Assistance - NCES will make available carefully designed training programs to provide State personnel with training in advanced technology and data collection procedures. In addition, NCES will provide a seasoned team of experts in data collection technology who will follow up the formal training with assistance on short-term developmental efforts for groups of States who experience difficulty in implementing VEDS. In approximately ten States, only technical assistance will be required to implement the VEDS system due to the advanced state of systems development already existing in these States.

- Capacity Building - The remainder of the States will require intensive long-term development (six months to one year) efforts to develop the data collection, analysis and support systems required to meet the specification of VEDS. This capacity building will involve direct contracting with 15 States to provide the necessary resources for such development. The contracts will be let on a cost-sharing basis, and States will formally compete for available resources to develop capacities to specification. These expenditures should be viewed as one time costs, not as maintenance activities.

Question: How much do you project the system will cost in FY 1980?

Answer: The projected FY 1980 cost of $2,800,000 is based on the following estimates:

Technical Assistance	$ 500,000
Capacity Building	1,000,000
Data Collection and Analysis	1,000,000
Audit of Data	300,000
	$2,800,000

- Technical Assistance - While technical assistance should be phased out completely by FY 1983, a total of $500 thousand to be expended as in FY 1979 is necessary in FY 1980.

- Capacity Building - These efforts should bring another fifteen States up to the technological level required to be able to produce the data required for VEDS. This will bring the total to 40 States who can meet all requirements of VEDS, with the possible exception of some financial data.

- Data Collection and Analysis - The estimated cost is based on a survey of all LEA's. The planned cycle is to collect LEA level data every fifth year (to coincide with the Census collections), with SEA level collections in the intervening years. If the decision is made to collect data on an SEA

level in FY 1980 instead, the cost will be reduced by approximately $600 thousand. This money could be used for the capacity building required for the remaining States and territories.

- Audit of Data - This effort will involve verification of the data reported in the first full collection cycle to assure quality of data and to establish baselines.

FY 1979-80 Budget Summary

Function	FY 79	FY 80
Technical Assistance	500,000	500,000
State Capacity Building	880,000	1,000,000
Computer Software Development	250,000	
Data Collection and Analysis		1,000,000
Audit of Data		300,000
TOTAL	1,630,000	2,800,000

QUALITY OF DATA

Question: Several of the users of materials from the National Center of Education Statistics have stated that some of the funds which are spent on the development of voluminous and somewhat obscure manuals that sit on the shelf could well be used to provide some assistance to the States to insure a higher quality of information. What is the Center doing to eliminate such reports?

Answer: The dissemination process is being altered in several ways that enhance services to users.

Lengthy publications have been eliminated. More than 4000 pages of institutional listing have been dropped from the annual publication plan.

Distribution of complimentary copies of publications is being severely curtailed. Announcements of data and publication availability are being made to ensure that the reduced numbers of free copies are distributed only to those needing them.

Attention has been given to the preparation of specific tables and computer tapes of particular interest to States, using the extensive data base from the Survey of Income and Education. NCES has developed specifications for these specialized materials jointly with the States.

Question: Do you have plans to provide assistance to the States in improving the quality of statistical information?

Answer: Yes, the quality of information is being improved by efforts aimed at upgrading the timeliness, accuracy and comparability of data. Several projects support these efforts:

Grants to States for Capacity Building

Through a modest program of grants, States are making progress in the improvement and automation of their information systems; through increased automation States are able to cut down on the time required to process data, thereby making information available for utilization and decision making on a more timely basis.

Standardization of Terminology

The NCES Handbooks of Standard Terminology (State Educational Records and Report Series) have long provided a means to achieving more comparable data among SEAs and LEAs. Recently this handbook effort has been expanded to include the training of SEA personnel in record-keeping and fiscal accounting procedures. In FY 79 this implementation will be extended to the areas of property, student and staff accounting.

Exchange of Technical Expertise

Technical knowledge and expertise is shared among States through a Personnel Exchange that permits States to obtain excellent consultant expertise at no cost (by utilizing existing expertise in the States, thereby eliminating the need for highly paid outside consultants).

Training in Forms Design

Training provided to all States in forms design skills has helped to bring about the collection of more consistent and reliable data through improved data collection instruments and the use of standard terminology.

LIFELONG LEARNING

Question: What, specifically, is lifelong learning?

Answer: Lifelong learning is the process of change, development and adjustment which individuals experience throughout their lifetimes. Lifelong learning involves the acquisition and updating of skills and knowledge necessary to function effectively in the contemporary world. Lifelong learning is fostered by opportunities for growth and development, with such opportunities occurring in the home, the workplace, the community, in institutions whose primary purpose is education, and in institutions whose primary purpose is other than education, such as libraries, museums, and human service agencies.

Question: How does lifelong learning differ from adult education?

Answer: Adult education is one term for identifying organized and deliberate opportunities which support lifelong learning during the adult years. The term "adult" is used in varying ways, including adult vocational education and adult basic education. In addition, adults are served through programs with labels such as continuing education, community education, postsecondary education, and elementary and secondary education. There is not one standard definition for adult education.

Question: Why is lifelong learning such a high priority that it is one of the few new programs for which money is being requested?

Answer: Lifelong learning provides a useful perspective for examining the current and proposed Federal programs administered through the Office of the Assistant Secretary for Education, as well as through other departments and agencies. Lifelong learning is not limited to the adult years but encompasses learner change and development inclusive of all age groups. An overall Federal education policy requires a coherent structure upon which to assess educational needs and the role of the Federal government with respect to such needs. Lifelong learning provides the basis upon which such a policy can be developed and clearly articulated.

Currently, educational policy is made in segments. Nowhere in the Federal government is any one agency or division or department empowered to take the broad view of people's learning needs over the lifetime, and to ask how this lifelong learning perspective should affect Federal education policy.

The need for such federal education policy is particularly acute for the adult years. One study identified 300 programs concerned with adult learning in 29 Federal agencies, and estimates Federal support at 14 billion dollars. Yet only a small fraction of this money provides learning opportunities for adults over the traditional college age, and little money goes to adults learning in non-traditional settings.

But we know that our population is growing older, many adults need career upgrading, learning opportunities for personal development, or the chance to achieve basic skills missed while in school the first time. These needs will be met only if the educational needs of adults are considered in formulating Federal education policy.

Question: Why do we need to fund this program?

Answer: Learning opportunities are not available to all persons on an equal basis. The availability of learning opportunities depends upon learner needs and preferences; institutional resources and constraints; and communication, cooperation, and coordination among those who are able to provide learning opportunities. The Federal government can help its citizens achieve a priority national goal, that is, enabling and encouraging equitable access and participation in learning opportunities for all persons, through the support of lifelong learning.

The Lifelong Learning Act, Title I-B of the 1976 Amendments to the Higher Education Act, is the cross-cutting authority which

encourages educational policy-making across age levels and across department levels.

Question: The budget justification for lifelong learning says that $3 million will be used in "Overcoming Barriers to Lifelong Learning," $1.5 million will be used in "developing alternative models of state leadership," and $500,000 will be allocated for "improving the Federal role in lifelong learning."

Please detail what will happen in each of these categories.

Answer: Overcoming Barriers to Lifelong Learning. An amount of $3,000,000 is requested to support approximately 75 research and demonstration projects designed to better understand, and demonstrate approaches which overcome barriers to adult participation in formal and informal educational and training programs. Among the different topics to be addressed are: analysis of factors which discourage and prevent adults from furthering their schooling; approaches taken in and by local communities to coordinate programs and serve residents' informational needs; education-related programs sponsored by employers and unions, and factors preventing greater use of employee educational benefits; education as a preventive measure in improving individual and family conditions, such as health, childcare and nutrition.

Developing Alternative Models of State Leadership. An amount of $1,500,000 is requested to support approximately 15 awards to states for assessment, coordination and planning of lifelong learning activity. Awards will be made on a competitive basis and will encourage wide participation and diverse patterns of sponsorship within states. Topics of particular attention by States would include: needed coordination among state and Federal (through-state) support programs; distribution of program options at local levels, especially their availability for underserved groups; and the availability of effective informational and counseling services for all state residents.

Improving the Federal Role in Lifelong Learning. An amount of $500,000 is requested to initiate coordination and assessment of Federal support programs. In particular, these funds will support; further analysis of the approximately 300 Federal programs currently determined to contribute to lifelong learning; analyses of actual adult recipients and learners benefiting from Federal programs, particularly on an age basis; and initial establishment of Federal dissemination and informational services in lifelong learning.

Question: Will the $5 million be spent primarily for research activities on lifelong learning?

Answer: No, the requested support for lifelong learning involves expenditures for a combination of research, development, demonstration, dissemination, and evaluation activities. Priority areas for funding include supporting and disseminating excellent examples of effective local practice which serve the currently unserved; supporting state planners who wish to develop better tools to assess and meet the needs of all learners, particularly adults, through a variety of non-traditional, as well as traditional, programs and services; and, coordination and analysis of activities at the Federal level, aimed at a more equitable distribution of Federal funds to various learn-

ers groups and a more effective and efficient use of existing resources.

Question: How much will actually be spent to fund projects that will provide lifelong learning activities to students?

Answer: Three million dollars will be spent directly to fund activities which provide lifelong learning opportunities to students. However, funds used to improve coordination and communication at the Federal level and planning at the state level will indirectly benefit students.

FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

Question: The Fund for the Improvement of Postsecondary Education has now been in existence for five years. During this time, numerous projects have been funded. What have the major impacts of the Fund's projects been?

Answer: The Fund for the Improvement of Postsecondary Education through annual grant competitions has provided seed money for demonstration projects in improvement of educational opportunities, programs and methods by colleges, universities, community agencies and other institutions that serve postsecondary students. During its five years of existence the Fund has supported approproximately 400 projects for an average period of about two years each. Approximately half the grants made by the Fund have been related to problems of access and retention of non-traditional students, such as, minorities, adults, women and the handicapped. The other half are aimed at improving the quality of educational services provided to both traditional and non-traditional students.

Among projects related to access and retention of non-traditional students, the Fund has supported model programs for minorities that include compensatory courses, faculty training, counseling, tutoring and other support services to raise the probability of success of new students in higher education. The College Assistance Migrant Program, for example, designed to help under-qualified Mexican-American young people from poverty-level migrant household make a successful transition from high school to college has achieved a success rate of over 90% and has been replicated in several colleges and universities in Florida and the southwest. Similarly, the Malcolm-King Extension Program for adult minority dropouts in the Harlem district of New York City has sent over 95% of those who completed its two-year junior college program on to further higher education in four-year colleges and universities, graduate schools and professional schools in medicine and law. As successful programs related to access and retention of non-traditional students have increased in number, the Fund has supported the creation of a national network of educators to facilitate the sharing and dissemination of successful practices. Additional examples of Fund supported projects related to minorities and women are mentioned in the opening statement which has been submitted for the record.

In addition, the Fund has sought to improve the quality of educational services for all students by supporting projects in faculty development and retraining to help institutions in a no-

growth period respond to shifting student needs, especially in career education. The Fund has supported several successful projects of institutional renewal that have helped institutions, especially smaller colleges and universities, redefine their roles and educational missions in the face of declining student interest in traditional offerings. In larger university settings, Fund-supported projects have succeeded in increasing the importance of undergraduate teaching among senior faculty members and in improving the availability of more coherent and flexible programs for individual student needs. Successful new curricula in such diverse areas as bilingual education for undergraduates and alternatives to the case method in law school education have been launched with Fund support.

The Fund has supported the development of cost-effective models of learning that incorporate internships and off-campus learning experiences into student programs with the development of appropriate instruments for academic evaluation of these experiences. The Fund has further helped stretch the resources of colleges and universities by promoting cooperation among educational institutions and the use of existing community resources in order to avoid unnecessary duplication of educational services by colleges and universities. For example, as a result of a Fund-supported project, the City Zoo in Portland, Oregon has become the laboratory site for field research by biology majors from public and private colleges and universities in the area.

In short, by responding positively to the most constructive initiatives from the education community, the Fund has demonstrated and expanded the potential of the educational community to serve the diverse needs of all who desire quality education at the postsecondary level.

Question: Have there been any evaluation of these projects? If so, what are the conclusions?

Answer: The Fund is currently in the process of undergoing its first independent evaluation. Because Fund support is typically intended as seed money to support demonstration projects, the evaluation has focussed on the fate of 155 projects whose support by the Fund has been completed for at least a year. According to preliminary results, the judgment of both project directors and of higher level institutional officials where applicable indicates that over 90% of the projects have accomplished their goals well, and over 90% report that the funded projects produced additional positive outcomes beyond the goals originally sought. For example, one project succeeded in its goal of inducing corporations to rewrite job descriptions in terms of underlying competencies and skills rather than conventional job and work experience in order to remove barriers to occupational mobility among women. An unexpected outcome has been the subsequent involvement of corporate management in the development of new career-related curricula based on the new job competency profiles.

Moreover, preliminary data indicate that more than 80% of the projects expanded their activities beyond the intended level, and more than 60% of the projects have reported that the basic principles

of the project have been duplicated or applied elsewhere. Although additional data will be forthcoming from the complete evaluation, we believe that these preliminary results indicate that the Fund is meeting its mandated objectives of improvement in postsecondary educational opportunities.

Question: How many projects initially funded are still operating with other sources of funding?

Answer: Some projects are, of course, self-liquidating, e.g., the development of a set of learning materials. However, of those projects to which the criteria of ongoing self-support apply, 80% according to present data have been found to continue after Fund support has ceased. Moreover, almost 80% report receiving the same amount or a higher level of financial support from their own institutions than the Fund itself provided. In addition, almost 40% report success in securing additional outside fundingafter receiving Fund support.

Question: What types of projects will be funded this fiscal year? Do you think these projects will provide unique services?

Answer: Because of the steady increase in quality of the 2,000 proposals received annually by the Fund in its competitive Comprehensive Program, the Fund will continue to direct most of its resources to this effort. Although we are pleased with the successful models for improving access and retention of non-traditional students, such as minorities, adults and the handicapped, it is clear that there is still much to be done to realize the Fund mandate of postsecondary educational opportunities for all. Similarly, much remains to be done in raising standards of quality, not only in general education, but in career education and other special programs appropriate for the increasingly diverse student population at the postsecondary level. As costs of education continue to rise, it becomes increasingly necessary to insure that optimal educational services for individual needs be delivered for every dollar expended.

Fund experience to date has demonstrated the ability of the educational community to develop and sustain unique services for a more diverse range of student needs, even in a cost-conscious period. If possible, the Fund will devote some resources to dissemination of successful models of postsecondary educational practice in order both to minimize the neccesity and incidence of "re-inventing the wheel" in different settings and to serve as a stimulus to further progress towards goals of access and quality. Finally, as the spectre of retrenchment within postsecondary education comes closer with the arrival of smaller populations in the 18-21 year old age brackets, the Fund would like to direct its attention to the development of cost-effective management strategies for colleges and universities to cope with the anticipated survival problems of the early eighties. Although there is much talk about the subject of educational management during enrollment decline, little in the way of demonstrated experience is yet available, so that the Fund enjoys a unique opportunity to provide the incentives for the development of successful models of educational management.

Question: Your budget justification says "the concern with the quality and future direction for liberal education and learning will receive heightened attention in 1979." Will you please, in specific terms, explain what you mean by this? How do you plan to accomplish this goal?

Answer: While the Fund has supported demonstration projects to improve access and retention of non-traditional students, such as adults and minorities, in postsecondary educational opportunities as well as improvements in the quality of educational services to meet contemporary student needs, there has been some emphasis within the educational community on the importance of career preparation, both for adults and younger students. This emphasis deflected considerable professional attention away from general education, including the liberal arts and humanities, and has contributed to an impression that the basic premises, skills and values of liberal learning and general education are no longer relevant to student needs in the face of the scarcity of jobs and career opportunities for graduates.

More recently, however, interest in general education and its liberal arts content has arisen in many sectors of the postsecondary education community. Within projects for new students supported by the Fund we have noted a growing awareness on the part of career-minded practitioners and students alike of the need for more than narrow vocational training. Increasingly, employers of recent graduates ask more explicitly for abilities in thought and expression that may once have been taken for granted. Similarly, the best of the practitioners in adult education become increasingly uneasy with a smorgasbord of narrow job-related course offerings. We see an increasing convergence between educational objectives articulated by leading practitioners in adult education and the objectives of the core curriculum reforms that are once again engaging the attention of faculties and administrators in colleges and universities everywhere. Meanwhile, the continuing clamor about the lack of preparation in basic skills of today's young adults cuts across all social and economic classes in remarkably egalitarian fashion.

In effect, our deepening understanding of the implications of equal opportunity through access to education has expanded to create opportunities for liberal education in the pursuit of social and economic goals. The apparent dichotomy between career preparation and general education continues to diminish as employers, students and the public move closer to a more accurate shared understanding of the relationships between general education and career preparation for a lifetime.

Because the experience of the Fund reaches into the worlds of both traditional and non-traditional education, we believe that we have a special role to play in the revitalization of liberal learning and general education. We hope to encourage communication among educators of adults, minorities and traditional college student populations, so that the efforts to meet the general education needs of their respective student bodies can benefit from one another's experiences.

We plan to sponsor a targeted competition, probably separate from the broad Comprehensive Program, designed to attract, identify and communicate promising models of general education to fit the needs for skills, values, analytic abilities and judgment in a career-minded world. This would be a low-cost program, but one which we believe would have high impact, enabling the Fund to play a positive role in the movement towards reform and rational integration of the best in traditional educational pursuits with the demands of contemporary students, young and old.

FUNCTION OF MANAGEMENT AND BUDGET STAFF

Question: What is the function of the Deputy Assistant Secretary for Education (Management and Budget) and the management and budget staff? And why do you need three positions for this function?

Answer: The Assistant Secretary for Education is responsible, by legislation, for the direction and supervision of the Education Division. The Management and Budget Deputy has the principal responsibility for developing and establishing Education Division policies and goals on budget analysis and formulation, allocation of staff resources, and all other aspects of administrative and financial management. The key function of the Deputy and staff, then, is to provide a central office in the Division to ensure that the policies, budget proposals, and management practices of the several education agencies are consistent with Division policies. Specific examples of the kinds of work the staff will do might help to clarify this function.

One area of special concern is to coordinate both long-range and short-term policy development activities with budget considerations. Since budget formulation is central to the implementation of policy, the Management and Budget staff will work directly with our Policy Development staff in analyzing budgetary implications of various planning options, proposed legislation, new regulations, and reorganization plans. In this connection, the staff, with its broad knowledge of programs in each of the education agencies, would also be able to recognize and recommend appropriate areas for interagency collaboration, or take steps to avoid possible duplication of effort.

Another function this staff would perform would be to provide a source of analytic capability that can be quickly responsive to management- and budget-related inquiries from the Congress, the Department, other Federal agencies, and State and local agencies and institutions.

And finally, in acting upon various recommendations and reporting requirements of the Department, OMB, and the Congress, it would be both appropriate and desirable that there be one coordinated Division effort, with follow-up, rather than several responses from the different education agencies. For example, GAO recommendations contained in a recent report on government contracting procedures should be examined and pursued on a Division-wide basis. This is a particularly appropriate example, in fact, considering the responsibility recently given to the Office of the Assistant Secretary for reviewing all Division requests for non-competitive contracts in excess of $25,000. Another example of the need for Division co-

ordination and review is in meeting this Committee's requirement for reporting on the use of consultant services.

Some of the tasks mentioned cannot be tackled with our current staff. Others are now being carried out, under severe time constraints, by existing staff in addition to their official assignments, which are specific to the administration of the Office of the Assistant Secretary. The three new positions requested, addressing overall Division issues, would strengthen the capability of the Office of the Assistant Secretary to carry out its legislated responsibility for the direction and supervision of the Education Division.

DIFFERING BUDGET FUNCTIONS

Question: How does the Budget Office in the Assistant Secretary's Office differ from the Budget Office in the Office of Education?

Answer: Existing Management and Budget staff is officially assigned to carry out the same internal budgeting functions for the Office of the Assistant Secretary as does the Office of Education Budget Office for that agency; however, new staff positions would differ from the OE Budget functions considerably. First, the Management and Budget staff will be dealing with issues that cut across agency lines covering all of the education agencies and their programs. Second, the Management and Budget staff is primarily concerned with assuring Division-wide adherence to policy. In connection with the budget, the staff will be involved in the recommendation and review process, not in the actual development of the kinds of specific budget materials necessary, for example, in the presentation of the President's budget request.

Educational Staff Seminar

Question: How much money has the Education Division given to the Educational Staff Seminar each of the past five years?

Answer: The following table indicates the funding of the Educational Staff Seminar (ESS) by the Education Division for the past five years.

Fiscal Year 1974	$146,600
Fiscal Year 1975	$171,600
Fiscal Year 1976	$155,600
Fiscal Year 1977	$190,050
Fiscal Year 1978	$205,900

In addition to Federal funding, ESS also receives some support through the Ford Foundation ($55 thousand in fiscal year 1978).

Question: What types of financial control does your office have over these funds?

Answer: Under the provisions of the contract with the George Washington University, funds can be used only for those activities which are mentioned in the statement of work. In order to insure that training will be provided consistent with the purposes of the contract and to account for the use of Federal funds, the FY 78

contract statement of work has been modified to include provision for: quarterly reports which summarize all expenses incurred under the contract and semi-annual reports which list all attendees by agency.

Question: Which employees in the Education Division are eligible for participation in Educational Staff Seminar activities?

Answer: The focus of ESS is to serve the needs and interests primarily of policy generalists as contrasted with technical personnel and program specialists. Because of this particular focus, the participating agencies are asked to recommend participants from general staff offices in such areas as legislation, budget program planning, evaluation, and research, and from the ranks of agency policymakers.

During fiscal year 1977, ESS conducted 60 programs, consisting of:

-- afternoon and roundtable discussions and workshops (7)
-- professional seminars (5)
-- discussion meetings with guest speakers (34)
-- domestic field trips (13)
-- overseas study mission (Poland/Romania) (1)

Federal participation in these activities breaks down as follows:

Agency	Number of Participants
Office of Education	848
Office of Child Development	41
National Institute of Education	141
General Accounting Office	43
National Science Foundation	46
Library of Congress	35
Office of the Secretary, HEW	109
Office of the Assistant Secretary for Education	89
ACTION	9
Subtotal	1,361
Other, consisting of individuals employed by the Congress, the Executive Office of the President, and various agencies in the Federal government, e.g., Smithsonian Institution, National Endowment for the Humanities	465
Total participation	1,826

Question: Do you believe that the provision of Federal funds to the Educational Staff Seminar could lead to conflicts of interest?

Answer: No. There is no reason to believe that the Federal funds provided to ESS under contract would lead to conflicts of interest. The Education Division contracts with the George Washington University specifically to provide a training program on educational issues for Federal employees engaged in certain areas of expertise. Because the ESS program is heavily supported by Federal funds (which are in addition to the support provided by the Ford Foundation), it must provide a training program which responds directly to Education Division needs and specifications. It is more likely that the Health Staff Seminar does not solicit Federal funding because it can then develop and provide a training program without "Federal strings."

USE OF CONSULTANTS

Question: For the record, would you please provide the Committee the following information: A list of the 10 consultants who received the highest amounts of money from the Education Division in fiscal years 1976 and 1977. How many contracts was each consultant awarded during each of the two fiscal years? What activities were performed by the consultants in each contract?

Answer: A list of the ten highest paid consultants and the contracts awarded to each is provided in the following:

TEN HIGHEST PAID CONSULTANTS IN E.D.
Fiscal Year 1976

Contractor	Contracts	Amount
Education Commission of the States	National Assessment of Education Progress	$4,900,000
System Development Corporation	ESAA Pilot Programs	$ 319,773
	ESAA Basic LEA Program	479,660
	Sustaining Effects of Compensatory Education	2,149,947
	Neglected and Delinquent, Title I	357,876
	TRIO Demonstration Models	439,510
	Total	$3,746,766
American Institutes for Research	Bilingual Education Evaluation	$ 683,967
	Bilingual Education Handbook	23,000
	Title I Technical Assistance Center - Region VII	118,008
	P.I.P.S. Dissemination and Implementation	423,695
	Career Education Survey	28,675
	Federal Eligibility/Consumer Protection	46,129
	State Oversight in Postsecondary Education	246,882
	Total	$1,570,356
ABT Associates	Follow Through National Evaluation Data Analysis	2,358
	Follow Through National Evaluation Data Analysis	1,120,918
	Available Resources for Severely Handicapped Children	32,657
	Centers Supported Under EHA	295,276
	Total	$1,451,209

Contractor	Contracts	Amount
Stanford Research Institute	Packaging and Field Testing Evaluation	$ 65,985
	Follow Through: Data Collection and Processing	869,116
	National Diffusion Network Evaluation	131,517
	Education Policy Research Center (desegregation and target groups)	369,806
	Total	$1,436,424
Rand Corporation	CRA - IV Evaluation	$ 149,876
	ESAA Non-profit Organization Evaluation	791,014
	Education Policy Research Center (governance and finance)	303,524
	Total	$1,244,414
R.M.C. (Bethesda and Mountain View)	Title I Reporting Models	$ 35,465
	Follow Through Cost Analysis	34,918
	Project Information Packages	243,495
	Title I Cost Analysis Handbook	16,392
	Models for Non-instructional Title I Services	376,426
	Title I Evaluation Workshops	$ 364,434
	Title I Technical Assistance Center - Region I	116,407
	GSLP Lenders - Final Report	5,432
	Total	$1,192,969
Westat	Fast Response Survey System	$ 743,000
Applied Management Sciences	Library Cooperative Networks	$ 209,308
	Right to Read - Information Requirements	258,391
	Cooperative Education National Assessment	77,000
	HEA Title III Impact	35,244
	Non-residential Postsecondary Student Expenditures	42,931
	Total	$ 622,874
Research Triangle Institute	Title I Migrant Program	$ 341,705
	Upward Bound: Follow-up	157,761
	Total	$ 499,466

TEN HIGHEST PAID CONSULTANTS IN E.D.
Fiscal Year 1977

Contractor	Contracts	Amount
System Development Corporation	Sustaining Effects of Compensatory Education	$3,410,539
	Neglected and Delinquent, Title I	1,668,423
	ESAA - Inter-group Relations and Basic Skills	1,174,438
	TRIO Demonstration Models	97,636
	Total	6,351,036
Education Commission of the States	National Assessment of Education Progress	$4,600,000
Research Triangle Institute	Title I Migrant Program	$ 961,197
	VCIP Evaluation	59,994
	National Longitudinal Study of Class of '72	800,000
	Total	$1,821,191
American Institutes for Research	Bilingual Education Evaluation	$ 57,981
	Title I Technical Assistance Center - Region VII	91,601
	P.I.P.S. Dissemination and Implementation	408,519
	Criterion-Referenced Testing	4,999
	Sex Discrimination in Vocational Education	904,472
	Exemplary Activities in Career Education	228,436
	Federal Eligibility/ Consumer Protection	113,843
	Total	$1,809,851
Applied Management Sciences	Library Cooperation Networks	$ 1,936
	Television Viewership Survey	323,582
	Right to Read - Information Requirements	119,624
	Cooperative Education National Assessment	32,524
	Campus-Based/BEOGS Program Management	578,772
	HEA Title IX Survey	46,791
	Total	$1,103,229

Contractor	Contracts	Amount
R.M.C. (Bethesda and Mountain View)	Title I Reporting Models	$ 24,742
	Follow Through Cost Analysis	35,762
	Title I Evaluation Workshops	29,654
	Title I Technical Assistance - Region I	189,884
	Title Evaluation Models Ideabook	2,273
	Children's Growth of Various Grade Levels	7,300
	P.I.P.S. Bilingual Project Information	722,529
	Total	$1,012,144
National Institute for Community Development (8-A)	Conference Planning and Operation	$ 672,364
Value Engineering Company	Higher Education General Information Survey	$ 589,000
Communication Technology	Assessment of Indian Education - Title IV (P.L. 92-318) Part A	$ 420,774
Kirshner Assocaites	Bilingual Vocational Training	$ 409,203

SUBCOMMITTEE RECESS

Senator CHILES. The subcommittee will stand in recess until 10:30 tomorrow when we will hear about the budget request for the elementary and secondary education.

[Whereupon, at 5:50 p.m., Tuesday, February 28, the subcommittee was recessed, to reconvene at 10:30 a.m., Wednesday, March 1.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1979

WEDNESDAY, MARCH 1, 1978

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:35 a.m., in room S-128, the Capitol, Hon. Ernest F. Hollings presiding.

Present: Senators Hollings, Brooke, and Mathias.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Elementary and Secondary Education

STATEMENT OF ERNEST L. BOYER, COMMISSIONER OF EDUCATION

ACCOMPANIED BY:

DR. MARY BERRY, ASSISTANT SECRETARY FOR EDUCATION
THOMAS MINTER, DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION
JOHN H. RODRIGUEZ, ASSOCIATE COMMISSIONER FOR COMPENSATORY EDUCATIONAL PROGRAMS
THOMAS J. BURNS, ASSOCIATE COMMISSIONER FOR STATE AND LOCAL EDUCATIONAL PROGRAMS
JOHN MOLINA, DIRECTOR, OFFICE OF BILINGUAL EDUCATION
GILBERT SCHIFFMAN, DIRECTOR, RIGHT TO READ PROGRAM
RICHARD FAIRLEY, DIRECTOR, DIVISION OF EDUCATION FOR THE DISADVANTAGED
JOHN EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING AND EVALUATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
DALE SOPPER, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS

OPENING REMARKS

Senator HOLLINGS. This morning we're going to hear from Dr. Mary Berry, Assistant Secretary for Education, and Dr. Ernest Boyer, Commissioner for Education.

They will explain the budget requests for elementary and secondary education programs.

The 1979 budget request for these programs is $3.4 billion, an increase of $231.7 million above the 1978 level of $3.1 billion. We will take a close look at the grants for the disadvantaged, for title I of the Elementary and Secondary Education Act. This is the Federal Government's largest program to assist elementary and secondary education. Title I provides compensatory education for 5.6 million disadvantaged children.

We will also hear about the $197.4 million request for support in innovations, which is the same as the 1978 funding level. This program is designed to give State and local education agencies funds with which to tailor programs to their own particular needs.

Activities include dropout prevention, nutrition and health, and strengthening State departments of education, which goes primarily for staff to assist local school districts.

The other major program we will cover is bilingual education. The 1979 budget recommends $150 million, an increase of $15 million above the 1978 funding level. This program is designed to provide non-English-speaking students with the skills they need to compete in a regular classroom situation.

We will also hear about budget requests from several other programs—right to read, Follow Through, drug abuse education, environmental education, ethnic heritage studies, and Ellender fellowships.

Dr. Boyer, I believe that you are going to give the opening statement. Before you do—if you don't mind—introduce your colleagues for the record, and we'll be glad to hear from you, then.

OFFICE OF EDUCATION WITNESSES

Dr. BOYER. Thank you, Senator.

Tom Minter is the second to my right; he's the Deputy for the Bureau of Elementary and Secondary Education—Dr. Minter.

Immediately to my right is Dr. Rodriguez, who is the Associate Commissioner for Compensatory Educational Programs; Dr. Fairley is immediately to my left and is the head of our title I program, which is the biggest single program in the office.

Dr. Molina, immediately to his left, directs the bilingual education program. And Gil Schiffman is in charge of our right-to-read program.

Tom Burns, who is Associate Commissioner for State and local educational programs, and Dr. Minter, who is head of the Bureau. Those are the principal members and colleagues who join me here for the discussion.

Senator HOLLINGS. All right.

Dr. BOYER. I am pleased to be with you to discuss the proposed 1979 budget. We are increasing our proposal for elementary and secondary from $3.1 billion to $3.4 billion for 1979. That's an increase of $200-plus million and that does not include the proposed $400 million increase that is part of our legislative package for something called targeting title I money.

If and when that is authorized, it would raise the total appropriation request for elementary and secondary to about $3.8 billion, which would be a 20 percent increase over the 1978 base.

Senator HOLLINGS. It would go to $3.8 billion?

Dr. BOYER. Yes.

Senator HOLLINGS. That's the overall intended increase by the administration?

Dr. BOYER. That would be correct.

Senator HOLLINGS. Just in elementary and secondary?

Dr. BOYER. That's right.

That's adding the $400 million under proposed legislation. I should make very clear that that's not a part of the initial appropriation. I was adding it as an item that would have to be acted upon later.

Senator HOLLINGS. But this is good to get in the picture.

Dr. BOYER. I wanted to note that.

The largest part of the proposal, by far, Senator, is the title I program, which in many ways has been the centerpiece of our Federal activity in education at the elementary and secondary level.

That budget request is increasing from $2.7 to $3.0 billion. With $400 million, again, added to that, it will come to $3.4 billion.

As you know, title I goes into 14,000 school districts, and serves approximately 6½ million students. We estimate that if we would add the $400 million as a part of the proposed legislation, it would add an additional 875,000 students.

We estimate that our request under existing legislation would increase the per student benefit from $420 to $460 per title I child.

This budget also includes, as you noted in your opening comment, the title IV support and innovation, which was the consolidation to give flexibility to State education departments. That is level-funded, as you mentioned, $197 million, and that goes forward without an increase. About $137 million of that total, Senator, is available to local school districts on the basis of competitive grants and is used for a very wide range of educational innovations and experiments.

The remainder is retained at the State education department level for administration and leadership purposes.

Incidentally, our data show that about 3,600 grants were awarded under that title IV program, and about 7 million children are involved in the programs that were consolidated and administered by the State department, and subsequently the local school districts.

Also, as you know, the elementary and secondary education title I program has set-asides in which at least three major programs are served, quote, off the top. These include the State-administered

handicapped programs, that goes from $132 million to $143 million; the neglected and delinquent program, proposed funding is at $31 million; and the migrant children program, which goes from $160 million to $170 million.

Senator HOLLINGS. Hold it there, just a minute.

[Pause.]

Senator HOLLINGS. All right, go ahead.

SUMMARY OF REQUEST

Dr. BOYER. The chart—if I might code into that—I've talked thus far about the grants for the disadvantaged. That's No. 1, Senator. And the totals on that—subtotals, for the disadvantaged: $2.7 to $3.4. That includes (D), the proposed legislation at $400 million, you see, and the total then would show an overall increase of $644 million.

I have talked briefly about the support and innovation grants, which are held steady at $197 million. The three programs—handicapped, neglected, and delinquent, and the migrants—are really within the title I program. They're taken off the top before the money goes to the local school districts.

The third item on the budget is the "Bilingual Education," and we might take the second chart which shows the total of that program. It's moving from $135 million—there you see the total of the bilingual program [indicating]—$135 million, to $150 million. And that 15-percent increase is devoted entirely to research programs, plus focusing some portion of it on training for those involved in that program, as contrasted to using the money to give additional grants.

The fourth major item is the "Right to Read Program" that's flat-funded at $27 million.

In the Follow Through program, No. 5, which has for many years attempted to coordinate with Headstart children, we are proposing a reduction of $24 million with the prospect of phasing out over several years. We are simply starting with the phaseout of a class, not starting a new class, so that the children who are now in the program will not be harmed.

Item 6 under this ESEA authorization is the "Educational Broadcasting Facility." A large portion of that has been proposed to be transferred to the Corporation for Public Broadcasting by the administration. There was money there—about $15 million-plus—that was used to provide equipment primarily for those engaged in public broadcasting. Since it dealt with facilities rather than a substantive program, the administration's judgment was that it might better be transferred to the Corporation for Public Broadcasting, with the idea that they were in a better position to perform that service.

We're left with a $1 million item which is used for experimenting in the use of new technology for programs to teach matters of health and education and social services. So that has taken a rather major shift, with the large percentage being transferred away from OE.

There are two other small programs. I'm sorry. I skipped over the Ellender fellowships, which are suggested to be phased out. That was a $750,000 item.

The drug abuse program is forward-funded at the same level as 1978: $2 million. That program runs five training centers across the country, to which we bring in school people and administrators, teachers, and spend several weeks in what is, in effect, a short course dealing with local problems of drug abuse and use of alcoholic beverages. That even includes bringing in the school board members. They are, in turn, able to educate others upon their return.

The environmental education program is a discretionary grant program, funded at $3,500,000, which continues at the same level.

And item 10 authorized under this particular authorization is the "Ethnic Heritage Studies," which came recently on line and now, by administration action, is to be funded through the Endowment for the Humanities. They will be picking up a program that is comparable to the one we funded. So it does represent a transfer rather than a rejection of the program.

That, then, represents our hurried overview of the Elementary and Secondary Education Act, which is up before you for consideration, and we'll be pleased to answer any questions you might have regarding the proposals before you.

[The complete statement follows:]

STATEMENT OF ERNEST L. BOYER

I appreciate the opportunity to present the request for the Elementary and Secondary Education appropriation. This appropriation supports our major goals of insuring access and promoting excellence in education. The major thrust of the appropriation is to promote and improve educational quality for the disadvantaged, especially in the area of basic skills.

Our request of $3,394,720,000 represents an increase of 7 percent or about $232 million over the comparable 1978 amount. When the $400 million request under proposed legislation is added to this, the total increase is 20 percent, the most significant increase in this appropriation since 1966.

Disadvantaged Grants and Related Studies

The $2,978,820,000 requested for Title I of the Elementary and Secondary Education Act for school year 1979-1980 is an increase of $243,820,000 over the 1978-1979 level. This program is the primary component of our effort to promote and improve educational quality for the disadvantaged. The fiscal year 1979 budget request will provide services to over 6.5 million economically/educationally disadvantaged children in both public and private schools, with the increase in funding to be used primarily to meet the rising cost of providing services to current recipients.

Some $14,894,100 will be used for carrying out program evaluations mandated by the Congress in Section 151 of the Elementary and Secondary Act.

Proposed Legislation

In addition to the request for Title I before you, legislation will be proposed to add new authorities to Title I of the Elementary and Secondary Act to improve the basic educational skills of disadvantaged children. An amount of $400 million is contained in the President's

Budget for this proposed legislation and it will support new initiatives to either improve educational opportunities for current Title I participants or to increase the number of those participants.

Support and Innovation

The Support and Innovation program, for which we are requesting the same amount as was appropriated in fiscal year 1978, will primarily provide for the installation of improved practices to promote educational quality.

Approximately $137,400,000 or 70 percent of the funds will be expended at the local level on a competitive grant basis as administered by the State education agencies. These funds will support an estimated 3,600 local educational agency projects with an estimated 10 million children participating. The remainder, $60,000,000, will be expended at the State level to strengthen leadership resources and for administration, with approximately 55 percent used to provide technical assistance services directly to local educational agencies.

Bilingual Education

The Bilingual Education program promotes the policy of increasing access to equal educational opportunities for underserved populations by building the capacity of State and local education agencies to meet the needs of language minority students. Support is provided to State and local education agencies to install bilingual education programs for about 253,000 children at 564 elementary and secondary schools. In addition, teacher training activities, materials development, assessment and dissemination, an information clearinghouse and a national advisory council will receive continued support. The $150,000,000 request represents an increase of $15,000,000 over the 1978 appropriation. The increase is designed to improve the effectiveness of this program through research on improved instructional practices and training for bilingual education personnel, especially project directors.

Right to Read

Complementing other activities aimed at improving basic skills, the Right to Read program seeks to promote functional literacy for all Americans. The fiscal year 1979 request of $27,000,000 maintains funding at the same level as the preceding year. State and local education agencies, institutions of higher education and other public and private non-profit organizations will receive continued support for a variety of reading improvement projects, including the development and implementation of improved and innovative methods of reading instruction.

Follow Through

The Follow Through program has completed the experiment of identifying successful models of instruction for children from low-income areas. These models are intended in part to demonstrate successful means of retaining gains in basic skills.

The budget request of $35,000,000 for fiscal year 1979, which is $24,000,000 below the 1978 level, will initiate a phase-out of the program, designed, however, to avoid disrupting services to children currently enrolled. In school year 1979-1980, only those students enrolled in grades 1 through 3 will be funded.

Educational Broadcasting Facilities

For Educational Broadcasting, legislation has already been introduced to transfer administration of the broadcasting facilities portion of the program to the Corporation for Public Broadcasting, and the request for appropriation is included in the "Allowance for Contingencies." The budget request of $1,000,000 reflects only the non-broadcast telecommunications demonstration part of the former program. These funds will provide support for about eight telecommunications demonstration models.

Other Programs

Finally, some $5,500,000 is requested to provide the same level of funding as last year for the following programs: Drug Abuse Education ($2,000,000) and Environmental Education ($3,500,000).

I will be pleased to answer any questions you may have.

BIOGRAPHICAL SKETCH

NAME : Ernest Leroy Boyer

POSITION : Commissioner of Education

BIRTHPLACE
AND DATE : Dayton, Ohio, September 13, 1928

EDUCATION : A.B., Greenville College, 1950
Graduate Studies, Ohio State University, 1952
M.A., University of Southern California, 1955
Ph. D., University of Southern California
Postdoctoral Fellow (Medical Audiology),
University of Iowa Hospital, 1959
Visiting Fellow, Cambridge University (Wolfson College), 1976

HONORARY DEGREES:
Litt. D., Chapman College, 1971
L.H.D., Dowling College, 1971
LL.D., University of Southern California, 1971
Presidents Medal, Tel-Aviv University, 1971
P.S.D., Greenville College, 1971
L.H.D., Pace College, 1972
D. Sc., Alfred University, 1973
LL.D., Fordham University, 1973
LL.D., University of Akron, 1973
LL.D., Roberts Wesleyan College, 1973
LL.D., University of Rochester, 1975

EXPERIENCE:

1977 - Present	Commissioner of Education, Office of Education, DHEW
1970 - 1977	Chancellor, State University of New York
1965 - 1970	Vice Chancellor and Executive Dean for University-wide Activities, State University of New York
1962 - 1965	Director, Center for Coordinated Education, University of California, Santa Barbara
1960 - 1962	Director, Commission to Improve the Education of Teachers, Western College Association, California
1956 - 1960	Academic Dean and Professor of Speech Pathology and Audiology at Upland College, California
1955 - 1956	Assistant Professor of Speech and Director of Forensics at Loyola University at Los Angeles

SELECTED RECOGNITIONS AND PROJECTS:

Visiting Fellow, Battelle Research Center, Seattle, Washington
Danforth Foundation Associate
ACE Institute for Academic Deans, Harvard University
Listed as one of the four National Leaders in Education, U.S. News and World Report (1976)
Scholar in Residence, (1974-1975), Fellow (1976), Aspen Institute for Humanistic Studies
Past President, National Association of State Universities and Land Grant Colleges
Executive Committee, American Council on Education
Executive Committee, American Association for Higher Education
Member, Carnegie Council on Higher Education
Board of Trustees, Carnegie Foundation
Board of Trustees, Teachers Insurance and Annuity Association of America
Board of Trustees, Educational Testing Service

PRESENT MEMBERSHIPS:

Member, Board of Directors of the Kennedy Center for the Performing Arts
Member, National Council on Educational Research
Member, National Council on Educational Statistics
Member, Federal Interagency Committee on Education
Member, National Commission on Truman Public Service Fellowships

TITLE I, ESEA

Senator HOLLINGS. Dr. Boyer, I think I have a number of questions here in response to that chart.

Let me ask: On title I, the grants for disadvantaged children, this add-on of $239 million, was that envisioned in enactment of the new formula?

Dr. BOYER. No, sir; this is under the existing formula.

Senator HOLLINGS. The existing formula?

Dr. BOYER. Yes, sir. It's adding additional money to the existing formula. It would simply enrich the existing formula. The $400 million, that's under new authorization and would be a new entitlement. The proposed new legislation would target those dollars to districts with high concentrations of impoverished children.

Senator HOLLINGS. Like what? I mean, why districts with high poverty children? I've got the most of them.

How much money does South Carolina get? I've got one district—if you can call it a district—that's got more high, percentagewise, more high-poverty children, if you look at the facts and figures. I guess Senator Ellender himself—I mean, Senator Eastland and myself, and maybe Alabama, would be competing.

Dr. BOYER. What we're proposing, then, is to add on the $200 million-plus to enrich the current formula.

Senator HOLLINGS. I know that. I'm talking about the $400 million.

TITLE I CONCENTRATION

Dr. BOYER. Yes, sir. The $400 million would go to districts with 20 percent poverty children, or where they had over 5,000 poverty children in the district. And it's estimated——

Senator HOLLINGS. How do you figure that? I mean, I'm looking at size. If I take the rural counties around and everything else, I've got 4,000 poverty children here in Clarendon County, and I've got 4,000 over in Williamsburg County; I've got 4,000 over in Darlington County, but I don't have 5,000—certainly not in the district.

Dr. BOYER. If 20 percent or more of the children are in poverty, they would be eligible. There are two ways of qualifying. One would be size and number, 5,000 or more; one would be a percentage of the total, if 20 percent or more are poverty children. If there are 20 percent or more poverty children in the district, they would be eligible for additional money. The argument being that if you have a high concentration of poor children, the district could in fact represent a special educational crisis.

So we increase the basic formula, and then we have additional funds under this proposed legislation, where you have high concentrations. That's either triggered by 20 percent of the children or more being judged in poverty; or 5,000 children, if it's a larger district.

Senator HOLLINGS. Have you looked at the results—obviously, you must have—to see what effect it would have? Where would the money go?

Dr. BOYER. We have that broken down, and I can give you that by State, and region, and district. I don't have the total breakdown, but we'll supply it.

[The information follows:]

ESTIMATED DISTRIBUTION OF $400 MILLION CONCENTRATION FUNDS

[In thousands of dollars]

State	Amount	State	Amount
Alabama	11,842	Nebraska	911
Alaska	521	Nevada	179
Arizona	2,466	New Hampshire	14
Arkansas	5,070	New Jersey	9,810
California	29,363	New Mexico	3,198
Colorado	1,982	New York	70,129
Connecticut	1,571	North Carolina	9,119
Delaware	604	North Dakota	193
Florida	16,287	Ohio	8,974
Georgia	10,574	Oklahoma	3,337
Hawaii	2,315	Oregon	1,266
Idaho	110	Pennsylvania	17,298
Illinois	25,568	Rhode Island	539
Indiana	1,752	South Carolina	8,383
Iowa	229	South Dakota	640
Kansas	965	Tennessee	9,538
Kentucky	8,135	Texas	24,548
Louisiana	14,627	Utah	229
Maine	203	Vermont	197
Maryland	8,650	Virginia	6,643
Massachusetts	5,191	Washington	1,285
Michigan	14,710	West Virginia	3,217
Minnesota	2,300	Wisconsin	3,492
Mississippi	12,373	Wyoming	33
Missouri	6,030	District of Columbia	5,275
Montana	389	Puerto Rico	[1]27,726

[1] Under the concentration formula Puerto Rico should receive $27.7 million. However since Puerto Rico is limited in fiscal year 1979 to 150 percent of its fiscal year 1978 (LEA) allocation the excess concentration allocation will be redistributed.

STATE TOTALS

COMPARISON OF FY1979 TITLE I LEA GRANTS + FY 79 TARGETING TO FY 1978 LEA GRANTS (IN THOUSANDS)

TITLE I LEA GRANTS ALLOCATION FY 78	= $2,372,760		
TITLE I LEA GRANTS ALLOCATION FY 79	= $2,587,661*		
TARGETING PROVISION ALLOCATION FY 79	= $400,000*		
TOTAL: FY 79 LEA GRANTS + TARGETING	= $2,987,661		

OTHER ALLOTMENTS:	PUERTO RICO	OUTLYING AREAS
LEA'S, FY 78...	$86,240	$26,942
LEA'S, FY 79...	$123,969	$29,321
TARGETING.....	$5,391*	--

	STATE	78 LEA	79 LEA	TARGETING	TOTAL	PCT CHANGE
1	ALABAMA	62309	67893	11842	79735	28.0
2	ALASKA	4375	4767	521	5288	20.9
4	ARIZONA	21779	23751	2446	26197	20.3
5	ARKANSAS	35456	38634	5070	43704	23.3
6	CALIFORNIA	191533	208697	29363	238060	24.3
8	COLORADO	20402	22251	1962	24214	18.7
9	CONNECTICUT	22219	24210	1571	25781	16.0
10	DELAWARE	6017	6556	604	7161	19.0
11	DISTRICT OF COLUMBIA	13980	15233	5275	20509	46.7
12	FLORIDA	82713	90126	16287	106413	28.7
13	GEORGIA	67312	73344	10574	83918	24.7
15	HAWAII	7344	8002	2315	10317	40.5
16	IDAHO	5583	6084	110	6194	10.9
17	ILLINOIS	114232	124469	25568	150037	31.3
18	INDIANA	30908	33678	1752	35431	14.6
19	IOWA	20299	22119	229	22348	10.1
20	KANSAS	17825	19423	965	20388	14.4
21	KENTUCKY	47982	52282	8135	60418	25.9
22	LOUISIANA	71079	77449	14627	92076	29.5
23	MAINE	8992	9798	203	10002	11.2
24	MARYLAND	40784	44439	8650	53090	30.2
25	MASSACHUSETTS	46562	50735	5191	55926	20.1
26	MICHIGAN	93942	102361	14710	117071	24.6
27	MINNESOTA	35218	38374	2300	40675	15.5
28	MISSISSIPPI	59464	64793	12373	77166	29.8
29	MISSOURI	42352	46147	6030	52178	23.2
30	MONTANA	7297	7951	389	8341	14.3
31	NEBRASKA	12469	13587	911	14499	16.3
32	NEVADA	2852	3140	179	3319	15.2
33	NEW HAMPSHIRE	3781	4120	14	4134	9.3
34	NEW JERSEY	64461	70456	9810	80266	24.1
35	NEW MEXICO	18625	20294	3198	23493	26.1
36	NEW YORK	247133	269281	70129	339411	37.3
37	NORTH CAROLINA	72120	78583	9119	87703	21.6
38	NORTH DAKOTA	6407	6981	193	7175	12.0
39	OHIO	69886	76149	9974	85124	21.8
40	OKLAHOMA	28186	30712	3337	34049	20.8
41	OREGON	20456	22289	1266	23556	15.2
42	PENNSYLVANIA	110221	120099	17298	137397	24.7
44	RHODE ISLAND	8685	9464	539	10003	15.2
45	SOUTH CAROLINA	47269	51527	8383	59911	26.7
46	SOUTH DAKOTA	7969	8683	640	9324	17.0
47	TENNESSEE	56287	61331	9538	70869	25.9
48	TEXAS	145952	159032	24548	183581	25.8
49	UTAH	7632	8316	229	8545	12.0
50	VERMONT	4073	4438	197	4635	13.8
51	VIRGINIA	55238	60188	6643	66831	21.0
53	WASHINGTON	26441	28810	1285	30096	13.8
54	WEST VIRGINIA	24722	26937	3217	30155	22.0
55	WISCONSIN	37417	40770	3492	44262	18.3
56	WYOMING	3060	3334	33	3368	10.1

* PUERTO RICO'S TARGETING ALLOTMENT IS REDUCED BY $27.7 MILLION UNDER THE 50 PERCENT CEILING PROVISION. ACCORDINGLY, IN FY 1979 TOTAL TARGETING DOLLARS ARE REDUCED BY THIS AMOUNT (TO $372 MILLION), AND BASIC GRANTS TO LEA'S ARE INCREASED BY THIS AMOUNT (TO $2,615 MILLION).

EFFECT OF CONCENTRATION FORMULA

Dr. BOYER. We do know that about two-thirds of it goes to urban areas; about one-fourth to poor rural areas; and the balance, about 7 percent, would be distributed in suburban districts.

It would touch about two-thirds of all of the existing title I children. In other words, 3,500 of the districts where there are title I children. It would in fact be an additional enrichment added to districts that have a lot of poor children.

Senator HOLLINGS. Dr. Berry, do you have those figures?

Dr. BERRY. Yes. Our calculations would indicate that in South Carolina you would get about $8,383,000 additional from the con-

centration proposal. Your total title I allocation would amount to $59,911,000.

Senator HOLLINGS. How do you get two-thirds, according to what you say, to four or five metropolitan areas? Is that what it is?

Dr. BERRY. Rural areas, too, Senator.

Senator HOLLINGS. Now let me get a fix on the metropolitan areas. I think that Dr. Boyer here said that two-thirds of it would go to four or five metropolitan areas.

Dr. BERRY. No. Two-thirds of it will go to urban places that have either 5,000 title I eligibles, or 20 percent in poverty.

Dr. BOYER. In other words, it would serve two-thirds of the children now being served. They would get the extra benefit. About one-third would not get the money given by this extra entitlement. But it's intended to go into poor districts—whether urban or rural—where there are high concentrations of poor children.

Senator HOLLINGS. I am trying to fathom this high concentration. Once you say high concentration, you immediately go to metropolitan areas. We don't have any of those large ones.

I'm just wondering. If you get the disadvantaged children, why don't you do as you have done here and increase it for disadvantaged children? You can show all the disadvantaged children, whether they live in a small area and are not concentrated.

Why, if I live in a small area and am not concentrated, do I get less assistance than if I live in a metropolitan area?

Dr. BOYER. You would get it, under the 20-percent formula.

Senator HOLLINGS. I'm talking about the new program.

Why should we go and support two-thirds in the urban schools?

Dr. BOYER. It's neither urban nor rural alone; it's both. The assumption is——

URBAN RURAL POVERTY CONCENTRATIONS

Senator HOLLINGS. You said, "two-thirds in the urban schools."

Dr. BOYER. That's right, but that's not exclusively where it's given. It's related to the need; and that can be urban or rural.

And as background, Senator, the assumption is that if you have a number—20 percent or more of the children that are poverty children—that's a district in very special need. And not only should they get the base of the title I money, but some additional resources that will deal with the multiple problems that the high concentration of poor children generate—whether it's urban, or rural.

Dr. BERRY. Senator, the way the targeting proposal is designed, we do target on poor kids, in exactly the ways you're talking about. We try to identify the poor kids, whether they are in urban or rural areas.

It just happens that mathematically two-thirds of these concentration funds go to metropolitan areas because there are more kids there, not because we're not taking care of the poor kids who are in the rural areas.

Senator HOLLINGS. That doesn't appeal to me. You're not attacking the enough poor kids problem, you're attacking the concentration problem, and that's a little different. In fact, I can show you a tremendous difficulty where you've got a sparsely settled area. Anybody working in education—ycu've worked in it all your life—

knows I can get into that concentrated area, whether it's medicine, or health, or hospitals, anything else, you give me the concentrated area, I can give you facilities; they're there. You start right away. You get the money out in Owingdale, S.C. for a teacher, for a facility, or for anything else.

My question goes to the sparsity, or to the concentration thereof. I would think you were going in the wrong direction.

Dr. BERRY. We're going in two directions, Senator. We're adding some money to the general entitlement formula which has nothing to do with concentration——

Senator HOLLINGS. No. Let's take on the concentration. Where do you get it? If I'm coming in and I've got 400, and I get $5 for each of the 400, then I get so many dollars and I am getting it because they are concentrated, and have a better chance of getting a teacher.

But if I only have 5 over there, poor children, and I am only getting $5, I don't get enough for a teacher. I don't get enough for anything. Do you see what I mean? If there's an acceleration or accentuation to the problem itself, it's to the sparsity or scarcity, rather than to the concentration. And I've been working in education all my life, and I don't understand that kind of approach. That's what I'm trying to get through. Where do we get that from?

The problem is you're at an advantage. You give me concentration, I'll give you buildings; I'll find you a teacher; that's the same thing with doctors. We have Health, Education, and Welfare, Senator Magnuson and I will be sitting here. How do we get the doctors to the rural area? There isn't a concentration of disease in a city, and we don't give added money because we've got concentration of disease in the city, or health problems in the city. You can't get that doctor; you can't get that teacher; you can't get medical facilities or hospitals; you can't get school buildings or gymnasiums. How do you get it out into the scattered areas?

Then, you come to the program and say, "We're going to help poor children."

Dr. BERRY. Senator, that's why we used a 20-percent criteria. It is designed to address the rural need.

Senator HOLLINGS. Why don't you use 80 percent, and 20 percent at the other place? Because you don't have that problem. Because it's not a substantiation of the problem.

APPLICATION OF CONCENTRATION PROVISION

Dr. BOYER. Just to restate this: I know you've made the point, but if you have a very sparsely populated area, and 20 percent or more of the children in that are defined as poor, then it would be eligible.

If the word "concentration" simply suggests density of people, that's not the point. It would mean a concentration of poor children, even if the district was sparsely populated.

We were concerned about that, and I think about 3,000 rural districts would be served by this, with many of them, as you said, having 30, 40, 80 percent poor children.

So it was not an attempt to deal with urban issues, alone.

The notion was that if you had a district—let's say a rural district—where 20 percent or more of those children were poor, you

had a combination of problems that tended to multiply themselves. And in addition to increasing our title I base, they also would be eligible for some special aid that would recognize the poverty problem in that area—whether it be urban or rural.

Senator HOLLINGS. That's the rationale that I see keeps seeping in and seeping in, and it's against the best edicts of those who have worked in education their entire lives. I mean, anybody trying to provide—I can get a good school in Charleston, S.C. My struggle is to get that child out in Owingdale, S.C. It's not because he's concentrated; it's because there's no concentration.

Dr. BERRY. Senator, if I may just try one more time, I think we're agreeing. The way the proposal goes: If a district has 20 percent of those kids who are poor kids, or title I eligible, that district would be eligible for funds even if there were only 10 children.

The 20-percent critera does not mean 20 percent of the total amount of funds will go to rural areas and 80 percent to the big cities. The 20-percent criteria is there to insure that a school district, no matter how small it is, or how isolated, if 20 percent of the kids who are there, are poor kids, then they're eligible for this money.

Senator HOLLINGS. I've played poker before, and I know what triggers it. The 20 percent triggers it, and all the money goes—as the gentleman says—two-thirds into the urban areas. That's in the wrong place.

Dr. BERRY. I understand the point.

Senator HOLLINGS. You understand. I mean, once you get the trigger mechanism, it sounds pretty. I'm looking at the results, the rural kid get poorer, and the city kid gets richer and he gets a better education.

He gets a better education, every time. How do you get it out in those areas there? No teacher wants to live out in Owingdale, but you've got kids out there to educate. And so, you're using these percentages—any time I meet with these folks, and they start "percentaging" me, I'm going to use it. I've been in this game before. [Laughter.]

I hope we kill that program. I'm going to work on educating some votes around here. Because you say two-thirds of this $400 million—regardless of the rationale—still goes into urban areas.

Now, I have a big debate going with my Senator-from-New-York friend, Senator Javits. I've been there. I've been to where I am. And you've just seen the Washington Post, and the Orangeburg schools, and they're integrated and they didn't get aid.

But, when the virus hit up North, then immediately billions for aid for desegregation.

How many busing programs do you have in that 11-by-44-block area in Brownsville or Harlem in the inner city of New York? Do you have anybody from Plains being bused in there, or Rye? Long Island? They're not busing. They're not busing them from those areas. And I'll show you a totally segregated area—the biggest in the country.

Now, if they have some program to break that up, I can understand it. But they sit smugly on it, and now they're trying to ruin

public education because they want to disregard it by financing, they say, parochial schools.

I want to know the constitutionality of that. I wonder whether you can start paying for everybody to go to Wade-Hampton Academy. Do you know how many of those I've got in South Carolina? Do you think I'm going to break down my public schools and start financing the Wade-Hampton Academies? Do you favor that?

Dr. BERRY. Certainly not. I absolutely agree with you.

Senator HOLLINGS. That's nothing more than a segregation cop-out on integration, if I've ever seen it. You've got 51 Senators running around sponsoring that thing. It's the worst thing that could happen to public education. It'll undermine the public schools in America, I can tell you that. And yet they want you to pay the bill for it.

So, we've got that. You can furnish me—because you know how that breaks down—you can sit back and get the slide rule out and do the percentage and then add it up. You know how that thing's going to end up. Find out and give me the exact figures. I'd appreciate it.

[The information follows:]

URBAN RURAL COMPARISON

A rough estimate of the proposed distribution of the $400 million in title I concentration funds would be that two-thirds of the money would go to urban districts, one-fourth to some 3,000 rural districts, and the remainder to suburban districts.

BILINGUAL EDUCATION

Senator HOLLINGS. Let me see, now. The next one, other than that $400 million incentive programs, Dr. Boyer—all right, the studies of evaluations—a slight increase in the evaluations there, on the bilingual education, Doctor, not only Dr. Rodriguez, I've always watched that. We had our good friend from New Mexico on this subcommittee, Senator Montoya. But they're always just putting more and more in bilingual education, and what I suspect this involves on Sunday evenings, trying to teach physics in the Spanish language.

Do you agree with that approach—bilingual education? I can see bilingual education. In fact, I wish we had to study French when I went to high school.

Dr. MOLINA. That's not the intent of the program. If we had a youngster in high school who didn't understand a word of English, and that youngster needed physics as part of his program of studies, I would certainly propose that we teach him physics in the language he understands, while we teach him English.

Senator HOLLINGS. You and I have a basic disagreement. He'd better learn English first to learn physics and everything else, because when he gets out, he's not going to have a Spanish physicist working in the lab with him.

Dr. MOLINA. The point I'm making, Senator, is that he should continue to learn subject matter while he's learning English.

The intent of our program very definitely is to teach English as well as other subjects. There's no question about that.

Dr. BOYER. Senator, this program has one central purpose. In our reauthorization it's going to be made very clear the purpose of this program is to take children who have a language deficiency because their primary language is something other than English and teach them English so they can be successful in the school system.

That's what the legislation intends. That's the purpose of this program. And the reason we didn't ask for an expansion of the grants but rather ask for extending the research was precisely to see to it that we were able to get that objective well in place. And I think there should be no confusion about what we see that program doing.

Now, the truth is, there are court cases that mandate that where any child comes into the school without adequate English language skills because of family background, the school has an obligation to provide appropriate instruction so that he is prepared to be educationally successful.

And I'm convinced that can be done in a way that doesn't diminish the home or the culture from which the child has come. That's the objective.

Senator HOLLINGS. I understand the objective, but when you get right down to the bottom line, that should be extended. My grandparents on both sides spoke German. Do you think we ought to put German in classes or get a court to draw up a petition to find and get me a German teacher so I can understand physics in the German language?

Dr. BOYER. The court ruled that when a child who came from a home where Chinese was spoken came to school with limited English language skills, the school had an obligation to——

Senator HOLLINGS. I agree with that.

Dr. BOYER. That's what we're aiming at. That's the nature of the program. That's what our purposes are. There are occasions when one might have to use the language that the child brought in order to move him to English, but the goal is to move your student to the language that the school teaches in.

BILINGUAL EDUCATION RESEARCH

Senator HOLLINGS. All right.

So, the training grants and the support materials over to—can you elaborate some on that research where the additional $10½ million is going?

Dr. BOYER. Dr. Berry?

Dr. BERRY. You can go ahead if you want to, Dr. Molina.

Dr. MOLINA. Senator, the intent here is to get some answers to some questions that we as well as others have been asking in order to direct this program in the most effective, efficient way.

So, this year, we're asking for an increase in research, something that should have been done some years ago. We feel it's time that we move into this area.

This comes under the authorization of the Assistant Secretary for Education who delegates responsibility according to the agencies that deal with the issues. Half a million dollars of the $11,000,000 increase will go to the bilingual educational clearinghouse. This is a national clearinghouse that was installed jointly by the Office of Education and the National Institute of Education last

year. It's currently in operation, and we hope to increase this to $1 million in 1979 with the $500,000 increase.

In addition to that, we're proposing that $4 million go into the development of management training programs. There's a great need to improve the management capabilities and techniques and skills of project directors and personnel throughout the country.

And finally, we're proposing that $10.5 million go into direct research evaluation and demonstrations to be divided between the National Institute of Education, the National Center of Educational Statistics, and the Office of Education.

Senator HOLLINGS. We don't have before us the National Institute of Education. Where is that budget? Does anyone offhand know? Up to $100 million—we never could find out what it did. [Laughter.]

Dr. BERRY. Now, Senator——

Senator HOLLINGS. Well, we had my Senator friend from Alaska who'd always increase it 25 and I'd try to decrease it 25 just to get it explained. We got it down to zero around here 2 years ago because we found out about it, that everybody in the previous administration was running them into there—they were all consulting, they were all researching. That's why, when I see this research, a red flag comes up in front of my mind, because we've put $100 million in there. We're going to research everything. And now we're into a $10 million increase in research.

Dr. BERRY. Senator, I think the NIE budget is coming up later. But let me discuss the research that's in this proposal.

First of all, this research will not all be done by NIE. It will be done by three separate agencies. Some of it will be done by OE; some of it will be done in NIE; and some of it will be done by the National Center for Educational Statistics.

Let me tell you what it's for. When we started considering the reauthorization legislation on the bilingual program—we spent a lot of time discussing the issues with the Secretary and involved staff—it became very clear to us that there was a lot of information we didn't have.

Some people came to us and wanted us to make this a formula grant program where it would serve people all across the country instead of a discretionary grant. When we started looking at that, besides the fact that it's expensive, we found out we didn't know how many children out there needed to be served, nor had we any idea how to define them.

For example, if we're talking about children who grow up in non-English speaking houses—I mean, their families don't speak English—we're talking about children who grow up there but may already know some English. So, we needed some definitions to clarify these distinctions.

So, we said,

> We'll put some money into the Center for Educational Statistics, and then we'll go out and do these studies and come back with a definition and find out who all these kids are, and how many there are, so we'll know for the next time when we're sitting here trying to figure out who they are and where they are.

Then, we found out that that's only one aspect of the research needed. The other part we found out is that nobody's really sure exactly how you should teach the large number of kids who are

likely to be identified. There's a big debate about whether it should be bicultural or not bicultural, or does it help kids to learn if you teach them about their culture, but if you don't teach them about it at all, do they learn faster? Do you just stick them in there and say, "You're going to learn English from day one."

The other part of the research is trying to find out different ways of teaching the kids, for example, to see which approach works the fastest and the best. Ultimately we want to say that this is the best way to do it.

The third thing that we found that we didn't know is how do we find out whether any of these programs are really effective. We found out that we did not have enough information about the achievement levels of kids who come through a bilingual program: We needed to know if they achieved more or less and what are the factors that are related to that? Finally, we wanted to improve the management of the programs themselves. The question was how do you go about doing that. That's the last piece of the research.

So, these would be all the items that would be involved in this category that's called research, and it's being done by all three of these agencies.

BILINGUAL PROGRAM EVALUATION

Senator HOLLINGS. You had, Dr. Berry, the U.S. Office of Education evaluation of this bilingual program. If I'm correct, I think it found that the Spanish-speaking children enrolled in the sample bilingual education projects are not learning to speak and read English as quickly as comparable students not in the program.

Dr. BERRY. I'm aware of that study. It set off a serious debate among the people in the bilingual education community, researchers, and HEW staff. Many concerns were raised regarding the sampling methodology, the instrument design, even the basic questions being researched.

The results of this study as well as the substantive controversy it raised further prompted the development of the research proposal we are now discussing. We felt that before we made any decisions that would dramatically modify this program, we needed to develop more hard data.

Senator HOLLINGS. Do you think it should be controversial? It's obvious. I mean, if all of us went overseas, the next thing you know, I'd be speaking French. It's the attitude that you need to get around.

I've got a member of my staff going to the Mormon Church in Paris, now. She doesn't know French, but she's going to learn it in about 3 or 4 weeks, right quick like, and she'll be learning it quickly.

Now, this attitude of "it will be too much trauma to the personality and she should get it gradually and fit it in and not have some kind of inhibitions and frustrations and everything else like that"—these modern trends in education just don't prove out. That finding is just as obvious as anything in the world.

If you get languages, if you throw them in, you're exposed to it, and that's what you speak—you learn it pretty quickly.

Dr. BOYER. Mr. Chairman.

Senator HOLLINGS. Yes, sir.

BILINGUAL PROJECT FOCUS

Dr. BOYER. I think those data do show that there has been an unclear focus and yet there are studies——

Senator HOLLINGS. Where has the focus has been unclear?

Dr. BOYER. I think that the focus has not been clear in many of the schools as to precisely what is the primary objective of bilingual programs. The objectives are being clarified, and there are, however—this is a general conclusion, having sampled a number of experiments, we have found that within that total there are some programs that work very well because they understood the objective and pursued it with the kind of clarity that you mentioned.

We do know that having clear goals will make the objectives of the programs succeed, and there are children who need it.

So, on the basis of that study, to ignore the fact that there's an educational problem would be—like, to me, I don't want to talk about the particulars of that study. It was a sample over an 18-month period in a selected number of school districts, and it did suggest that the children were not gaining English at a rapid enough rate and maybe even at a rate that English children were achieving. That to me suggests the need not to deny it but to get on with improvement to make it work.

Senator HOLLINGS. Well, there's a lack of clear direction that's being suffered out in the hinterland. Is that a fault of the Office of Education?

Dr. BOYER. To some extent, we share in that. That's why the new authorization—and the Secretary testified yesterday in presenting that—that because this now falls under the reorganization of elementary and secondary, we intend to make it quite clear through the legislation and then through regulations what this program intends as we read the law. And we don't believe, Senator, that that means we are having to in any way diminish or do violence to children. In fact, you can strengthen their views of themselves as they master the language that's important in order to cope in the school and outside.

Senator HOLLINGS. Well, the feel, Dr. Berry, of your testimony ought to be transcribed and give it to the fellow who is going to testify for the NIE. That's better testimony than they give with their whole $100 million.

Dr. BERRY. Thank you, sir.

Senator HOLLINGS. Because we've listened and listened, and get a little frustrated.

I'd like more for the three R's and I'd like more for the disadvantaged children with the fair formula for disadvantaged children. I'm not trying to make up an urban redevelopment program, or whatever that thing is that was written over in HUD—it wasn't written in the Office of Education by educators who have been out teaching schoolchildren.

But then when you try to get those moneys there, when you get this superduper research to find new ways and everything of that kind, you realize that the budget is going just right through $184 billion overall, and they've got 1,125,217 employees, bigger than the Army, you know it gets beyond you. When you see a $100 million unit coming up, that's not your concern. That's when I see more

research here, you see—just like it's scattered around education facilities and broadcasting. We've seen it under CPP. We've seen it under different other places. We ought to correlate it from a budget standpoint and get it going in one direction.

RIGHT TO READ

All right, sir. On the right to read, that's working? Who's got that?

Dr. BOYER. The right to read has not been working well.

Senator HOLLINGS. I want to know about that program.

Dr. BOYER. The right to read is a $27 million program in which grants are given to State agencies and local school districts.

In the past, quite frankly, the right to read has become another discretionary grant program that could be given to school districts while they are getting other aid—title I, or bilingual. Standing beside that would be another grant called "Right to Read."

In our view, that misses entirely what that program intends to do and should be doing.

In my judgment and in our programmatic judgment, it has one purpose, and that is to act as a catalyst to bring together the variety of programs that might be working in a school district or at the statewide level. To use those moneys to develop a coordinated plan for the teaching of English. That money is free. It's discretionary. It can be very important in helping State education departments and local school districts to integrate their efforts.

But if we run that down a separate track along with four or five other tracks, working around the general question of how to teach kids to read, it makes no sense.

Here's the one program that has as its label the teaching of reading. It's the one program that's discretionary. We are rewriting the regulations so that those who apply are not going to simply stand by the others, but are putting into the criteria how they are going to coordinate the Federal programs and local ones so they start to reinforce each other.

In addition, I've created in the Office of Education a new task force among 14 separate programs. All of them have as one of their major purposes teaching kids to read. These can't stand in isolation.

I've asked the director of that, Gil Schiffman, who is here, to act as the team leader. For the first time we're coordinating separate programs in OE. We're meeting regularly to ask how do these goals of teaching reading interrelate; what we have learned from the separate ones.

So we get our returns in on it together and let right to read act as the vehicle through which regulations are promulgated to get local and State acts together.

That's the first time that definition has been brought to bear. It's been running, like so many of our programs, off in a little separate basket. The end result is that it has multiplied the effort.

So right to read, in my view—it's not a service program, it's not an isolated program; it's to bring together the various different scattered efforts that are now going on.

Senator HOLLINGS. Good. I can understand.

TITLE I CONCENTRATION

I don't want to nag a point, Dr. Boyer, with respect to that $400 million, but when you talk about duplication—now, what is the concentration problem to be attacked? Let's assume that was written into law now, and I had extra money for a concentrated number of poor children. Since I've got a concentrated number of poor children, the exacerbated problem that I'm trying now to treat with should be solved by allocating additional moneys in what way?

Dr. BOYER. If I understand your question, Senator, it would still be used in the same way the current title I money is used.

Senator HOLLINGS. Would there be more of it?

Dr. BOYER. Yes; more of it.

Senator HOLLINGS. Well, why? What's the concentrated problem?

Dr. BOYER. Well——

Senator HOLLINGS. In other words, the teacher and the doctor—I'm back to the same thing. I've got to go through it the hard way. I can get a doctor in Charleston. I can't get a doctor in Owingdale.

Some of it's the cost of living. I can tell you here and now to get that teacher of proficiency and to get that doctor out there, they ought to be paid extra, rather than downtown.

Dr. BOYER. It would in fact help meet that need, Senator.

If you have a very poor district in the most rural part of the State, and you had 20 percent or more of the children who were poor, not only would you get the regular title I, but that school district would be given additional money through this authorization. The extra money would help to get the equivalent of a doctor into that school, to get still more teachers

We care very much about the number.

OPERATION OF THE CONCENTRATION PRINCIPLE

Senator HOLLINGS. Let's assume Dr. Boyer comes from New York, and the city of New York, with a concentration of poor children problems, has now obtained an additional $15 or $20 million out of the program.

Dr. BOYER. Yes, sir.

Senator HOLLINGS. They have the $20 million, and you're inspecting to see that the $20 million is attacking the concentration problem.

What do you look for, and what do you find?

Dr. BOYER. May I rephrase that just a bit?

Senator HOLLINGS. Yes.

Dr. BOYER. Let's assume that 20 percent or more of their children in that district are title I children. They would not only get their title I authorization, they would get an increase of their title I authorization.

Senator HOLLINGS. That's $20 million. You've got the $20 million.

Dr. BOYER. We've got the $20 million. What we would look for in that district is the same thing we would look for under title I. Primarily, we would ask, are you using that money to get teacher aids and materials to teach the children to read and write and do computations?

Senator HOLLINGS. So in a sense they might get a little higher paid teacher and they might get an additional aid.

Dr. BOYER. Precisely. Absolutely.

Senator HOLLINGS. The rich get richer and the poor get poorer.

Dr. BOYER. No. The poor would get, not richer, but would be benefited. That's why the targeting would be on those districts where the need is clearly based on a large number of poor children. We think that that problem, whether urban or rural, should be dealt with in a special way. The purpose here is to see to it that it's not spread to those who have the least need but those who have the most need.

I could use a rural district in a State and say exactly the same thing about what we would look for and what we expect to do.

USE OF PER-PUPIL-EXPENDITURE CRITERIA

Senator HOLLINGS. If you took, as an educator always does—you folks teach us statistics, and you've got a per-pupil expenditure, and you would have per-pupil expenditure, looking at the poorest child, once you identify that poor child, regardless of whether he was concentrated or not, it seems like you try to increase the per-pupil expenditure.

Dr. BOYER. Yes, sir.

Senator HOLLINGS. If you did that, then I'd get all the money down South, wouldn't I, and nothing would get into the city of New York.

Dr. BOYER. You mean if you're starting with the per-pupil expenditure base?

Senator HOLLINGS. Yes, start with the base. Start with the per-pupil expenditure in Owingdale, S.C., per-pupil expenditure, per child, for a poor child in, say, my home town of Charleston, S.C., and the city of New York. And I've got much less, so you're getting less of an education.

What we're really trying to do is get to that poor child wherever he is, so once you find where they are, then when you find the per-pupil expenditure, the increase would be, or logic would demand that you go ahead and increase it, so that you have an increased per-pupil expenditure.

If we did that, then we'd get all the money in North Carolina and South Carolina and leave everybody up in New York poor.

I think this is gimmickry, and all the increases you've done—the basic thing—I mean, you've got to treat the child in New York and the child—you've got to feed them out of the same spoon, or if you're going to get the education and per-pupil expenditure that comes that way, I would deplore it, but I can see why they would say, well, why should we, because we pay higher taxes, continue to do that and be penalized, you know, for having paid more per student or a bigger per-pupil expenditure?

Dr. BOYER. Title I has not completely related to the other education costs, so your point is correct, although that's an imponderable, in some respects, because we do not have a clear notion of what does represent base equity.

FOLLOW THROUGH

Senator HOLLINGS. We cut down now on Head Start. We cut down $24 million. Why the misgivings about the Follow Through?

Dr. BOYER. Well, it started as an experiment, as I understand it. In our view, the research has been extensive, almost 10 years. I think we researched ourselves endlessly on this. And I think we have found out all that we can find out about what are called the alternate models.

Senator HOLLINGS. You spent about $60 million, I think, on that.

Dr. BOYER. A great deal of money.

Senator HOLLINGS. All right, sir.

Dr. BOYER. I think we know all we can reasonably learn.

The assumption was, as I understand it, that this was, as you know, to take children who have been in Head Start preschool and try to follow them into the lower grades of the elementary school. The hope, Senator, was to find certain models—an unfortunate word—but certain examples of what are good practices.

We have about 160-plus projects that have been going, some for many years. We have about 75,000 children. We don't begin to serve all the children who are in Head Start. In fact, current regulations are that you only have to have half the children from Head Start to get Follow Through money. Only half of them have to be Head Start children. So right away you're talking about some equivocation as to the notion of Follow Through.

And I think that the studies show the following: There are some projects that work very well, but there is no single project you can generalize across the country. I don't think if we researched another 10 years we would know much more than that. Therefore, the assumption is that we should begin a phaseout of this without harming the children.

We would start by not taking a new class, keeping classes that are there, so you suddenly don't find an abrupt disadvantage to children.

I understand, Senator, that the Head Start program itself, curiously, or appropriately—either way—is now extending some of their own experiments into the first three grades. In other words, they are picking up that concept, and in some ways that appeals to me more, because they are the ones who have started with the children and might better track them along the line.

Senator HOLLINGS. Can we put it there? I would agree with you.

Dr. BOYER. Good management, in my view, would argue for a continuity, growing from the base rather than coming from the top.

Senator HOLLINGS. That's how to help poor children.

Dr. BOYER. So we're proposing that you don't need part of this, but not to be misunderstood as unsympathetic to Head Start in any way.

Senator HOLLINGS. No, but I would try to add that into Head Start.

Dr. BOYER. I understand.

I don't know the full details of their program—others would—but that would represent to me a more useful continuity.

Senator HOLLINGS. You know, if you and I were king for a day, you'd be the Secretary of Education; we'd have a new department; and you'd have your hand on that Head Start also. Can you sort of inquire and let's see what we could do to beef it up and let it come through in that fashion? Because that's where the little child that's in an impoverished home—how do we define a poor child?

Dr. BOYER. Well, it's really driven by some State formulas.

Dr. BERRY. AFDC.

TITLE I FORMULA

Senator HOLLINGS. Dr. Berry, how do you define a poor child, the title I disadvantaged?

Dr. BERRY. There's an Orshansky Index which has some rather complicated things in it.

I think Dr. Fairley should answer the question.

Senator HOLLINGS. Excuse me.

Dr. FAIRLEY. The formula counts the number of kids aged 5 to 17 in families below the poverty level from the 1970 census, as well as children in families with AFDC incomes above the poverty level, which is updated annually. So it would vary.

Senator HOLLINGS. You start with the families, though, below the poverty level.

Dr. FAIRLEY. That's correct.

The thing, I think, in title I is that we look at educationally disadvantaged children to see what kids are served at the school level. So it's a program that serves kids that are educationally deprived.

Dr. BOYER. But it's driven originally by economically defined formula.

POVERTY AND EDUCATION

Senator HOLLINGS. And there'd be a wide spread in and amongst the poor, because there's plenty with no mother or father or some aunt, really a babysitter, and if they don't have a day care center, they don't turn on a TV, read a book, or else, and then they get into awfully competitive situations anything in first or second grade, and they fall right on out.

They get frustrated and lost. There should be some Follow Through there, at first and second grade, and that's where the trauma is.

Dr. BOYER. It's my view that the home situation in the early years determines whether the schoolchildren make it or don't make it. And I think a great deal of our effort should focus on that preschool period.

Senator HOLLINGS. You know, that's welfare reform. That's where we ought to have welfare reform. One of my colleagues would say: welfare reform, blah, blah, blah, blah, blah—give them only $6,000, nobody can live off of $6,000; pay the rent, pay the light bill, now, pay the clothing bill; pay the transportation bill; and there and then give them $12,000.

Well, they're not families, unfortunately. And you see these abandoned situations. If you give then $6,000, or $12,000 that could be spun off into the loan sharks, the liquor store, to buy legitimate utilities, even pay the electric light bill costs, and everything else—

they wind up with the same malnutrition they had; they just don't increase the amount.

But if you give me money, and then you get a kindergarten and a day care center program, and child care, bring them up to these day care centers and kindergarten programs, then they'll get out of welfare.

We've got a generation on welfare in our State. They go from one welfare family to the next welfare family to the next welfare family.

HEAD START

Dr. BERRY. Senator, you've mentioned Head Start. I just want to point out that our budget request for Head Start is up by $55 million this year.

Senator HOLLINGS. It is?

Dr. BERRY. That's the new request. Head Start, as you know, is in another agency of HEW.

Dr. BOYER. By legislation, it would be brought together under this program, and I want to explain the rationale. That's why they're planning to phase Follow Through out.

Dr. BERRY. The Head Start budget is up this year, to a total of $680 million.

Senator HOLLINGS. That's good. That's where to put the money in. Everybody's talking about welfare reform as economic problems, and it's human problems. That's where you start on it.

DRUG ABUSE EDUCATION

All right, sir, the Ellender fellowship and broadcasting I can understand, but when I get down to drug abuse education—you use the word "alcoholism" in there. How much is really spent to teach about alcohol in the public schools—the elementary and secondary schools?

Dr. BOYER. I have no figure for the total school picture from all sources, Senator. I can comment on this program and say that I think it's as well organized as any of the small discretionary grants, in terms of trying to use a very small amount of money to deal with a very big education problem.

Senator HOLLINGS. I'm looking at—the entire amount is just $2 million?

Dr. BOYER. That's all.

Senator HOLLINGS. You see, what bothers me is the rationale of the Secretary on tobacco education—$28 million? $27 million?

If we're going to teach about the abuse of drugs and harmful things, if I smoke a cigarette here it doesn't hurt you, really. If I drink a bunch of liquor, well 50,000 get killed in automobiles, broken families, all on account of—absenteeism from work, and everything else—loss of job—who has lost a job, or missed work on account of smoking cigarettes?

So, if we're going to start education programs on tobacco, fine, but let's go start at the beginning and put $27 million, at least, into alcohol—or probably, some $50 million into there, and then come to the drugs that are beginning now to level off some, we hope; and then tobacco.

But when you just zoom in on some $27 million on tobacco and $2 million on alcohol and drug abuse in this country, that appears to be grandstanding to me.

I don't want you to comment about the Secretary. I speak affectionately and with great respect for Secretary Califano. Mrs. Califano might get away with it, but I'm not sure. [Laughter.]

Some $46 million on alcohol, drug abuse, and mental health administration for education—$46 million?

Dr. BERRY. That's right.

Senator HOLLINGS. And you only give $2 million, when it breaks down, to drug abuse education and alcohol? That's a separate program?

Dr. BERRY. It's over in the Alcohol, Drug Abuse and Mental Health Administration.

Senator HOLLINGS. Like writing and reading, are you trying to collate and get it all together?

Dr. BOYER. I want to comment on your observation about the importance of this problem. I happen to share your view that this is a dramatic social problem; that the impact of alcohol abuse is as pervasive a social sickness as we have.

I just wanted to reinforce one point, the importance of getting at that early in the educational program, and finding ways so that young people, children, understand how to think about this, and somehow restrict this terribly oppressive social conformity that starts to take over in the later years——

DIFFUSION OF EFFORT

One of the big dilemmas in this office, Senator, is that we have just literally dozens of very small discretionary grants. Not only is that administratively hard to control when you have dozens and dozens of $2 million and $4 million and $5 million grants, but programmatically you have to raise the question, "What impact is this going to have on the education of America?"

What attracts me about this program is how it is organized. They've focused their resources around centers where they can bring in the leaders and teach the leaders. They bring in, from the school, the superintendent, and the teacher, and even the board member, and they're spending a couple of weeks in intensive study, and they can then go back and multiply it. To me, that makes a lot more sense than to give a grant here, one in New Mexico, one in Arizona, and one in Iowa. All of which is interesting, but when it's all over it's a bit like mixing water and sand.

I think this is an important program; I think it's been organized in a timely fashion. We do not have an expansion of the budget in this proposal.

COORDINATION OF EFFORT

Senator HOLLINGS. Dr. Boyer, how do you coordinate it, then, with the activities of the Alcohol and Drug Abuse and Mental Health Administration?

Dr. BOYER. I am unfamiliar with the total figure you mentioned. Is that all within HEW?

Dr. BERRY. Yes.

Senator HOLLINGS. Not in the schools? This is separate?

Dr. BOYER. I think these are not education programs. But I do want to comment on this: That Secretary Califano has been deeply concerned about the interoffice connections within HEW.

He believes—and I share this, fully—that there are some themes that touch Health, Education, and Welfare overall. In fact, it's been one of the points he's made regarding the current structure. He has organized a number of interoffice committees, or groups, to work on issues that are health related, or education related, that cut across the agency. In that regard, I think we can be encouraged that HEW, under his leadership, is beginning to see that these multiple efforts found in the various parts of HEW are coming together. This, I think, is the only one that's targeted directly on the school system.

Senator HOLLINGS. But you ought to have the majority of the money, rather than the minority of the money. That's where you start. Because the Secretary—and we've got him on the record—says that's the place to get them; that's the place where they start smoking and they start drinking and form these habits.

Now there's a question, we know, from the Volstead Act, we can't stop people from drinking. I don't believe you can stop people from smoking; they've got that right of choice. And I'm not opposing education. We earn $6 billion from cigarette taxes—Federal, State, and city taxes.

So, a $20 million educational program with $6 billion in revenues is nothing. So let's have some educational programs, but put them in the order of priorities so they get some productivity.

Dr. BOYER. The education is done, and people still have a choice.

Senator HOLLINGS. That's right. But then let's have a comprehensive one, as you indicated, not just a pilot program, and a little one here, and wasn't it nice, and then nothing's occurred. There's no continuity, or no real result.

Ask him, when you see him, to give you the $46 million and give that other crowd the $2 million, and let them go ahead and do something.

You can't do anything with $2 million. [Laughter.]

Dr. BOYER. My feel is, we're doing as much as one can on a national scale with $2 million.

Senator HOLLINGS. I understand.

ETHNIC HERITAGE STUDIES

The "Ethnic Heritage Studies," you're going to transfer, now, to the Endowment for the Humanities?

Dr. BOYER. Yes.

Senator HOLLINGS. I just made a cursory check, Dr. Boyer. The reason I asked is that the steering committee doesn't seem to know about it.

Can you elaborate on that?

Dr. BOYER. We had understood, in the OMB discussions on this, that the program would have continuity under the Endowment for the Humanities. I checked with staff people, and they do have $3 million that they were identifying with what label?

Dr. BERRY. Our information from OMB is that this is under a "New Social History" program, Senator.

Dr. BOYER. It's not quite called that, you are right. That's the label I was searching for.

Ms. BEEBE. I think the confusion is that the Endowment doesn't have a separate line item in their budget. Because what they do is they have ethnic heritage as a special priority, which is then reflected in guidelines. The OMB allowance request for the foundation includes funds which are being directed to this.

Dr. BOYER. I don't want to in any way convey inappropriate information here. We'll be happy to get our acts together, in terms of the administration's intention. We were assuming that in reporting to you this zeroing out of ethnic heritage in OE there would be a continuity of the program in the Endowment for the Humanities, where they would use this much, or more, to carry on programs that were similar in purpose.

Senator HOLLINGS. You can furnish that for the record?

Dr. BOYER. Yes, sir.

[The information follows:]

NEH SUPPORT FOR ETHNIC HERITAGE STUDIES

As an integral part of its broad mission of supporting humanistic work in American studies—including history, literature, government, and sociology—the National Endowment for the Humanities has, since its establishment, been aiding a wide variety of scholarly, educational, and public-oriented activities relating to the history and cultural contributions of the Nation's ethnic groups. This aid is provided on the basis of grant applications which are submitted by individuals and groups, comparatively rated by outside reviewers and panels of experts, and recommended by the National Council on the Humanities for support.

Although the Endowment has no specific program or set-aside for ethnic-related projects, many such projects have successfully competed for NEH grants and a large number have been funded by the agency each year. While funding in previous years has run $2-3 million, during fiscal year 1977 the agency awarded $3.6 million for 141 projects concerning ethnic history and culture.

Endowment-supported projects include television programs, museuum exhibitions, and other activities aimed at the general public; school and college curriculum materials; scholarly research and preparation of reference works; and support of archives, libraries, and other special collections of materials shedding light on the experiences of diverse ethnic and racial groups, including Afro-Americans, Hispanic-Americans, Indians and other native Americans, Asian-Americans, and white ethnic groups.

Endowment staff have indicated that they expect that the combination of the general budget increase proposed for the agency for fiscal year 1979 and its announcement of a special priority next year for projects dealing with the broad area of American social history will result in continued support for the same spectrum of ethnic-related work; and although the specific amount of Endowment funding awarded will depend, as always, on the applications received and on the recommendations of outside experts and the agency's National Council, the staff anticipate that projects concerning the history and culture of American ethnic groups will claim at least $3 million during the coming fiscal year.

EDUCATION ON PERSONAL HABITS

Senator HOLLINGS. You're the head man on education. Correlate these disparate ideas in the headlines, and let's make some headway. Call it personal habits education, or education of personal habits. That's what they are, whether it's marihuana, or whether it's alcohol, whether it's tobacco.

See, how in the world can I go down to my backyard, where we make $160 million from tobacco farming, and say: "By the way, we're going to make tobacco illegal, and we're going to legalize

marihuana." They'll say: "That crazy Washington crowd; they've really gone crazy up there." [Laughter.]

And I would tend to agree with them.

So what we're really doing is trying to educate. You can bring us into some kind of a sense—educate them about personal habits, just so the individual knows, and then later makes the choice. Don't act as though we can stamp it out through an education program, now, or stop it this way, or get into the rhetoric of how you're subsidizing this big money winner the Government's got going— $6 billion on tobacco exports. And with the value of the dollar, that's another thing.

It should come before, and be concentrated in the early stages of elementary and secondary education, and it doesn't make any difference whether it's tobacco, marihuana, alcohol, or anything else. Just make it one big budget, and start a comprehensive program in the schools of America, and you'll have something that, you know, will have a result to it.

You could lead the way.

Dr. BOYER. The Secretary has repeatedly indicated that the issue essentially was an educational one. Clearly, that's not the only problem which illustrates that fact.

SUBMITTED QUESTIONS

Senator HOLLINGS. I have some additional questions that I am going to submit for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ESEA, TITLE I - HANDICAPPED SET-ASIDE

Question: The Senate Report which accompanied the 1978 Labor-HEW bill directed the Office of Education to prepare a report by February 1 showing how funds for the Education of the Handicapped Set-aside under Title I are used in comparison with the funds provided under the new Education for All Handicapped Children Act. The report is supposed to state whether there is still a need for this Title I set-aside. This report was received by the Committee on February 17. This report does not include any recommendations about the need for the Title I set-aside. Do you recommend that the Congress continue to fund this set-aside?

Answer: P.L. 89-313, since 1965, has been the most important Federal educational support for handicapped children in State-supported and State-operated residential and day facilities. The passage of the Title I set-aside was based on the realization that the Federal government could assist the States with the task of delivering services to those children requiring comprehensive and intensive education and related services. Those children receiving funds under P.L. 89-313 are the most severely impaired of all. The cost of providing free appropriate public education for them may require up to five times the cost preservices to the less severely handicapped usually counted under P.L. 94-142. Federal involvement and commitment to these children has been sustained during the past 12 years and it has shown results in the States' initiative, development, and improvement of services to these handicapped children.

The momentum of the P.L. 93-313 program has become increasingly evident through the intensive educational services provided in institutional settings and the movement of children into community settings and LEAs. With passage of P.L. 94-142 and its insistence on a free and appropriate public education for all handicapped children, the States are devoting effort and resources to meeting the law's mandates. Continuation of the P.L. 89-313 program would allow the States to implement the provisions of P.L. 94-142 without major disturbances caused by modifications in either of these programs. Maintaining the Title I set-aside assures, during the period when the States are required to meet the educational needs of all handicapped children, that those children in State-operated programs will receive the comprehensive and necessarily more expensive services that they need.

Question: If we continue to fund this set-aside, won't it serve as a deterrent to moving handicapped youngsters from State institutions into regular school programs that also serve handicapped youngsters?

Answer: No, it will not serve as a deterrent. On the contrary, we believe that the P.L. 89-313 program encourages the transfer of children from residential settings to local education programs, particularly those children who are capable of functioning in and benefiting from services offered through the LEA. It does this by allowing such children to continue to be counted as eligible recipients of P.L. 89-313 funds, with these funds being transferred from the institutions to follow the child into the LEA placement.

The Bureau of Education for the Handicapped program data indicates that in fiscal year 1975 approximately four percent of children receiving services through the P.L. 89-313 program were in LEAs; in fiscal year 1978 approximately 11 percent of those children counted are in LEA programs; and in fiscal year 1979 this percentage is expected to be slightly higher still. The numbers of children served in day programs operated by the States also have shown an increase during the fiscal year 1975-79 time period indicating a concomitant decrease in the numbers of handicapped children served in residential facilities. It is our conclusion that the P.L. 89-313 program, far from being a deterrent to deinstitutionalization, actually encourages its spread.

ADMINISTRATION - TITLE I STUDY

Question: There were several other findings in the compensatory education study that were critical of the Office of Education's administration of the Title I program.

What have you done to assure that the Office of Education applies consistent standards in identifying violations of Title I rules and regulations?

Answer: The policy statement on supplement not supplant will identify the tests to be used in identifying violations of this requirement. These tests will be used consistently by OE and the HEW Audit Agency.

Question: What have you done to reverse the trend that States are increasingly unsupervised in the use of Title I funds?

Answer: Additional staff is being assigned to the administration of the Title I program. More comprehensive program reviews will be conducted and increased technical assistance will be provided.

Question: Are you assembling and distributing a precisely-phrased package of legal interpretations which, according to the study, would resolve the overwhelming number of difficult administrative questions facing States and local school districts?

Answer: Yes. A manual of all Title I statutory and regulatory requirements and legal interpretations has been drafted. This manual, when finalized, will be distributed to State departments of education and local school districts.

INCONSISTENCY IN MONITORING

Question: Last November the National Institute of Education completed its congressionally mandated study of compensatory education, as funded under Title I of the Elementary and Secondary Education Act.

The study said that the inconsistency of the Office of Education's day-to-day monitoring and enforcing of the Title I program confuses the States and school districts about their exact requirements in carrying out the program.

What has the Office of Education done in response to this statement?

Answer: The National Institute of Education's criticism of OE was primarily concerned with OE's enforcement of the supplement not supplant provision of the statute and regulations. OE has developed a policy statement for publication in the Federal Register on supplement not supplant to guide OE, SEAs and LEAs and for use of auditors in identifying violations of rules and regulations.

Question: How long will it take to develop a clear and concise policy for the State and local school districts to follow:

Answer: A policy manual has been drafted and presently is being revised before being issued in final form.

REGULATIONS

Question: There has been much criticism of late that the regulations for Title I programs are sufficiently unclear, that States and LEAs either unwittingly violate regulations, or go to the other extreme of developing unnecessarily restrictive policies for Title I programs.

What are you doing to alleviate this problem?

Answer: The policy statement on the most complex issue, supplement not supplant, will clarify to SEAs and LEAs the Title I requirements so that LEAs will no longer unwittingly violate regulations and SEAs will not develop unnecessarily restrictive policies.

Question: Do you hold workshops or other training activities for State Title I Coordinators?

Answer: OE will hold workshops for Title I Coordinators on the policy manual and the policy statement on supplement not supplant and will assist SEAs to hold workshops for LEAs. OE has always held workshops on all proposed rules and all final regulations.

Question: Have you considered re-writing the regulations for this program to improve their clarity?

Answer: Yes. The Secretary has stated that all OE regulations will be recodified and rewritten for simplicity and clarity.

INFLATION AND TITLE I

Question: It has been estimated that, adjusting for inflation, the "real" level of appropriations for Title I LEA grants was lower for FY 1977 than for FY 1966.

Is the request for Title I grants to LEAs sufficient to bring the "real" -- adjusted for inflation -- level for LEA grants at least up to the level for such grants for FY 1966?

Answer: Yes. The appropriation request for 1979 for grants to local educational agencies exceeds the "real"--level of such grants for 1966.

TITLE I FUNDING

Question: Education of the Disadvantaged, Title I of the Elementary and Secondary Education Act, provides compensatory education to approximately 5.6 million students. There are nine million students currently eligible for Title I services. Two-thirds of the students served are in grades 1-6.

How much would it take to provide compensatory education to all nine million disadvantaged students who are eligible for the program?

Answer: It would take about $5 billion to fund the maximum authorization for school year 1979-80 for the nine million children counted in the Title I formula.

Question: Do you believe we should work toward serving all nine million eligible children?

Answer: We do believe that we should work toward serving all eligible children over a period of time.

Question: How many years would it take to increase program funding so that all of these children could be served?

Answer: The number of years it would take to fund the program at its maximum authorized level for the nine million formula children would depend on the amount appropriated each year. The amount requested for the 1979-80 school year represents 51% of the maximum authorization.

URBAN-RURAL INITIATIVE

Question: The Title I, Education of the Disadvantaged, Program's 1979 budget includes $400 million as part of proposed legislation to create an urban-rural initiative.

Would you briefly explain this proposed program and tell us why you believe it is needed?

Answer: Districts with very high concentrations of poor students have special problems. First, additional educational needs--necessitating additional educational resources--are created by large concentrations of poverty children in schools and school districts. Second, Title I dollars don't go as far in very poor urban and rural districts as they do in other school districts, due to high costs in urban areas and the very low State and local per pupil expenditures in the poorest areas. To meet these problems, we propose that a targeting provision be added to Title I to inject some extra funds--on top of Part A--into these poverty-stricken areas. The funds would be allocated to districts that have at least 20 percent or 5,000 poor students. $400 million in fiscal year 1979 is being requested for this provision. Using this formula, extra funds would flow to about 3500 of the Nation's 14,000 Title I districts, containing approximately two-thirds of the nine million Title I eligible students.

Question: Is is true that $230 million of the proposed $400 million would go the Nation's five largest cities? How much would go to rural school districts?

Answer: Approximately $127 million would go to the Nation's five largest cities. About $95 million would go to rural school districts, primarily in the southern States.

NEW LEGISLATION

Question: Would you briefly outline the specifics of the Elementary and Secondary Education reauthorization proposals announced by the President yesterday?

Answer: The Administration's reauthorization proposals are as follows:

--strengthen commitment to basic skills education in Title I of the Elementary and Secondary Education Act--the compensatory education program; and add a new provision to concentrate a major share of increased Title I funding on those school systems most in need;
--create a new program to encourage state implementation of their own compensatory education programs;
--provide additional flexibility in the Emergency School Aid Act, designed to assist in desegregation, so that funds can be retargeted from areas where they are no longer needed to areas of greater need;
--create a new research and demonstration effort in the area of basic skills, and enhance our efforts to link schools with employers and other community resources;
--implement a phased, gradual but substantial reform of the Impact Aid Program;
--strengthen the bilingual education program with emphasis on teaching English as a primary and overriding goal but permitting flexibility in use of first language and culturally sensitive approaches to help achieve this goal;
--strengthen participation of private schools in existing grant programs.

Question: Are you recommending any formula or funding proposals that would directly impact the appropriations process?

Answer: If the legislative proposals we are recommending to the Congress are enacted they would directly impact the appropriation process over the next few years. However at this time in the appropriation process we are not requesting any additional funds to implement these proposals. We will be requesting later this year an additional $400 million for Title I, ESEA and $676 million for SAFA once the proposed legislation is enacted into law. In subsequent years we will be requesting additional funds to implement all the proposals.

TUITION TAX CREDITS

Question: The State Finance Committee has marked up a tuition tax credit bill that includes tax credits for elementary and secondary and postsecondary education. During our hearing with Secretary Califano, I voiced strong opposition to tax credits for elementary and secondary education. Such a program would certainly serve as an impetus to private, segregated schools in the South. In general, tuition tax credits would pose a serious threat to our public school system. What is the Administration's position on tuition tax credits for elementary and secondary education:

Answer: The Administration opposes extending a tutition tax credit for tuition charges paid by families for the cost of elementary and secondary education. We note that we are joined in this opposition by such groups as the National Education Association, the National School Boards Association, and the National Parents-Teachers Association. The reasons for our opposition are as follows:

-- The credit initially would be expensive and revenue costs would rise over time even without an increase in the basic credit amount;

-- A credit raises a number of serious issued related to the Nation's historical commitment to public school education.

Revenue Cost: There is additional revenue cost in extending the credit beyond higher education. For instance, in S. 2142, a non-refundable maximum credit of $500 or 50 percent of tuition charges at all levels of education would cost around $4-1/2 billion at 1980 levels of income. However, because the number of students attending private elementary and secondary schools could be expected to increase, this revenue loss would increase over the years even without an increase in the maximum credit amount.

Effects on Public School Education: Any increase in private school attendance would also have serious repercussions on public schools.

First, an increase in private school attendance would correspond to a decline in the number of students attending public schools. A number of public school systems recently have undergone dramatic changes because of declines in birth rates, and a further decline would place further strains on those systems.

Second, a credit might be interpreted as an incentive for State and localities to charge tuition for public education at the primary and secondary level. Certainly in the short run, it is doubtful that there would be any dramatic effect of the credit on charges by public schools. Institutionally, tuition charges currently are not allowed in most States and localities. However, in the long run, it is not clear what the incentive of a tax credit may do. Perhaps a small charge for books or other fees would be allowed, or some minimal tuition charge in place of a minimal fee schedule. Whatever the eventual reaction, the bill clearly reverses past practices by offering an incentive to charge such tuition or fees.

Third, substantial progress has been made over the last 15 years in the desegregation of both public and private schools. The effect of a tuition tax credit in this area is an unknown factor. Most bills limit the credit to expenses of tuition and fees at tax-exempt institutions in order to prevent the credit from going to schools that have had discriminatory racial policies. Still, at a minimum, it is clear that the credit would make it easier and cheaper for a student to attend a private school if his family wished to avoid an integrated public school.

Fourth, without a phase-out of benefits for higher income taxpayers, some of the credit would certainly go to families with substantial income who send their children to elite private schools. Given our commitment to providing equality of opportunity through our public school systems, the Administration seriously questions whether public monies given to those families would be well spent.

EFFECT ON FEDERAL AID TO EDUCATION

Question: If enacted, what effect would the tuition tax credit have upon Federal aid to education?

Answer: Since tuition tax credits would represent a substantial revenue loss to the Treasury for education-related expenses, they could result in reductions in direct funding of existing (or new) Federal education programs. In addition, if more middle income parents were to enroll their children in private schools, this further decrease in public school attendance could only make raising education funds through bond issues or taxes even more difficult.

ADMINISTRATION PROPOSAL

Question: What specific alternatives to this proposal would you recommend for consideration?

Answer: To ensure equitable treatment of private school students consistent with sound constitutional interpretation, we propose the following legislative changes:

In Title I of the Elementary and Secondary Education Act, require that spending for educationally deprived nonpublic school children is comparable, consistent with their numbers and education need, to spending for public school children; require that new Title I funds distributed through the Targeting and State Incentive provisions are subject to the same equitable standard; require that State plans contain monitoring and enforcement provisions concerning participation of nonpublic school children.

In Title IV ESEA, require States to develop a plan for ensuring equitable participation of nonpublic school students in all Federal programs.

Strengthen and clarify the "by-pass" authority which the Federal government may use to provide constitutionally

permissible services directly to nonpublic school students if the States and localities fail to discahrge their statutory obligations.

In addition, we have also taken, or will take, administrative steps to fulfill the President's commitment to private education:

We will establish a new Office for Nonpublic Schools within the Office of Education. This Office will coordinate all Federal education programs which call for the participation of private school students, obtain information about the level of nonpublic student participation in Federally funded education programs, and process complaints.

We have already established a much more precise and systematic complaint process.

We will make sure that qualified representative of private schools are placed on educational advisory committees.

MAJOR THRUSTS OF A COMPREHENSIVE SCHOOL HEALTH PROGRAM

Question: What should be the major thrust of a comprehensive health education program?

Answer: In our forgoing responses we have referred to a comprehensive school health program, one component of which is health education. A brief description of a comprehensive program would include the following points:

Health Education - providing learning experiences, which constitute a broad, sequentially - organized, scientifically-based curriculum, to enable and encourage the individual to make sound judgements in maintaining and improving his/her health and that of family and community.

Health Services - providing medical, dental and other services to determine and protect the individual's health status, to correct or adjust any conditions that may affect learning and functioning, and to enhance opportunities for health education.

Healthful and Safe Environment - providing and maintaining an educational environment to protect and enhance the physical and mental health and the safety of children and personnel and to promote learning.

Health Manpower - the education of health professionals and the training of technical, ancillary personnel, including guidance and counseling on health careers and the health aspects of occupations and professions.

ASSOCIATE COMMISSIONERS OPINION

Question: The Compensatory Education Study quoted the Associate Commissioner for Competency Education Programs as saying, "We see it (Title I) as the Federal Government's major contribution to educational finance or support... Money is to be used to finance better services about which we have little to say." The Study says that these, and similar views of the Associate Commissioner, cause Office of Education review teams to give little or no attention to the supplanting issue.

Is this quotation, in fact, the way that the Office of Education views the Title I program?

Answer: The statement quoted in the question was not made by the Associate Commissioner, CEP, nor does it represent either his views or those of the Office of Education about the Title I program. (The Compensatory Education Study attributed the statement to a "CEP official," not to the Associate Commissioner.)

The Office of Education's view is that the intent of Congress was and is that Title I is to provide extra educational resources to improve the educational services received by educationally deprived children.

As stated in the appendix to Secretary Califano's testimony of February 28, 1978, before the Elementary, Secondary and Vocational Education Subcommittee of the House Education and Labor Committee, the Office of Education understands that "The purpose of Title I is to provide funds on a formula basis for supplemental compensatory services to educationally deprived children in schools with high concentrations of children from low-income families."

This Office of Education view of the legislative purpose of Title I is supported by Senate Report 93-763 on the Education Amendments of 1974 issued March 29, 1974, by the Senate Committee on Labor and Public Welfare. This Senate Committee report says Title I "was passed in 1965 to provide financial assistance to local school districts in planning and operating special programs for educationally deprived children" (p.9).

With respect to the specific services or academic instruction to be provided with Title I funds, the Office of Education view is that Title I neither allows nor contemplates Federal control of curriculum nor of the special services which are to be provided with funds made available under the statute. This view also is supported by Senate Report 93-763, which discussed Committee consideration of a proposal that 75 percent of Title I funds should be used for instruction in basic skills such as reading and mathematics. The Senate report says:

"...The Committee believed it inappropriate for the Federal government to substitute its judgment on appropriate compensatory education programs for that of local and State officials.

"Title I programs have offered flexible responses to local problems facing the disadvantaged; local officials are charged with developing local solutions to meet their specific needs.

"...The Committee decided to leave local program decisions to local school authorities. The Congress and the Federal government cannot sit like a giant school board in Washington making educational decisions for the entire country. To so limit local flexibility in developing Title I programs would be the first steps toward Federal control. These steps the Committee refused to take" (pp.30-31).

The Office of Education does believe, however, that the quality of Title I programs is a proper concern to be included in its administration of the law. Accordingly, USOE has consistently required and continues to require that each school district using Title I funds make an objective assessment of educational needs to be addressed with those funds. USOE also requires that each such district be able to show that the activities undertaken with Title I funds have some logical relationship to the identified needs. Further, the Office of Education is directly and actively concerned with the effects of Title I activities, as demonstrated by the evaluative efforts which are required and conducted by State and local education officials under terms of the statute and regulations. These evaluative requirements, like the supplanting requirements, are an integral part of every program review and related program monitoring activities by USOE personnel.

The Office of Education also believes that Congress intends that Office of Education administrative activities should insure that Title I funds are used solely to supplement the educational services and programs which would be available to legislatively intended recipients in the absence of Title I. Further, the Office of Education believes that Title I funds are not to be used to supplant State or local funds which would be used to provide educational services for the recipients of Title I services if the Title I services were, in fact, not available.

Title I program review teams use a standard procedural format, including a uniform set of prospective issue areas, as a guide to conducting all reviews. There has been no change in the standard procedural format nor in the set of prospective issue areas to be reviewed. Therefore, no change has been made in monitoring requirements which would have the effect of deemphasizing or otherwise slighting consideration of the supplanting issue. If review team personnel have, nevertheless, minimized monitoring of supplanting, their actions in doing so were contrary to established operating procedures. As a result of statements which the study attributes to review team personnel, Office of Education managers have reemphasized the need for review team members to monitor supplanting issues as the procedural format provides. The Office of Education view is that such monitoring is essential to insuring that the categorical aid requirements of Title I are followed and that intended recipients receive the full benefits for which they are eligible under the statute.

SUPPLANTING

Question: The compensatory education study pointed out that there had been a marked decline in the reporting of school districts that are supplanting State and local funds with Title I funds. The number of districts reported to be supplanting decreased from 346 in 1972 to 11 in 1977.

How do you explain this decline in the number of supplanting allegations over the past five years?

Fiscal Year	Supplanting Allegations
1971	198
1972	346
1973	80
1974	32
1975	64
1976	9
1977	11

Answer: Technical assistance and program monitoring by OE and SEAs, as well as HEW audits, have been effective in reducing the number of supplanting allegations over the past five years.

MIGRANT EDUCATION

Question: The Office of Education's ruling that the issuance of migrant education grants to State education agencies be based upon the date of approval of the Office of Education rather than upon the date of receipt of the application is creating problems for State migrant education programs. The slowness of the Office of Education in processing these claims should not place a penalty upon the States with migrant programs. This is the only segment of the Title I program that has this Office of Education imposed requirement.

Why has this requirement been imposed for this program?

Answer: The legislation requires the submission of a State application showing how the Title I migrant funds will be used. OE's relationship to the State educational agencies (SEAs) with respect to their migrant education programs is similar to the relationship of the SEAs to local educational and State agencies for the other Title I programs.

Question: Don't you believe that the requirement unnecessarily makes it difficult for the States to carry out migrant education programs?

Answer: No. The date an application is submitted becomes its approval date, provided that the application is complete. Therefore, the beginning of the project period is shown on the grant award as the original submission date. The grant award, however, is not officially issued until the application is approved by OE.

Question: What action would be required to change this requirement and bring funding procedures back into line with the rest of the Title I program?

Answer: Funding procedures for the Title I migrant program have never been "in line with the rest of the Title I programs." The only way that Title I migrant funding procedures could be brought in line with other Title I funding procedures would be to eliminate the statutory requirement for OE's approval of a specific State program application prior to the issuance of a grant award.

NEH SUPPORT FOR ETHNIC HERITAGE STUDIES

Question: The 1979 budget recommends no funding for the Ethnic Heritage Studies program. The justification states that "the program is being replaced by a new social history initiative under the Endowment for the Humanities."

However, the Endowment for the Humanities has no idea of what is meant by the so-called social history initiative. Further, the Endowment currently has no plans for a new social history initiative.

What, in fact, is the status of Ethnic Heritage Studies?

Answer: The Office of Education is not requesting any funds in 1979 for the Ethnic Heritage program. Staff of the Endowment for the Humanities have indicated to us that although they have no specific program on set aside for ethnic related projects, they expect to announce a special priority next year for projects dealing with the broad area of American social history including ethnic-related projects. The NEH staff anticipates that projects concerning the history and culture of American ethnic groups will claim at least $3 million during 1979.

Ethnic Heritage Studies

Question: How do you explain the statement from the endowment that it has no plans in this area?

Answer: The Endowment for the Humanities does not have any plans for a categorical program for ethnic related studies, or social history (nor for other specific subject matters). They do plan to give special priority to activities dealing with American social history which includes the historical experiences and cultural contributions of ethnic groups in this country.

SUPPORT AND INNOVATION

The Support and Innovation program was created several years ago when four smaller education programs were consolidated into one program. Funds from Support and Innovation may be used to strengthen State education departments for droupout prevention and for nutrition and health activities.

Several States have said that they are having to cut back programs funded under this activity because there has not been a funding increase in several years.

Question: Do you find that States are, in fact, having to cut back activities funded under this program?

Answer: Yes. There are 22 States which by virtue of the mandated formula would have suffered reductions. Because of the "hold harmless" provision these States are held to their 1974 level as a minimum. The Title IV-Part C funds which nationally have increased in 1976, 1977, and 1978 are used primarily for two purposes:

1. strengthening State educational agencies leadership resources.

2. developing and replicating exemplary educational programs within local educational agencies.

The amount of money which may be used for strengthening activities is either 15% of the total appropriation or the fiscal year 1973 categorical appropriation for that purpose if higher. The fiscal year 1973 level has continued to produce a larger set-aside than the 15% for strengthening; thus the amount States have been able to use for this purpose has remained constant over the life of the program. As the cost of salaries, materials and other services have risen State department activities have been cut back.

Question: What are the major activities carried out by States under this program?

Answer: Developmental and exemplary projects funded under this program served nearly seven million public and private school children at the pre-school, elementary and secondary levels during the 1976-77 school year. Over 3,000 projects were operational, enabling local school systems and regional service centers to pursue educational improvement strategies, and in-service training programs. Project objectives include outcomes for students, teachers and administrators in all areas of educational endeavor such as career education, the basic skills, guidance, art, and health; programs for the gifted and talented, the handicapped, the potential dropout; and programs for the development of media and modes of instruction which transcend narrow curricular categories.

Question: Why was no increase recommended for this program in Fiscal Year 1979?

Answer: Budgetary restrictions and program priorities required a hold the line philosophy for this program for this year.

SCHOOL HEALTH PROGRAMS

Question: Many schools are becoming increasingly interested in Health Education programs. More and more people are supporting the idea of a comprehensive health program in Elementary and Secondary schools. What types of Health Education activities is the Office of Education involved in?

Answer: We consider a comprehensive school health program to consist of several components: health education, health services, and a healthful and safe environment. There is also the important element of health manpower, that is, the education of health professionals and the training of technical, ancillary personnel. In the Office of Education, there are 23 programs that relate, directly or indirectly, to one or more of these school health components. We are currently reviewing these programs to determine how we can strengthen their impact upon school health.

An example of such a program is the Elementary and Secondary Education Act, Title IV. Part B funds can be used to obtain health instructional materials, textbooks, and equipment and for minor remodeling of classroom or laboratory facilities (LEA discretion). Part C funds can help strengthen SEA resources for health education (consultants, curriculum development, technical assistance, etc.) Part C will also support demonstration projects in health education (SEA discretion). In FY 1977, 24 States provided grants for 78 health education projects involving $2.2 million. Two OE program officers are each working 1/4 time to give special attention to ESEA IV-C health efforts and other program officers and administrators are encouraging the promotion of school health through conferences, on-site visits and other monitoring activities.

The Alcohol and Drug Abuse Education Program is another example. Information on this program is given elsewhere in the testimony.

Further, OE staff serve as members of a number of HEW task forces that deal with aspects of school health.

Most importantly, we are now developing a major initiative on comprehensive school health programs at the direction of Secretary Califano. OE has the lead and the Public Health Service is a full partner. Other Federal agencies are expected to be involved also.

PHYSICAL EDUCATION

In the related area of physical education, OE has had a major role, along with the Department of State, in a series of Unesco conferences and activities on physical education and sport. The Assistant Secretary for Education and the Commissioner of Education jointly sponsored the National Conference of Senior Officials to Consider Unesco Recommendations on Physical Education and Sport, held in Washington, D.C., November, 1977. We are now reviewing the Conference recommendations for appropriate implementation.

The Office also funded two recent studies. One provided new national norms on youth fitness and enabled the comparison of the fitness

status of youth in 1975 with that of 1965 and of 1954, derived from two previous studies.

The second study, now being completed, provides up-to-date information on the status of physical education in the Nations schools.

The Office of Education continues to cooperate with the President's Council on Physical Fitness and Sports toward the improvement of fitness of school children and youth and the general public.

COOPERATION BETWEEN THE OFFICE OF EDUCATION AND HEW'S HEALTH AGENCIES

Question: Are you working with HEW'S health agencies to make their health education activities available to schools?

Answer: Yes. As indicated in the previous answer, a number of activities are underway, not only in health education but also in other components of a comprehensive school health program.

Our most significant area of cooperation is in the Comprehensive School Health Initiative. An ad hoc committee from the Education and Health Divisions has been working on preliminary plans. We, with the cooperation of the Assistant Secretary for Health, will soon form an official interagency task force.

OE has provided substantial support to the President's and Secretary's Immunization Initiative, particularly in working with State and local educational agencies and with national education organizations and the PTA.

Other HEW task forces on which OE staff are serving include the following: Smoking; Teen-Age Pregnancy and Parenting; Sexually- Transmitted Diseases; Nutrition; and Early, Periodic Screening, Diagnosis and Treatment.

Obviously, all of these subjects are part of a comprehensive school health program, involving the same school clientele and similar approaches to the solution of problems and enhancement of the health of school children. We hope through the initiative on comprehensive school health to effectuate the coordination of these efforts which are now somewhat independent one from the other.

FEDERAL ASSISTANCE FOR COMPREHENSIVE SCHOOL HEALTH PROGRAMS

Question: How much Federal money should be involved if we were to assist States with the implementation of a comprehensive health education program?

Answer: A number of Office of Education programs impinge on school health programs. They involve considerable amounts of funds, relatively small amounts of which are directed toward the promotion of school health, not only for health education but other aspects as well. In addition, large amounts are available from other HEW

agencies particularly for health services that may benefit the school child, e.g., immunization and EPSDT which is under Medicaid. We can, and are trying to, focus all of these programs more effectively on school health programs.

However, even though we become extraordinarily successful at redirecting available resources these will not be adequate to meet the enormous task of improving and extending school health programs throughout the Nation. For humanistic reasons, we must help each child profit most from education and to attain optimum development. For economic reasons we must reduce the staggering costs of health and medical care through preventive measures and health education. School health programs play a vital part in such a national effort. They must be strengthened.

With funds currently available to OE for salaries and expenses, we are earmarking a substantial amount, possibly as much as $100,000 to carry-out the school health initiative. We believe that other HEW units will also try to redirect some funds for this purpose.

PURPOSES OF NEW FEDERAL ASSISTANCE FOR SCHOOL HEALTH

The purposes for which additional Federal funds could be targeted to promote comprehensive school health programs include the following:

Grants to State Educational Agencies for school health leadership and advocacy, consultant services and coordination with other State and local public, professional and private agencies in the promotion of school health; for curriculum development, demonstration programs, evaluation, validation and replication; for staff development and pre-service and in-service education of school health personnel.

Grants to local educational agencies for the improvement of health programs in public and non-public schools; for professional staff including school health consultants and coordinators to work with other community agencies; for development, evaluation and adoption of comprehensive school health programs, including expanded health services; for staff development including the training and employment of new types of school health personnel, e.g. school-nurse practitioners; for summer programs of nutrition/health/fitness/recreation for low-income children; for parent education and involvement in school efforts to foster the healthy development of children.

Discretionary grants to institutions of higher education for demonstration projects on improvement of pre-service education of elementary classroom teachers for health responsibilities and of undergraduate and graduate education of school health specialists.

Funds available to OE to improve evaluative procedures and measures of school health programs and to the National Institute of Education for research on health behavior motivation and reinforcement and for more effective health education methodologies.

ALCOHOL AND DRUG ABUSE EDUCATION

Question: In its 1978 Labor-HEW report, the Committee directed the Office of Education to work closer with State and local resources, including in-state training programs, when they are available. The report further directed that the large expenditures for travel and housing be reduced. What have you done to improve cooperation with State and local alcohol and drug abuse officials and programs?

Answer: The Program has always had excellent relationships with local officials who like the Program because it is designed to identify and mobilize local resources to focus on a local problem and to facilitate productive relationships between the school and other community agencies.

At the State level the problem is complex because of the number of State agencies involved in alcohol and drug problems. In an increasing number of States, Single State Drug Abuse Agencies, Single State Alcohol Authorities and State Education Departments are already involved. In some States there is little cooperation; in others there is excellent cooperation. The Program has always sought to facilitate communication and cooperation among them and to work cooperatively with them. This is reflected in a contract supported with Fiscal Year 1977 Program funds which has as an objective to bring about closer coordination of State Education Agency efforts with those of other State agencies engaged in prevention efforts. This would include not only the State Drug and Alcohol Authorities, but also the State Planning Authorities under the Law Enforcement Assistance Administration and Mental Health Authorities.

Question: What has your office done to assure that State and local resources are more fully utilized?

Answer: The basic philosophy of the USOE Alcohol and Drug Abuse Education Program is to develop ongoing local capability. A major part of the training of teams is assessing their local resources and effectively mobilizing them in a cooperative effort to prevent destructive use of alcohol and drugs, along with other destructive behavior.

Nolan Estes, Superintendent of the Dallas Independent School District testified before the Subcommittee on Select Education in January, "... there is an abundance of evidence that suggests that we have not had any program that has provided greater dividends than this program.... Again, no program, in my estimation, has been more successful." Local school officials almost universally like the Program precisely because it identifies and mobilizes local resources to cope with local problems.

As has already been noted, with Fiscal Year 1977 funds the USOE Alcohol and Drug Abuse Education Program initiated a contract for a technical assistance effort directed at State Education Agencies. While the principal thrust of the contract is to explore what kinds of technical assistance the Program with its limited funds can make available to State Education Agencies, an important sub-goal is to bring about increased cooperation and coordination between the State Education Agencies and the State Alcohol and Drug Authorities in the

interests of comprehensive State-wide substance abuse prevention plans. A first meeting under this contract of State educational personnel involved in alcohol and drug abuse prevention will be held on March 24, 1978. The meeting is the result of an intensive three-month survey of the States that looked into the present status of State educational prevention efforts and the degree of coordination presently existing between the State Education Agencies and other State Agencies concerned with substance abuse prevention.

Question: Have you complied with the directive that the large expenditures for travel and housing be reduced?

Answer: With Fiscal Year 1978 funds the USOE Regional Training Centers are not bringing teams to a central location for the basic two-week training cycle. They are doing on-site follow-up training and technical assistance and developing local training capacity in the 40 urban school districts where at least four teams have already received the basic training and are implementing programs in the 160 individual schools involved. Although this does not eliminate travel and per diem costs it does reduce them by approximately 75 percent.

Question: Can you specifically detail how you coordinate your program with the activities of the Alcohol, Drug Abuse, and Mental Health Administration?

Answer: -- Director of the USOE Program is on the Advisory Board of the NIDA, National Institute on Drug Abuse, National Drug Abuse Center, (NDAC).

-- USOE Program staff regularly participate in inter-agency meetings to review NDAC program activities and to provide input into future programmatic activities.

-- Director of the USOE Program participated in the consultant orientation for NIDA's Multicultural Awareness Center.

-- Director of the USOE Program is on the Editorial Board of NIDA Research Monographs.

-- In the past year USOE Program staff have served on the review panels for three major NIDA contracts: the National Drug Abuse Center, PYRAMID, and the Regional Support Centers.

-- NIDA staff have been invited to and have participated in a number of USOE-sponsored conferences particularly in the area of inservice training of college teachers and the preservice training of future teachers in colleges of education.

-- USOE Program staff and NIAAA, National Institute on Alcohol Abuse and Alcoholism, Prevention staff regularly brief one another on program status and directions.

-- A USOE Program staff member recently participated in the review of proposals under an NIAAA RFP to replicate three prevention models at other sites.

-- Director of the USOE Program is a member of the NIAAA Interagency Committee on Federal Activities for Alcohol Abuse and Alcoholism.

-- Director of the USOE Program is on the NIAAA Prevention, Education and Information Task Force.

-- Director of the USOE Program was a member of the ADAMHA group to develop NIAAA initiatives for women and youth.

-- Director of the USOE Program participated in the HEW/Office of Drug Abuse Policy overall policy review.

Both groups in ADAMHA, Alcohol, Drug Abuse, and Mental Health Administration, (umbrella agency for NIDA, NIAAA plus National Institute of Mental Health (NIMH): NIDA and NIAAA, have always had open invitation to participate in USOE Program activities.

ELLENDER FELLOWSHIPS

Question: The budget recommends that no funds be provided for the Ellender Fellowship program. Funds provided by these Fellowships allow students from economically disadvantaged families to visit Washington as part of the Close-Up program.

Why are you recommending the termination of the Federal support for this program?

Answer: No funding is requested for this program since similar efforts can be supported by the private sector. The fact that the Ellender Fellowships are currently matched by funds from other sources at the local level attests to other available support.

Question: Do you have assurances from the Close-up Foundation and/or private sector representatives that the elimination in Federal funds will not harm the Close-Up program?

Answer: No, we have not received any assurance from them.

FOLLOW THROUGH EVALUATION

PHASE OUT

Question: You have apparently based your decision to phase out the Follow Through Program on the recently completed National Evaluation. But there are a number of unanswered questions about the methodology and findings of this study.

Answer: The decision to phase out the Follow Through program is not based on the evaluation findings being currently debated. Follow Through is an experimental program designed "--- to explore the effects of a number of promising approaches to the education of children from low income families in the early elementary grades" (Follow Through Program regulations 158.3 paragraph a). Follow Through is being phased out because sufficient data has been collected and analyzed within the existing situation to indicate future policy toward innovation in early childhood education.

CONFLICTING REPORTS OF EFFECTIVENESS

Question: For example, isn't it true that some of the projects labeled ineffective by the evaluators were found effective by the OE-NIE Joint Dissemination Review Panel and funded as Resource Centers?

Answer: In considering the apparent lack of agreement between the Joint Dissemination Review Panel (JDRP) and the Follow Through evaluation staff, three important factors must be kept in mind. First, the Follow Through evaluation staff has been primarily concerned with determining which models have been effective. The JDRP was solely concerned with determining whether the practices present in a particular site deserve to be labeled exemplary. As of this time, the JDRP has not yet judged the success of any Follow Through model. In fact the JDRP was quite clear in indicating that panel approval was being given only to the educational approaches used by particular projects. Furthermore, the data presented to the JDRP was often different from the data used by the Follow Through evaluation staff. In particular, the instruments used to gather data presented to the JDRP were instruments not used in the national evaluation. In the most striking cases, evidence for seven sites within one model comes mainly from a test judged unsuitable for the national evaluation because that particular test seemed to correspond to the objectives of only a small set of models. It is also possible that **the time difference** for the data collection introduced differences because some sites may be more effective now than when data was collected for the national evaluation.

SCOPE OF THE EVALUATION

Question: Are there not a number of elements of the Follow Through Program, such as the comprehensive services provided and changes in school practices as a result of the program, which have never been assessed at all? If not, how can the national evaluation be considered definitive?

Answer: Several components of the Follow Through program such as comprehensive services, have not been evaluated separately

in the national evaluation. Although components such as comprehensive services may have an effect upon the children, they are provided in a similar manner to all children in the program. Thus such services uniformly supplement the effects of all instrutional models and comparisons between Follow Through and comparison classrooms include the effects of comprehensive services. It is not possible, however, to separate the contribution of comprehensive services from the model effects.

Possible effects of Follow Through models on school practices is an important topic deserving investigation. At the present time it is not possible to separate the effects of federal funding, per se, from the model effects on changes in school programs. The only way to determine real changes in school practices is to investigate the practices after federal funding is terminated; changes that are present without the incentive of grant monies would be the lasting impact of the Follow Through models.

INAPPROPRIATE COMPARISONS

Question: There have been charges that in some of the evaluation sites the control groups were influenced by the Follow Through and Title I programs, making the test subjects inappropriate as controls. Would you comment?

Answer: A major question in the evaluation of Follow Through models has been how to estimate how children would have performed in the absence of the program. Three methods were used in the national evaluation: estimates based on local comparison groups, on a combination of the local groups called the pooled comparison, and on national norms. The validity of the first two comparison is dependent upon the characteristics of the local non-Follow Through groups. To assure comparability, the local comparisons were chosen so as to match Follow Through groups as closelv as possible. To a large extent the comparison schools were eligible for services such as ESEA Title I and we have data which shows that 82% of the elementary schools in the nation receive supplementary funds for compensatory education --67% from Title I and an additional 15% from other sources. Thus, in the absence of Follow Through most of the participating children would be in Title I or a similar program. It is therefore appropriate to use classrooms receiving Title I funds as comparison groups.

In their enthusiasm for Follow Through practices, some sites attempted to implement these practices in non-Follow Through classrooms. To the extent that such classrooms were used as comparisons and such implementations were successful, Follow Through effects will be underestimated. The amount of unplanned adoption of Follow Through practices is unknown, as is the effectiveness of such adaption. However, a study of the costs of education in a sample of Follow Through and comparison classrooms shows generally large differences, approximately $800 per child on the average. This finding indicates that, at least in terms of expenditures, there are substantial differences between Follow Through and comparison classrooms.

LACK OF NEW STUDIES

Question: With all the controversy surrounding this evalua-

tion effort, why has there been no thought given to another effort to thoroughly test Follow Through?

Answer: Considerable thought has been given to the possibility of further Follow Through types of experiments to assess the effectiveness of either existing Follow Through models or different ones. One of the main problems which would have to be contended with is the service-experiment conflict that has plagued Follow Through since its inception. Much of the controversy which surrounds the evaluation can be traced to the fact that the program is not uniformly regarded as experimental in nature. The direct consequence of experimental laxity leads to some of the problems which complicate evaluation findings--for example, considerable site-to-site variation in degree of model implementation, somewhat non-comparable comparison groups and variation in the nature of some models over the cause of the experiment.

EVALUATION COSTS

Question: During the past three years about $60 million has been spent to evaluate the Follow Through program. The annual appropriation for each of the last three years has been $59 million.

Where did these evaluation funds come from?

Why is it necessary to spend so much money to "evaluate" Follow Through?

Answer: The statement that $60 million has been spent in the last three years to evaluate Follow Through is wrong. Money is spent for evaluation by school districts, model sponsors and the Office of Education. The amount of money spent by school districts and sponsors from their grants is not available in aggregate form. However, the Office of Education direct expenditure for the last three years totaled $4.8 million and it is this amount that is attributable to but does not fully account for the cost of the national evaluation of Follow Through. Beginning with the earliest testing in 1970, somewhat less than $25 million has been spent on the national evaluation. The primary cost in an evaluation is that of data collection. Some 20,000 children in approximately 1500 classrooms had to be tested, all at approximately the same time in each of four years. (kindergarten through third grade). This was accomplished by annually hiring nearly 2000 local test administrators and classroom observers. Additional costs are associated with questionnaires to teachers and personal interviews with several thousand parents. The second most expensive part of the evaluation is the extensive data analyses which were undertaken to isolate the educational effects of models and individual sites.

PROGRAM RESULTS

Question: Whatever happened to the original goal of evaluations-- is the program working or isn't it?

Answer: The purpose in evaluating Follow Through is to learn about the effectiveness of the various educational approaches being tried out. The question of whether the program as a whole is working is not relevent in the sense of overall average student achieve-

ment or similar outcome measures. Since the program is experimental the appropriate question is: how are each of the models working? The evaluation has supplied detailed answers to that question. The ultimate effectiveness of Follow Through should be determined by the degree to which it has fostered development of successful approaches to early childhood education of disadvantaged children. The result is that only a very few models but a number of indivdual sites seem to have been successful on the outcomes that were measured. The Office of Education is now encouraging the spread of those practices which were found to be successful.

FOLLOW THROUGH

Question: Much of what Follow Through does could be accomplished under Grants for the Disadvantaged, Title I of the Elementary and Secondary Education Act. Please provide a year by year breakdown of Title I and Follow Through funds for each school district involved in the Follow Through program for school years 1975-76, 1977-77 and 1977-78.

Answer:

	ESEA, TITLE I			FOLLOW THROUGH		
	1976	1977	1978	1976	1977	1978
Alabama						
Huntsville	575,492	618,927	708,003	477,156	477,156	477,156
Macon County	535,850	574,706	655,566	492,089	497,089	497,089
Alaska						
Hoonah	19,586	20,381	22,346	99,735	129,697	129,697
Arizona						
Rough Rock (Chinle Elem.)	560,900	658,105	748,394	121,783	120,267	120,267
Oraibi (Hopi Tribe)	--	--	--	241,244	207,686	244,277
Tuscon	1,429,282	1,646,522	1,872,443	274,641	308,048	308,048
Arkansas						
Flippin	22,772	27,930	30,409	92,856	100,400	100,400
Jonesboro	195,115	166,703	199,802	156,848	178,095	139,700
Pulaski County	748,738	840,215	918,710	197,918	198,460	176,175
Texarkana	273,241	291,489	327,238	189,600	206,950	206,950
California						
Berkeley	545,178	533,769	620,557	395,545	461,489	460,934
Compton	2,708,003	2,829,131	3,321,452	315,297	375,297	375,297
Cucamonga	37,434	36,775	45,241	138,627	155,347	165,347
Fresno	2,991,691	3,248,253	3,755,125	342,191	332,191	338,191
Garvey (El Monte)	287,086	296,089	316,177	290,700	307,758	307,758
Los Angeles	26,814,295	28,352,506	31,647,253	1,626,950	1,556,428	1,616,950

California (cont'd.)						
Oakland	4,142,508	4,344,732	5,016,981	544,718	602,218	593,718
Palo Alto (Ravenswood)	57,234	59,980	65,111	288,800	354,685	354,865
San Diego	3,666,484	3,872,086	4,350,790	580,964	568,964	593,618
San Pasqual	42,771	36,355	66,634	64,024	90,600	90,600
Tulare	2,583,183	2,810,199	3,104,956	545,175	559,657	609,966
San Jose	759,160	842,722	931,298	508,600	601,900	603,203
Colorado						
Boulder	193,782	247,443	271,762	145,713	164,983	174,400
Greeley	302,725	280,093	310,687	142,700	127,440	127,610
Connecticut						
New Haven	1,939,408	1,903,868	2,136,761	247,979	240,275	242,075
Delaware						
Laurel	94,764	97,512	110,726	207,235	260,935	260,935
Wilmington	1,724,638	1,837,590	2,113,229	511,000	511,000	511,000
District of Columbia	10,691,492	10,268,060	11,455,443	458,269	422,052	392,529
Florida						
Dade County	7,643,326	9,055,666	10,309,116	344,712	341,791	367,727
Duval	4,920,051	5,790,462	6,560,467	392,862	460,300	460,300
Hillsborough	3,696,735	4,372,310	4,961,590	354,756	356,556	385,330
Okaloosa	648,037	767,324	868,025	226,906	226,906	226,906
Georgia						
Atlanta	4,835,868	5,272,837	5,980,920	621,056	704,413	691,653
Pickens	89,460	95,432	108,952	215,943	213,650	211,120
Walker	286,911	307,219	349,810	155,334	164,912	164,912
Hawaii						
Honolulu	4,266,924	1,596,964	4,770,040	284,950	324,395	371,388

Idaho						
Pocatello	230,410	244,677	271,269	204,591	245,477	245,477
Illinois						
Chicago	45,507,048	49,155,535	51,539,950	551,692	591,246	536,512
East St. Louis	3,018,562	3,067,919	3,217,632	521,862	537,708	551,488
Mounds	251,991	260,275	277,332	290,894	206,987	206,987
Waukegan	370,298	433,330	454,476	227,040	250,533	238,188
Indiana						
Indianapolis	3,166,623	3,300,277	3,696,539	215,571	215,571	175,571
Lawrenceburg	48,151	50,447	56,628	163,558	165,358	173,063
Vincennes	134,280	138,298	156,263	91,104	91,104	91,104
Iowa						
Des Moines	1,285,488	1,330,899	1,346,202	250,362	254,770	253,816
Waterloo	566,675	538,341	511,424	268,260	318,537	318,537
Kansas						
Topeka	610,397	661,594	704,934	208,343	237,248	237,248
Wichita	1,727,560	1,825,827	1,990,561	248,662	255,500	255,500
Kentucky						
Daviess	246,524	262,918	296,691	132,920	132,920	132,920
Jefferson County	3,859,019	4,165,085	4,690,777	448,675	326,728	429,683
Owensboro	214,295	233,914	262,893	241,181	243,591	246,841
Pike County	1,050,497	1,127,498	1,278,927	188,601	229,454	229,454
Louisiana						
Natchitoches Parish	694,473	747,032	849,992	233,062	270,742	278,160
St. Martin Parish	706,357	758,980	861,518	301,701	320,701	320,700
Vermillion Parish	612,501	659,463	749,785	257,688	218,653	213,250

Maine						
Van Buren	79,377	81,176	92,791	173,927	173,927	173,654
Maryland						
Baltimore	13,099,736	13,680,955	15,614,813	489,219	489,219	466,500
Massachusetts						
Cambridge	510,568	554,490	656,534	186,949	181,202	181,983
Fall River	682,487	728,248	882,614	384,147	383,460	385,998
Boston	7,423,747	7,492,324	8,659,981	172,990	185,488	167,884
Pittsfield	280,871	323,760	400,569	180,218	189,371	191,160
Michigan						
Alcona	64,995	62,891	71,172	85,680	106,918	94,918
Detroit	22,444,743	22,584,238	24,369,081	257,017	303,662	303,662
Flint	2,593,649	2,646,492	2,709,641	267,020	292,000	360,537
Grand Rapids	2,123,871	2,099,363	2,251,866	619,750	619,750	619,750
Minnesota						
Duluth	559,432	606,305	617,633	208,349	291,964	294,132
Montevideo	54,372	58,385	61,976	152,559	155,559	155,559
Mississippi						
Philadelphia City (Choctaw Indians)	92,802	99,984	113,214	226,324	238,657	204,272
Gulfport	351,329	376,060	426,945	214,523	219,031	213,311
Leflore County	692,635	741,715	844,983	266,025	266,025	266,025
Tupelo	183,575	200,189	227,307	191,775	241,775	231,405
Missouri						
Central Ozark	42,289	37,626	47,475	303,873	303,873	308,000
Kansas City	2,931,364	3,043,223	3,534,428	590,579	619,584	681,337
New Madrid	507,346	533,629	514,410	211,721	222,370	219,468
St. Louis	6,492,267	6,781,330	7,624,488	210,746	281,746	316,680

Montana						
Great Falls	428,939	463,170	528,133	170,191	170,191	170,190
Lame Deer Elem. (Northern Cheyenne Tribe)	34,556	40,271	50,855	269,056	276,056	276,056
Nebraska						
Lincoln	386,841	406,333	454,788	443,791	501,088	501,088
Nevada						
Washoe	372,621	387,098	440,910	198,008	198,008	198,008
New Hampshire						
Lebanon	25,774	26,908	28,803	139,390	142,890	145,202
New Jersey						
Atlantic City	947,255	898,227	980,151	234,750	244,311	244,311
Lakewood	306,838	296,722	336,692	274,832	287,813	289,119
Newark	9,837,951	9,601,923	10,315,135	261,124	261,124	261,124
Paterson	2,494,283	2,356,726	2,479,244	235,339	227,779	226,306
Trenton	1,737,471	1,735,460	1,928,823	617,490	650,297	674,342
New Mexico						
Gallup-McKinley	1,090,707	1,171,260	1,331,846	282,543	262,543	270,540
Las Vegas	411,507	441,639	502,559	181,580	195,260	211,880
Santa Fe	534,714	554,834	631,129	220,528	210,000	210,000
New York						
Buffalo	5,917,085	5,744,003	6,416,076	471,696	532,280	532,280
Elmira	557,714	545,351	594,794	389,192	389,192	379,527
New York City	117,663,003	114,926,380	130,293,991	1,585,886	1,565,514	1,520,089
Plattsburgh	166,915	141,878	166,439	96,125	96,744	96,774
Rochester	3,705,385	3,547,630	3,819,961	235,072	241,755	241,755

North Carolina						
Swain County (Cherokee Tribe)	87,182	93,156	106,358	304,422	319,673	319,673
Durham County	439,036	470,170	536,793	163,294	183,484	--
Goldsboro	467,896	500,572	571,072	426,212	426,212	425,807
Johnston	880,884	872,708	995,578	192,057	192,057	182,703
North Dakota						
Belcourt	109,481	104,850	125,637	291,728	311,560	296,560
Fort Yates	37,725	41,749	44,844	64,266	93,987	102,709
Ohio						
Akron	1,572,833	1,641,998	1,842,338	371,250	371,250	371,250
Cleveland	7,766,648	7,338,607	8,254,518	179,873	168,405	176,570
Dayton	1,723,764	1,822,054	2,022,705	348,458	473,198	466,848
Oklahoma						
Chickasha	149,823	161,073	183,475	201,177	207,312	207,312
Shawnee	167,100	178,822	204,133	233,760	264,000	264,000
Oregon						
Portland	2,716,867	3,016,536	3,520,224	377,575	419,082	419,180
Pennsylvania						
Scranton	601,271	617,174	700,809	361,109	404,334	404,334
Keystone Central S.D. (Lock Haven)	245,129	248,742	275,729	277,590	277,496	277,496
Philadelphia	25,366,862	25,499,721	26,720,264	1,423,886	1,418,597	1,316,342
Puerto Rico	36,872,690	46,811,947	52,996,278	753,094	723,798	723,798
South Carolina						
Fairfield	423,911	453,587	518,634	280,684	282,484	283,157
McCormick	172,541	183,874	209,566	215,175	220,500	220,500
Sumter	715,834	766,546	874,026	225,373	225,373	245,878
Williamsburg	1,001,682	1,071,539	1,222,746	245,053	242,214	242,214

South Dakota						
Todd County District #1	219,749	186,787	235,692	579,269	571,435	518,753
Tennessee						
Bradley County	219,018	212,975	237,545	224,250	223,999	219,000
Chattanooga	1,543,000	1,639,092	1,859,597	250,240	276,200	275,300
Davidson	2,667,557	2,857,112	3,247,254	347,600	382,200	372,200
DeKalb	90,762	82,426	93,758	135,554	135,989	135,989
Texas						
Corpus Christi	1,688,534	1,809,643	2,071,178	263,397	267,753	279,500
Fort Worth	2,377,236	2,546,534	2,906,919	714,136	763,236	763,236
Houston	7,747,697	8,331,239	9,509,745	434,000	512,400	512,400
Rosebud	67,399	72,448	83,858	62,554	86,923	86,923
San Diego	113,458	121,444	138,413	206,235	206,235	206,235
Uvalde	251,825	270,038	307,451	201,092	217,592	205,590
Utah						
Salt Lake City	858,307	911,278	1,044,454	290,335	311,517	311,517
Vermont						
Brattleboro	52,377	52,459	51,829	165,373	168,035	168,035
Burlington	219,864	222,479	238,449	156,616	189,885	189,885
Virginia						
Lee County	461,774	473,954	535,292	285,433	360,677	360,677
Richmond	2,386,080	2,633,435	2,988,644	421,363	480,224	480,224
Washington						
Burlington	69,810	72,101	76,433	152,392	164,073	164,073
Seattle	2,097,963	2,160,479	2,144,102	341,693	371,693	367,693
Tacoma	1,108,709	1,232,461	1,166,337	434,796	481,851	555,322
Yakima	578,221	586,559	614,880	430,687	410,553	439,776

West Virginia						
Monongalia	296,480	313,447	361,877	142,679	154,994	153,494
Randolph	294,809	316,210	361,321	166,270	182,196	182,196
Wisconsin						
Lac du Flambeau	28,576	33,362	35,606	71,910	85,177	92,072
Wyoming						
Riverton	75,264	109,564	118,851	174,200	204,797	204,797

Question: How much money would have to be added to the grants for the disadvantaged in fiscal year 1979 to compensate Follow Through districts if no funds were appropriated for this program in fiscal 1979?

Answer: In the larger cities which receive substantial Title I grants, the Follow Through programs could be absorbed with the increase requested in the Title I budget for 1979. However some of the smaller districts receive more in Follow Through funds than Title I funds and their proportion of the Title I appropriation would not compensate for the loss of Follow Through funds even if the LEA's received the maximum amount authorized, approximately $5,062,000,000.

Question: You have characterized the Follow Through program as an experiment which has been completed. Yet the Head Start program with which it is connected has been expanded to serve over 400,000 children with the fiscal 78 appropriation, and the administration proposes a further expansion in fiscal 1979. Title I, unlike either Head Start or Follow Through, is a remedial program and does not offer the comprehensive services provided by these two programs.

Without Follow Through, how do you plan to serve these new Head Start children when they enter school?

Answer: Follow Through has never served all Head Start children when they enter school. Follow Through serves about 75,000 children, only half of whom are required to have been enrolled in Head Start or a similar type pre-school program.

Question: Who would provide comprehensive services now provided by Follow Through?

Answer: Amendments proposed to Title IV-C include provision for State educational agencies to continue to fund individual sites through a more general authority for demonstrations in compensatory education.

BILINGUAL PROGRAM OPERATIONS

Question: The 1978 Senate Report directed the Department to make whatever administrative changes are necessary to insure that Bilingual Education projects are primarily focused on achieving English language competence and returning students to regular classrooms.

What actions have you taken to comply with this directive?

Answer: In response to the Committee's directive, the program is undertaking: (a) a review of existing language assessment practices in order to establish a range of entry-exit criteria for students in bilingual education projects, (b) the development of a set of basic curriculum objectives which stress English language acquisition and (c) the transmission of these to the field. Funding of LEA projects will then become contingent upon implementation of the criteria and curricula, together with effective transition of students from bilingual projects to the mainstream school systems.

Question: Does the Department support the philosophy that Bilingual Education should be used as a transitional program that will prepare non-English speaking students to participate in regular classroom settings?

Answer: The Department seeks to ensure that no student be denied an equal educational opportunity because of limited English language skills. The Bilingual Education Program is designed to assist such a student to continue his/her education in all subject areas while learning English. Thus, instruction is given in two languages, to the extent needed to progress effectively through the educational system.

Since duration and intensity of dual-language instruction varies widely with individual circumstances of local school districts, Federal research funds will be supporting the development of entry/exit criteria for participation in bilingual classroom projects and subsequent movement into mainstream school systems.

BILINGUAL EDUCATION RESEARCH

Question: The budget for Bilingual Education includes an additional $10.5 million for research and studies. The justification states that funds "will support research, evaluation and demonstration of innovative methods and techniques contributing to the development of the state of the art."

Can you please tell me in plain, simple English what you specifically plan to do with this money?

Answer: Bilingual Education research funds will support a variety of activities aimed at improving educational opportunities for children with limited English language skills. A research agenda is being jointly developed by ASE*, OE* and NIE*, with the goal of making the Federal Bilingual Education program more responsive to the needs of local school districts with language minority students. Activities on the agenda include the following categories: (see on following page)

--a target population count to determine the universe of need
--an identification of the special education needs of language minority students
--an evaluation of currently used bilingual instructional methods to determine which ones work best
--development of student entry/exit criteria for participation in bilingual classroom projects
--an assessment of bilingual teacher training programs
--a study of supporting parent and community involvement
--a study of alternative Federal funding strategies to meet the widely varying needs and circumstances of local school districts

*ASE = Assistant Secretary for Education
OE = Office of Education
NIE = National Institute of Education

Consultation among these organizational units is mandated by Part C of the legislation authorizing Bilingual Education.

Question: Why do we need to provide such an increase for this activity?

Answer: Essentially to summarize and analyze 10 years of Federal involvement in Bilingual Education for the following purposes:

--to develop hard data on the educational validity of dual language instruction as a means of integrating language minorities into the educational mainstream

--to determine ways and means of improving individual project management under widely varying local circumstances

--to assess the effectiveness of current Federal assistance in ensuring that no child be denied equal educational opportunities becuase of limited English language skills

--to serve as a basis for planning future Federal funding strategies

Question: Why hasn't the National Institute of Education conducted adequate research in this area?

Answer: Bilingual Education studies undertaken by NIE to date have been too limited in scope to address larger research questions, since Bilingual Education research represents only a segment of NIE's educational equity funding priorities.

BILINGUAL PROGRAM ACCOMPLISHMENTS

Question: A recent study* has found that Spanish-speaking children enrolled in the sampled Bilingual Education projects are not learning to speak and read English as quickly as comparable students not in the program.

(1) Are the participants in these projects being taught too little English? If so what efforts will be made to correct this?

Answer: Ten years of Federal experience in bilingual education have ascertained the difficulty in establishing the exact point at which a student is ready to move from instruction in his native language through bilingual instruction and eventually into an all-English curriculum. A tendency to linger too long in the initial program phases was found at the local school district level in early bilingual projects. Since that time, several steps have been taken to assist local project managers in promoting student progression from the bilingual to the all-English phase of the curriculum. These may be summarized as follows:

--increased emphasis on teaching Engish earlier in the curriculum to promote more rapid mastery
--a review of existing language assessment practices in order to establish a range of entry/exit criteria for students in bilingual education projects
--the transmission of these criteria to LEA's with bilingual education programs.

Question: (2) If these children are not doing as well as other Comparable Students not in the program, what is the need for the Bilingual Education Program, since the main purpose is still to help children of limited English-speaking ability become proficient in English?

Answer: There are a number of methods used to teach English to students with nonexistent or limited English language skills. Bilingual Education is tailored for incorporation into the overall curriculum as a means of providing equal educational opportunities. It differs from other instructional methods in 2 important ways:

-- Instruction in all subjects is initially provided in a language which is understandable to the student to
(a) keep pace with peers academically and, in turn,
(b) stimulate momentum in subject mastery which, in turn,
(c) promotes the self-confidence needed to continue studies.
-- English language instruction is gradually phased into the curriculum in progressively increasing sessions until student mastery is sufficient to participate with competence in an all-English curriculum.

*"Evaluation of the Impact of ESEA Spanish/Bilingual Education Program" prepared for the U.S. Office of Education, Office of Planning, Budgeting, and Evaluation by the American Institute for Research, (AIR).

Question: Can you give us an example of one of the Bilingual Education projects that resulted in improved educational services to children of limited English-speaking ability?

Answer: An example of one of the bilingual education projects that resulted in improved educational services to children of limited English-speaking ability is in the city of Harrison CSD # 2 in Colorado Springs, Colorado.

The program features the use of English and Spanish in the content areas of language arts, social studies, and math, to increase academic achievement and enhancement of the self-concept for participating students. The program includes innovative techniques such as individualized instruction and group instruction, interest centers and flexible scheduling.

In addition, the project has a comprehensive training program for the staff a greatly active parental component and a carefully executed management component.

The results of the Metropolitan Achievement Test showed that limited English-speaking student in Kindergarten, after one year of bilingual education scored at the 73% students in first grade, after two years in the project surpassed comparison group on two out of three subtests, students in second grade, after three years of bilingual education surpassed the comparison group on three out of four subtests.

Extensive parental participation, in addition to careful evaluation and administration of the program have been instrumental in assisting the students to surpass the local and national norms in English.

Question: The National Advisory Council on Bilingual Education has recommended that the Bilingual Education Program be a service instead of a demonstration program and that funds be distributed on the basis of the number of children served.

What are your comments on this recommendation?

Answer: After considering a number of options, including a service program, the council's final recommendation was a demonstration program. We are weighing Council recommendations in face of two factors: (1) awaiting the NCES target population count to determine costs and (2) other educational priorities competing for Federal assistance.

BILINGUAL TEACHER TRAINING

Question: There is still a shortage of bilingual education teachers. Approximately how many teachers and teacher aides are being trained under the Bilingual Education Act?

Answer: In addition to teachers and teacher aides, the Bilingual Education Program provides training for administrators, counselors and teacher-trainers through a variety of funding mechanisms. The numerical distribution is estimated as follows:

--30,000 through the mandated 15% LEA project training allocation and Training Resource Centers

--750 through the graduate fellowship program

--4,250 through stipends and other fund supporting the establishment and development of degree-oriented bilingual education programs at institutions of higher education.

NCES is estimating the number of bilingual teachers currently available as well as those expected to complete their formal training in the near future!

RIGHT TO READ

Question: The grants for the disadvantaged or Title I Program places a great deal of emphasis upon improving reading skills. How do the reading goals and students served by these two programs differ?

Answer: Essentially, the two programs differ in the following ways:

-· Size and scope - Title I is nearly a 3 billion dollar service program whose goals encompass all the basic skills (including math) whereas Right to Read is a considerably smaller 27 million dollar impetus to and component of a larger national effort focused on reading improvement.

-· Target population - Title I serves disadvantaged pupils, while Right to Read additionally reaches out-of-school youths and adults.

-· Services provided - Title I primarily provides supplementary school services while Right to Read delivers more diversified assistance cf. leadership training for chief state school officers, distributes books to children, and supports the development of State literacy plans.

-· Funding mechanism - Title I is a formula grant program which work State agencies and local school districts, while Right to Read is a discretionary program which works additionally through non-profit and private organizations.

Question: Since the appropriations for Title I increased last year and will probably go up again this year, couldn't the Right to Read Program be taken over by Title I?

Answer: No, the funding mechanisms of each program are relatively incompatible.

Question: What Right to Read activities would suffer if such an action were taken?

Answer: Essentially, the concentration on reading improvement would be lost through incorporation into a total basic skills effort. More specifically:

--target population would be limited to school children, excluding out of school youth and adults.

--support for the development of State literacy plans would be discontinued.

--leadership training activities for chief state school officers would lose Right to Read support.

--inexpensive book distribution would lose Federal support.

--Development of innovative instructional methods for overcoming specialized reading deficiencies would lose Right to Read support.

--flexible discretionary funding would be converted into more rigid formula grant funding.

Senator HOLLINGS. Before we stand in recess, does anyone else wish to comment? [No response.]

We appreciate your appearance here this morning.

JUSTIFICATION

[CLERK'S NOTE.—The justification material for this account appears in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

SUBCOMMITTEE RECESS

The subcommittee will stand in recess until 2 o'clock today when we'll cover the budget request for the impact aid and emergency school aid.

Dr. BOYER. Thank you very much, Senator.

Senator HOLLINGS. Thank you.

[Whereupon, at 11:45 a.m., Wednesday, March 1, the subcommittee was recessed, to reconvene at 2 p.m., the same day.]

(AFTERNOON SESSION, 2:05 P.M. WEDNESDAY, MARCH 1, 1978)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

School Assistance in Federally Affected Areas

STATEMENT OF JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

ACCOMPANIED BY:

ERNEST L. BOYER, COMMISSIONER OF EDUCATION
THOMAS J. BURNS, ASSOCIATE COMMISSIONER FOR STATE AND LOCAL EDUCATIONAL PROGRAMS
WILLIAM L. STORMER, DIRECTOR, DIVISION OF SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS
CORA P. BEEBE, DIRECTOR, PLANNING AND BUDGETING DIVISION
KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS
MARY BERRY, ASSISTANT SECRETARY FOR EDUCATION

IMPACT AID

Senator BROOKE. All right, the subcommittee will come to order.

Our chief witnesses this afternoon will be Dr. Mary Berry, Assistant Secretary for Education, and Dr. Ernest Boyer, Commissioner of Education. We'll hear testimony on the budget request for school assistance in federally affected areas—popularly known as impact aid—and for emergency school aid.

We will begin our hearing with the request for impact aid. For the first time in many years, the Administration is appearing before the committee with a budget request which does not propose to terminate impact aid. Let me say how pleased I am with that fact.

I should add a note of caution and say at least right away. The request, based on current law, is for $856.4 million in fiscal 1979. The administration has said it plans to submit a proposal later to reform the program. There is also a request for a fiscal year 1978 supplemental appropriation of $31 million for disaster assistance.

Welcome, Dr. Berry, Dr. Boyer, and for the record I wish you would introduce your colleagues and then you may proceed. And if you care to condense your opening statements, then obviously that will give us more time for the important questions.

So, you may proceed.

Dr. BERRY. From the Department we have Bill Dingeldein, who is Director of the Division of Education Budget Analysis; and Ken Levine, who is the Deputy Assistant Secretary for Legislation.

Dr. BOYER. Yes, Senator. I am asking Executive Deputy Commissioner John Ellis to lead the discussion during this session.

I'd like to also introduce Tom Burns, who is the Associate Commissioner; and Bill Stormer, who is the administrator responsible for this program.

Senator BROOKE. All right, you may proceed.

PREPARED STATEMENT

Dr. ELLIS. Mr. Chairman, with your permission I would like to summarize the opening statement and submit it for the record. By hitting some of the highlights, I will follow your suggestion and provide more time for questions.

[The statement follows:]

STATEMENT OF DR. JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

I welcome this opportunity to appear before you on the School Assistance in Federally Affected Areas appropriation. I am here with a two-fold request for this activity. I am requesting a supplemental appropriation of $31,000,000 for 1978 and a regular appropriation of $856,400,000 for 1979. The amount requested in the supplemental would raise the 1978 level to $831,000,000. The 1979 request would be an increase of $56,400,000 over the existing 1978 appropriation and an increase of $25,400,000 over the 1978 amount including the supplemental requested. All of the funds requested in the 1978 supplemental for School Assistance in Federally Affected Areas would be for disaster assistance under the Public Law 874, Maintenance and Operations activity. The 1979 request includes $823,400,000 for Maintenance and Operations and $33,000,000 for Construction, Public Law 815.

Proposed Supplemental

A supplemental appropriation of $31,000,000 is requested for disaster assistance in 1978. This would provide $5,000,000 to partially meet anticipated major disaster needs and $26,000,000 to pay approved pinpoint disaster claims from 1968 through 1978.

Public Law 81-874 directs the Office of Education to make grants to a local school district when a major disaster or a local pinpoint disaster has caused damage to school facilities, equipment and materials.

Prior to fiscal year 1977, funds appropriated for Impact Aid under Public Law 81-874, Maintenance and Operations, were sufficient to pay major disaster claims without jeopardizing regular funding requirements. However, in fiscal year 1977, the Impact Aid appropriation closely matched the actual need for regular Impact Aid funds, making it impossible to pay all major disaster assistance claims. Therefore in 1977 it was necessary to use funds from the Elementary and Secondary Education

appropriation and from the Guaranteed Student Loan appropriation to meet major disaster claims as authorized by Section 7 of P.L. 81-874. To avoid such reprogramming in 1978, the Office of Education is asking for funds to compensate districts for losses due to major disasters.

The amount used for major disaster claims has varied from year to year. On average, it has amounted to $12 million per year, or a total of $122 million from 1965 to 1976. To fund claims for anticipated major disasters (disasters which are State-wide or regional in scope and declared by the President) we are requesting a supplemental of $5 million. Current estimates indicate that there will be an additional $5 million to $7 million available within the Maintenance and Operations account which in combination with the $5 million requested will be sufficient to meet major disaster needs.

An additional amount of $26 million is requested for pinpoint disasters (disasters which are localized and declared by a Governor of a State) to pay in priority rank order the backlog of 625 pinpoint disaster claims on hand as of Novermber 14, 1977, and those which may be received in fiscal year 1978. As of December 1977 the Office of Education had paid $584,000 for pinpoint disasters which occurred on or after January 2, 1968. No funds are requested for future pinpoint disasters.

Maintenance and Operations

In fiscal year 1979 the budget reflects a request of $823,400,000 for Maintenance and Operations under existing legislation. The amount requested is sufficient to fund the same level of operations as in fiscal year 1978, that is, through the second payment tier as authorized by the basic law. This would provide funds for almost 2.5 million Federally-connected children with the 358,000 children who reside on and whose parents work on Federal property (Section 3(a)) receiving 88 percent to 100 percent of entitlement and those 1,367,000 children who either reside on or whose parents work on Federal property (Section 3(b)) receiving 53 percent to 60 percent of entitlement. Another 724,000

low-rent public housing children in both categories would receive 25 percent of entitlement. Full funding, $63,500,000, is requested for Section 6 for approximately 42,000 children residing on certain Federal properties in States where, due to State law or for other reasons, local school districts are unable to provide suitable free public education for such children. In addition, an estimated $20,000,000 is requested to fund the "B" (base closing) and the "C" (out of county, out of State) hold harmless provisions. Finally an amount of $12,000,000 is requested for major disaster payments in anticipation of disaster claims in fiscal year 1979.

Proposed Legislation

Legislation is proposed for Maintenance and Operations, at a request level of $747 million, which would adjust the entitlements of local school districts to reflect more closely the actual burden of Federal activities, to simplify administration of the program, and to repeal pinpoint disaster payments. These reforms, to be initiated over several years, would provide for an estimated savings of $76.4 million in fiscal year 1979 from the cost of current policy. To facilitate implementation of the reforms, forward funding in the amount of $752 million is requested for fiscal year 1980.

Construction

In fiscal year 1979, we are requesting $33,000,000 for the Impact Aid construction program. These funds will enable us to increase construction assistance for unhoused children.

Significant emphasis is placed on the construction of school facilities for children residing on Indian lands (Section 14) with a request for $16,000,000 and on school construction where local educational agencies cannot provide classrooms for children residing on certain Federal properties (Section 10) with a request for $13,000,000.

Conditions in many of the schools for children residing on Indian

lands and on certain military bases present life safety hazards. Funding these sections will assist in meeting these needs.

The balance of the request, $4,000,000, is for schools on local property heavily impacted with Federally-connected children. It is estimated that the budget request will provide 259 classrooms and facilities to house 7,500 children.

Thank you, Mr. Chairman. I will be happy to answer any questions you may have.

Biographical Sketch

NAME : John Ellis

POSITION : Executive Deputy Commissioner for Educational Programs

BIRTHPLACE AND DATE : Amherst, Ohio, September 15, 1929

EDUCATION : B.S., Bowling Green State University, 1953
M.A., Case Western Reserve University, 1958
Teachers College, Columbia University, Summers 1959, 1960, 1965
Ed.D., Harvard University, 1964

EXPERIENCE :

Present	Executive Deputy Commissioner for Educational Programs, U.S. Office of Education
1971-1977	Superintendent of Schools, Columbus, Ohio
1966-1971	Superintendent of Schools, Lakewood, Ohio
1964-1966	Superintendent of Schools, Massillon, Ohio
1963-1964	Assistant Superintendent for Instruction, Massillon, Ohio
1961-1962	Staff member, Harvard Survey of Boston City Schools
1959-1961	Principal, Garfield Elementary School, Lorain, Ohio
1958-1959	Principal, Harrison Elementary School, Lorain, Ohio
1957-1958	Teacher, Grade 6, Lorain City Schools, Lorain, Ohio
1953-1954	Teacher, Grade 4, Lorain City Schools, Lorain, Ohio

MILITARY : USAF 1947-1949 and 1954-57, Captain-Intelligence Officer

SELECTED RECOGNITION: Air Force Association Silver Medal as Top Student in ROTC
Phi Delta Kappa Book Award at Harvard
Massillon Young Man of the Year
Saturday Review 1977 Honor Roll

Dr. ELLIS. We are pleased to appear before you today. There are two parts to the request. There is a supplemental appropriation request of $31 million for 1978 and a regular appropriation request of $856,400,000 for 1979.

The amount requested in the supplemental would raise the 1978 level to $831 million. We have a chart, Mr. Chairman, posted on your right which summarizes those data, and I will from time to time refer to the chart since it can provide a convenient backdrop for the discussion.

Senator BROOKE. The chart will be included in the record.

[The information follows:]

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS
(In Thousands of Dollars)

	1978 ESTIMATE	1979 PRESIDENT'S BUDGET	NET CHANGE
1. Maintenance and Operations (P.L. 81-874)			
(A) Payments for "A" Children	300,000	337,000	37,000
(B) Payments for "B" Children	357,000	374,300	17,300
(C) Special Provisions	16,600	16,600	...
(D) Payments to Other Federal Agencies	57,700	63,500	5,800
(E) Savings Provisions	38,700	20,000	-18,700
(F) Disaster Assistance	31,000	12,000	-19,000
Subtotal - Existing Legislation	801,000	823,400	22,400
(G) Proposed Legislation			
(1) Adjustment for 1979	...	-76,400	-76,400
(2) Advance for 1980	...	752,000	752,000
Subtotal	801,000	1,499,000	698,000
2. Construction (P.L. 81-815)	30,000	33,000	3,000
TOTAL	831,000	1,532,000	701,000

Dr. ELLIS. All of the funds requested in the 1978 supplemental for school assistance in federally affected areas will be for disaster assistance.

The 1979 request includes $823,400,000 for maintenance and operations, and $33 million for construction.

SUPPLEMENTAL REQUEST

First, a supplemental of $31 million is requested for disaster assistance in 1978. This would provide $5 million to partially meet the anticipated major disaster needs of the disasters declared by the President and $26 million to pay approved pinpoint disaster claims.

Prior to fiscal year 1977, funds appropriated for impact aid were sufficient to pay major disaster claims without jeopardizing regular funding requirements. However, in fiscal 1977, the impact aid appropriation closely matched the actual need for regular impact aid funds, making it impossible to pay all major disaster assistance claims.

Therefore, in 1977 it was necessary to use funds from the elementary and secondary education appropriation, and from the guaranteed student loan fund, to meet major disaster claims.

The Office of Education is asking for funds to compensate districts for losses due to major disasters. On the average, major disaster claims amounted to $12 million per year, or a total of $122 million from 1965 to 1976.

We are, then, requesting a $5 million supplemental for the major disaster program.

We believe that within the current appropriation there is $7 million available which, when combined with the $5 million, will meet the necessary requests.

The additional $26 million for pinpoint disasters is the result of a backlog that we have had for some time. You will recall that no funds had been appropriated for pinpoint disasters and no payments had been made. But after a long legal process, we were directed to proceed to make such payments.

There are now 639 pinpoint disaster claims outstanding. If we funded them at the total amount, it would require some $38 million.

However, we have sent inspection teams, and we have made assessments. And it appears that about 67 percent of the claims that are requested will be eligible for funding. So that the $26 million we are requesting in the supplemental should cover the pinpoint disaster claims that we now have, and others that are expected during the balance of this fiscal year. Now that's the supplemental side, Mr. Chairman.

MAINTENANCE AND OPERATIONS

For the fiscal 1979 budget request of $823,400,000 for maintenance and operations under existing legislation, the amount is sufficient to fund the same level of operations as fiscal 1978. That is, payments through the second tier as authorized in the basic law.

This would provide funds for almost 2½ million federally connected children.

Full funding, or $63,500,000, is requested for section 6 schools—that is, the operating side of the Federal school program. That would cover approximately 42,000 children residing on certain Federal properties. In addition, an estimated $20 million is requested to fund the (B) hold harmless provision—that's the base closing

provision, and the (C) out-of-county/out-of-State hold harmless provision.

Finally, an amount of $12 million is requested for major disaster payments in anticipation of the average amount that we have spent over the past 10 years.

REFORM PROPOSAL

You mentioned, at the outset, that you are pleased that we are not coming forward with a proposal to eliminate the impact aid program. I share your pleasure. But I noticed your caveat, that you said "not yet." I think it would be somewhat disappointing if we didn't at least have some proposal for modification, and in that sense this year is not an exception.

However, we do believe that the proposal before the Congress is one that is responsible, one that reflects more closely the actual burden of the Federal activities, and one that helps simplify the administration of the program. We are also requesting the repeal of the pinpoint disaster authorization.

These reforms, over several years, would provide for an estimated savings of $76.4 million in fiscal 1979 from the cost of the current policy.

CONSTRUCTION

And finally in the budget—which is item No. 2 on the chart on the right—is the area of construction.

We are requesting $33 million in the coming year. Significant emphasis is placed on construction of school facilities for children residing on Indian lands—a $16 million request. There's a request of $13 million for the section 10 schools. And the balance of the request, $4 million, is for schools on local property heavily impacted with federally connected children.

We know that many of these schools need emergency repairs, and safety hazards are an important consideration. There's concern over the handicapped laws, and the need to eliminate barriers will require that the funds be provided.

So, Mr. Chairman, this is a very quick summary of the full request for this year, and the 1978 supplemental request.

I am pleased that I have been able to make this opening statement, ably assisted with an outstanding array of people here who will be willing to answer your questions.

Senator BROOKE. I will concur with you. You have an outstanding group—the Secretary, the Commissioner, and the others.

PROPER FUNDING LEVEL

Let me first raise the question of might there not be some discrepancy in funding requirements in impact aid? We have been hearing that an additional $64.6 million in impact aid will be needed in fiscal 1978 to fully fund the program's two tiers, as required by the law. Is that correct?

Mr. STORMER. An additional $64.6 million to fund tiers 1 and 2 in 1978? I'm not aware of such a figure, Mr. Chairman.

Ms. BEEBE. $752 million was the amount that we were proposing to forward-fund the program for the following fiscal year. It is, however, an estimate based on the proposed legislative changes.

Senator BROOKE. Did I say $646? I meant $64.6 million, I'm sorry.

Dr. BERRY. We changed it to an advancement in the program. Beyond the present legislation, we would need the additional amount in order to put the program on forward-funded basis.

Senator BROOKE. So you won't have any problem with that?

Dr. ELLIS. No, sir.

Dr. BOYER. The forward funding——

Dr. ELLIS. $752 million. I should have covered that.

Dr. BERRY. That's the additional amount.

Dr. BOYER. It should be noted that that's the first time impact aid has been forward-funded in the 1980 year. That is not shown in the budget.

Senator BROOKE. Now, the figure supplied the committee, as opposed to the one from the Office of Education, also indicated that $897 million will be required in fiscal 1979. But I think you requested $811.4 million. Is that correct?

That's fiscal 1979, we're speaking of now. Which is the most accurate estimate of the funding requirements?

Dr. ELLIS. It's $823.4.

Senator BROOKE. So, it's neither. [Laughter.]

Ms. BEEBE. The difference between the estimates is not in the procedures, but in the legislative program. The forward-funded amount in the budget request assumes passage of the proposed legislative changes and, I believe, the other figures assume a continuation of present legislation.

Senator BROOKE. Now, how much do you actually need? I mean, your budget request is $811.4 million, and, as I said, we had information that the actual need is $897 million. Now, I understand it's $823 million. Where does the $823 million figure appear?

Dr. ELLIS. It's in the document that we submitted, and the testimony.

Senator BROOKE. Is that the actual amount needed?

Mr. STORMER. I think I know what the discrepancy is. The $811.4 million represents the amount of money necessary to fund Public Law 874 through the second tier. There's an additional $12 million for major disaster assistance, based on the average within the past 10 or so years. And that brings you up to the figure of $823 million.

Senator BROOKE. I see. Then the $897 million estimate is wrong.

Mr. STORMER. I'm not aware where the $897 came from.

Dr. ELLIS. I don't know where it came from, Senator.

Senator BROOKE. Well, now, what is your current estimate of the cost to fund tier 2 for the current year?

Mr. STORMER. For the current year—$770 million is the figure for the current year, 1978, including hold-harmless (B) and (C).

Senator BROOKE. That is the same as the appropriation?

Mr. STORMER. Yes. It's $731.3, excluding hold-harmless (B) and (C) which is the appropriation.

REGIONAL OFFICE POLICY

Senator BROOKE. I received several letters from my State complaining about the fact that the Office of Education is pulling all the impact aid staff out of the field offices and bringing them back to Washington. These are complaints from school administrators. Why are you doing this?

Dr. BOYER. Possibly I should comment on the administration question you raised. The department determined that we needed a more rational policy regarding what regional offices were. The decision was that we should not fragment the program and have them run in 10 separate offices, and that good administration would require that where policy was involved we should have the offices centralized.

The fact is there is no consistency in the Office of Education, Senator, in relation to the 10 regions. I found that some of our staff are one thing, some another. In almost every program, I discovered a very spotty staffing pattern that reflected more the traditions over the years and the preferences of the regional commissioner than any judgment as to what was delegated down and what was not.

There were two or three programs that had been developed rather independently across the country regionally. Decisions were made in one region that were inconsistent with what was done in another. We were getting major criticisms because we were not administering in a systematic and uniform way.

So, we have been, quite frankly, engaged in centralizing two or three programs.

And in one other further point, there is no clear logic as to what programs had been assigned out to the regions and what programs remained here. That really seemed to be accidental.

So, from an administrative view, I found it wholly impossible to generalize about what a regional office does. Is it there to run a program? Is it there to provide information? Is it there to provide supervision and oversight?

And further, the legislation in recent years seemed to suggest that the regional office was not intended to be an independently operated program, but one for which the commissioner was ultimately responsible.

We are, then, returning to the main office all but those program functions that clearly have administrative responsibility for the function of information and dissemination, which seems important related to proximity. We do believe that that will lead to increased coordination, and a more coherent policy in the separate programs that have been rather unevenly dispersed between the regions.

REGIONAL POSITIONS INVOLVED

Senator BROOKE. How many positions are involved?

Dr. BOYER. There would be about 290 positions that would be reassigned, if my memory serves me, to the Washington office.

Senator BROOKE. How many vacancies?

Dr. BOYER. If I understand your question, it's estimated that some 150 to 200 of those people will elect to return.

Senator BROOKE. Do you expect that you will achieve the desired uniformity by this administrative decision?

Dr. BOYER. I believe that it certainly would improve over the practices we've had, where each regional office is operated virtually independently in the management of these separate programs. And again, without any rationale that I can determine as to what could be decided regionally and what could not——

BACKLOG OF FIELD REVIEWS

Senator BROOKE. It seems to me, Commissioner Boyer, that you had something like 12,000 backlogged audit cases last year.

Dr. BOYER. Excuse me. I'm sorry, which program?

Senator BROOKE. Impact aid. And I'm just wondering how you expect to deal with that backlog by bringing these people back to Washington and leaving so many vacancies.

Dr. BOYER. Well, it is certain the staff, if I understand you, will not leave positions unfilled in the area. I would hope that we have and are committed to develop a centrally developed and implemented plan to follow up on the backlog. Here, again, I wish not to speak critically of my predecessors, but there was no—at least I haven't been able to find any—overall plan by which audit backlogs were to be handled, either within the region or as a total design. And to leave that uncoordinated, I think, can't be justified, because ultimately the commissioner's office is responsible for that.

CONCERN AT THE LOCAL LEVEL

Senator BROOKE. I can understand that, if that's what you hope to achieve. But many of the school administrators are concerned that staff based in Washington just cannot know the local district well, and won't be able to administer the program well. It would sound like this is an attempt to kill the impact aid program through mismanagement.

Dr. BOYER. I'd say the history of what we've done thus far is not commendable, but it's working. I mean, the backlog and the unevenness of the reporting, it seems to me, are resounding evidence that the present and past practice have worked absolutely in opposite directions. It hasn't delivered.

Dr. ELLIS. The present system is an anachronism. We have a paper-and-pencil operation to handle a multitude of very complex data. We do believe we ought to become more mechanized and computerize some of the processes and be able to modernize the way in which we function. I think it's very evident that there are many people in the field who are somewhat concerned because of the relationships they have established with the regional offices. When they have to deal with Washington they feel they just won't get the localized service. I think that's a real fear, and anything we say now will not dispel that fear. We have to operate on the basis of a better program, but it won't happen quickly.

When we return next year, my assumption would be that it will not be smoothed out. I don't want in any way to characterize our present efforts as being moderate, because we are attempting to make a major effort to improve the situation, but the nature of what we're dealing with will require 2 or 3 years.

Senator BROOKE. Did you want to add something, Dr. Berry?

Dr. BERRY. Yes, I wanted to say that this is a general problem. It's important to realize that it's not just a problem of the impact aid program. It is a result of the Secretary's decision to reorganize all the regional offices. Therefore, it's not just an OE problem or an Education Division problem but a problem to be faced by the whole Department. The Secretary reorganized because he believes that

we will eventually get better service to the people in the regions by having the decisionmaking processes in Washington.

We were getting all kinds of complaints from people that even though we had regional offices they always had to contact Washington to get a final answer. In the meantime, they were getting all kinds of different answers from officials in both Washington and the regions.

So, the Secretary's idea was, whenever possible, to pull people back from the regions, and to centralize the decisionmaking. The reorganization also entailed having dissemination and technical assistance staff in the regions to assist the local people and to facilitate coordination and communication with the programs here in Washington. It is hoped that this approach would eventually diminish the idiosyncratic pattern of decisionmaking.

REGIONAL OFFICE HISTORY

Senator BROOKE. I must respectfully disagree with the Secretary. Many thought that the prior administration's regionalization program was a sound effort because it put a lot of the decisionmaking in the regions, where staff were more apt to understand and be more sensitive to the unique problems of each particular area, rather than leaving all the decisions to be made in Washington.

When the Ford administration came in, there was some talk initially about doing exactly what you described the Secretary as wanting to do, to close up a lot of the regional offices and bring staff back to Washington. There was even some discussion of deactivating the regional office of HUD, HEW and, all the other regional operations. And then I think that there was some second thought given to that, and the decision was made to keep regional offices intact.

For the very reason that I have described, many of us don't believe Washington can always do it better than anyplace else.

Dr. BERRY. There is some reason to believe you're right.

Senator BROOKE. You know that we are not all-knowing here in Washington. I think the facts will prove that that just isn't the case.

I agree with Commissioner Boyer on the need for administrative uniformity. I understand the need for it. But I would hope that you're not moving toward making all decisions in Washington or just leaving the minor decisions to be made by regional directors.

I don't think that's just purely a Republican point of view or a conservative point of view. Very few people would so describe me. [Laughter.]

But I do see some merit in making in the regions as many decisions as can be made. I realize that guidelines and criteria are set up in the Washington office. I think that's as it should be. I think the central office ought to exercise control and have oversight responsibility, obviously. But I do believe that some decisions can be made better in the regions. I found that this idea went over well with school administrators, housing authorities, and others I could go on with.

They felt many of the decisions could be made better in the field, and not only did this save many from having to come from Wash-

ington, but a lot of the things that were sent here should have been sent back up there decisions.

I don't want to get into a long discussion, but I think you understand what I'm saying.

Dr. BERRY. I understand you perfectly. I, too, believe it is a bipartisan concern. Many of the Democrats here on the hill have also expressed similar concerns on behalf of their constitutents. I'm not saying that the reorganization is going to solve all the problems, I just wanted to point out that it was not just an Education Division decision.

Senator BROOKE. It goes beyond OE.

Dr. BERRY. Yes, the whole idea is part of a departmental strategy.

TRANSFER OF POSITIONS

The only other point I wanted to quickly make was on impact aid.

One of the problems, I'm told, is that we have not had enough staff. This is important in light of your concern about the audit backlog. We feel that more people might help solve some of those backlog problems,

Senator BROOKE. How many positions are involved? Do you have any numbers for me on that?

Mr. STORMER. We have 30 positions that will be transferred by the regional offices to headquarters. Additionally, we have at headquarters a ceiling of 62, so the combination would give us 92 positions.

FIELD REVIEWS

Senator BROOKE. When can we expect some progress to be made as far as the backlog is concerned?

Dr. BOYER. It seems to me there's another point that is more crucial than possibly the location, and that's the procedures involved.

For example, it would be helpful if we could sort out large and predictably complicated impact aid districts from smaller ones. Then we could extend the period of review and ask only for an update. I think Bill is working on alternatives, and I'm deeply interested. It's not just a matter of consolidating people. It's simply, do we have a realistic cycle of clearance that we can manage, and is it possibly overkill—and that's not to be critical—in terms of what we need to provide as review.

I would expect that by looking carefully at our own imposed procedures, we may, by disaggregating or separating out parts of the problem, relieve the backlog problem, because we are less rigid in the requirements, and the districts might then be freed up somewhat. I know Bill is looking at ways to get at it—not just more people, but also more flexibility, and still carry out our mandates and accountability to you as to whether the money is being channeled the right way.

As Bill says, maybe we could experiment with written responses as contrasted to onsite visits.

It seems to me, somewhere in that analysis we might free up the process somewhat and watch the backlog diminish.

Senator BROOKE. Mr. Stormer, do you have any predictions as to when these backlogs can be taken care of?

Mr. STORMER. I think there are a number of cases which should not be identified as backlog. They are cases that have not received a field review during the period of time in which the records are required to be maintained, and in some instances those records are valid and good and we wouldn't have any adjustments to make.

The ones we're particularly concerned with are the ones in which we are aware of consolidations of school districts and the changes of personnel and the potential of inaccuracy within the records of overclaims.

And I think that GAO speaks to the fact that in our history, our overclaims represent a figure of something less than one-half of 1 percent.

So we would like to recover that one-half of 1 percent, but it may not be equal to the total thrust of reviewing every case on an every-year basis.

Senator BROOKE. Thank you.

TIMELINESS OF PAYMENTS

Now, in last year's hearings you might remember that I questioned the reasons for the late payments to school districts, a regular complaint against the impact aid program.

Besides lack of staff, I think you said that a computer system had been installed to make these payments, but all the bugs had not been worked out.

I think I quote you.

Mr. STORMER. Almost to the letter. [Laughter.]

Senator BROOKE. Is your system now fully operational?

Mr. STORMER. I think, for the most part, it is fully operational, and I'd say, for the most part, last year as well as this, the bugs were worked out and that we're approximately on schedule on making the payments.

Our target date is always to have initial payments sent to the school districts no later than the month of June, and this is what they've anticipated. And I don't think we're quite as subject to criticism as we were last year.

1978 PAYMENT SCHEDULE

Senator BROOKE. How far behind are you now in your payments to those school districts?

Mr. STORMER. I don't have the specific figure in terms of numbers of districts.

Senator BROOKE. How does it compare with last year?

Mr. STORMER. If I'm not mistaken, we're ahead of schedule.

Let me check that and provide it for the record.

[The information follows:]

Applications are received by January 31, each year. As of the end of February 1978, 178 initial payments for fiscal year 1978 had been made. As of the end of February 1977, 102 initial payments for fiscal year 1977 had been made. By the middle of April 1978, we expect to have made an initial payment for fiscal year 1978 to all but about 200 applicants. This number of initial payments for fiscal year 1977 were not accomplished until June in 1977.

PROPOSED REFORMS

Senator BROOKE. Tom Burns is shaking his head.

Mr. BURNS. By comparison, Senator——

Senator BROOKE. Are you that much better off, Tom?

Mr. BURNS. Yes, we are. As a matter of fact, on this point, Senator, I believe that 60 percent of the school districts that are recipients of impact aid have less than 3 percent of the population of impact aid students, and there is reform legislation that's going to take that absorption factor into consideration. This might cut back the backlog considerably. [Laughter.]

Dr. BOYER. That's one way to solve it. It's funny I didn't think of that. [Laughter.]

Senator BROOKE. You really can't be late if you don't make the payment. [Laughter.]

Will your new reform proposal mean retooling the program? Will the checks again be slowed down?

Mr. STORMER. It would mean retooling. Whether it would mean a slowdown or not—it would mean adjustments; it would definitely mean adjustments.

We are proceeding well at this point under the present legislation. We have currently an absorption factor in effect for 1978 that would be in effect in 1979. I don't think the retooling would be that difficult, since we have a year's advance on it.

Senator BROOKE. I hope the payments won't be slowed down as a result of that retooling. Try to avoid that, because, obviously, that could be a possibility.

SUPPLEMENTAL REQUEST

Now, you have submitted a fiscal 1978 supplemental budget request for $31 million for disaster assistance.

What is this for, exactly?

Dr. ELLIS. $5 million is to handle the major disaster payments that are required when the President declares a disaster, such as the current rainfall on the west coast in California.

Senator BROOKE. What about the snow in Massachusetts?

Dr. ELLIS. Sir, I didn't want to mention that one first. [Laughter.] I was trying to be diplomatic.

Senator BROOKE. You might have been more diplomatic to mention it first. [Laughter.]

It's a question about how diplomatic. [Laughter.]

Of course, I remember you did a survey of Boston's school system back some time ago, didn't you?

Dr. ELLIS. Yes, I worked on a survey of the Boston schools, yes. I didn't know you followed that.

Dr. BERRY. The Senator is aware of everything.

Senator BROOKE. I know most things that are happening, not all.

Dr. BOYER. Is that a disaster, too. [Laughter.]

Senator BROOKE. No.

Dr. ELLIS. I did make the presentation to the Boston School Committee on how to desegregate Roxbury.

Senator BROOKE. That's quite right. You were back there in 1961 and 1962, as I remember.

Dr. ELLIS. Yes.

Senator BROOKE. Yes. You were there when I was Attorney General, in 1964. That's right, isn't it?

Dr. ELLIS. That's absolutely correct.

The $26 million is for pinpoint disaster claims.

A "pinpoint disaster" is a disaster where the Governor of a State requests the Commissioner of Education to provide funds for isolated problems, where a school building or two or three buildings have sustained storm damage. It's not a widespread area.

We have had a law on the books for some time, but we had not been processing the claims.

PINPOINT DISASTER BACKLOG

Senator BROOKE. How large is the current backlog?

Dr. ELLIS. $38 million.

We have 639 claims, and——

Dr. BOYER. It dates back 10 years. We think that's the complete list of the backlog.

Dr. ELLIS. There will be some additional claims from now until the end of the fiscal year.

We have sent site-inspection teams to about 10 percent of the school systems that have made application, and based on that site inspection it is our belief that about 67 percent of the claims will be legitimate.

There are criteria that have to be met—it has to be a natural disaster, such as a fire or a storm, and the complaint has to be legitimate according to criteria, not arson or vandalism.

We estimate that we can fund all the pinpoint disaster claims we now have based on that 67 percent ratio.

Senator BROOKE. With the $31 million?

Dr. ELLIS. With the $26 million.

Senator BROOKE. Didn't you request $31 million in the supplemental?

Dr. ELLIS. We requested a supplemental of $31 million, $5 million of which is for major and $26 million of which is for pinpoint disasters.

And I said earlier that the total claims for pinpoint disasters are higher than the dollars we are requesting.

Senator BROOKE. Yes, but 67 percent, you say, would be what you might call valid claims.

Dr. ELLIS. That's right. That's based on on-site inspections.

Senator BROOKE. Now, how long would it take to dispose of this entire backlog of pinpoint claims if you received the requested $31 million, of which $26 million would be for pinpoint claims?

Dr. ELLIS. I'm most reluctant to give a precise date, because it almost always takes longer than anyone anticipates.

But we believe about 150 claims can be processed by one person in the course of 1 year, and in meeting with our program people I have been advised that we believe we can eliminate the backlog within a year.

Senator BROOKE. How many people do you have working on this?

Dr. ELLIS. Mr. Stormer is the person who supervises this.

Mr. STORMER. At the present time we have one headquarters person devoting full time.

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Of course, there are other persons who devote part of their time to pinpoint disasters.

We also utilize the regional program officers.

RECENT DISASTER CLAIMS

Senator BROOKE. Mr. Ellis, back to these claims, the number that you mentioned to me, do they include the most recent disaster claims?

Mr. ELLIS. We have 639 on hand. That's the most recent number. But I don't know what the most recent data are.

Senator BROOKE. Do they include the floods on the west coast or the snowstorms on the east coast?

Dr. ELLIS. No, sir.

Senator BROOKE. You have nothing on those?

Dr. ELLIS. No.

Senator BROOKE. So when you speak of the supplemental, that would not cover anything coming in now at all.

Dr. ELLIS. What we are expecting to do is take the applications that we have on hand and the new ones that come in and apply the criteria that we have and fund those that are in severest need from this $26 million.

The assumption is that we can fund all of the eligibles.

Senator BROOKE. Of those claims that will be coming in from the most recent disasters?

Dr. ELLIS. Yes.

Having said that, one has to realize that whenever you're attempting to predict what disaster applications will be, it simply is an inexact science. You can't rely very heavily on predictions. Let's hope that there will not be a series of disasters around the country. Then our projections, of course, would be inaccurate. Then we would have to determine whether or not to request an additional sum of money or request that in future years pinpoint disaster assistance be continued or altered in some manner.

However, the present administration position is that the pinpoint disaster program, as such, should be terminated at the end of this fiscal year.

Senator BROOKE. In fiscal 1978?

Dr. ELLIS. Yes, sir. For the 1979 appropriation there is no request.

Senator BROOKE. No request at all?

Dr. ELLIS. None. There's $12 million for major disasters; none for pinpoint disasters.

BASIS FOR DISASTER REQUEST

Senator BROOKE. Well, what is the basis for that? How have you been able to predict with any degree of accuracy just what claims will amount to that have not already been submitted to you?

I can understand, when you said, based upon your experience, that perhaps 67 percent of the claims that come in are valid claims, and you don't want to be held to that, but at least you have some basis for making that estimate.

But when you made this request for supplemental 1978 of $31 million, of which $26 would be for pinpoint, you didn't even know—

or did you know—about claims coming in from the West or from the East, from the most recent storms? We're not even through the winter yet.

Dr. ELLIS. Your assumption is correct, sir.

Senator BROOKE. That's very difficult to gauge.

Dr. ELLIS. It is, although one method of dealing with the problem assumes that we could fund those that are most critically in need according to our criteria. One of the most significant criteria is the percentage of dollars that the school district would have as an outlay to meet that disaster payment, as opposed to the total budget for the school district. These projects are rated on a priority basis.

It might well be that if the applications exceed our estimates, we would then fund those that had the highest priority.

Mr. STORMER. Additionally, Mr. Chairman——

Senator BROOKE. Just a minute.

It seems to me what you're saying is that the administration has taken a strong position that this is as far as they want to go with pinpoint disaster claims, asking for this initial $26 million, no matter what comes in, no matter what the backlog is. You've got to live within that $26 million that you're not going to come back for any additional supplemental appropriation. And further, since you intend to terminate it, you certainly will not have it included in your fiscal 1979 budget. Is that correct?

Dr. ELLIS. That is correct.

Senator BROOKE. You had something to say? I have something to say, too.

CURRENT MAJOR DISASTERS

Mr. STORMER. The New England disaster and the west coast flooding have been declared major disasters. Of course, they're a different set of circumstances.

Dr. BOYER. They're eligible under the major disaster assistance.

Senator BROOKE. Yes, I know they're eligible under major disasters. I was there on the scene. I spent a lot of time there, and it is a major disaster in eight counties in our State alone, particularly in the coastal area counties, and I saw firsthand many of those areas that it happened to—the schools and what not. We've got some real problems there, and I want to be sure that we have adequate disaster funds for them.

Now, what you're saying to me is, I take it, Mr. Stormer, is that even though there may not be sufficient money here, even with the approval of your supplemental request, that that money is available under HUD's major disaster appropriations. Is that what you're saying?

Mr. STORMER. Basically, there is the request for $5 million in the 1978 supplemental for relief of major disasters. There's also in 1979 our request for an additional $12 million for major disasters.

The commissioner also has another authority. He has the authority to borrow from other sources within the Office of Education to meet disaster assistance. He then informs the Congress that he has met the needs of major disasters, and that manner of informing the Congress becomes a supplemental request.

Senator BROOKE. In other words, there is no likelihood that there will not be adequate funding.

Dr. BOYER. The assumption is that we would be responsible under the major disaster portion of this authorization to meet all legitimate claims.

Senator BROOKE. From your own funds.

Dr. BOYER. That's right, sir.

Senator BROOKE. You're not talking about HUD funds?

Dr. BOYER. That's right. Under the major disaster category of this authorization, the $5 million supplemental is augmented by the $7 million item in the regular budget, and that $12 million is calculated on the average of the claims that we received for the past 8 to 10 years against that authorization. The average has been about $12 million for some years. For several years with hurricanes, it has gone way beyond that.

Under authority granted to the Commissioner, we have sought reassignment of funds with concurrence, with help from the appropriation committees.

Senator BROOKE. This is the first time you have had a line item. I mean, you've taken disaster funds out of other impact aid funds in the past.

So, in addition to this pinpoint disaster money, you've got the major disaster money, and then you have the authority to go elsewhere.

Dr. BOYER. That's right. And to make another point, I just wanted to note that we are committed to being helpful in disaster situations.

A major disaster is fully recognized in here. The pinpoint has been a lower priority, coming into this rather recently. But, as you know, it's very narrowly targeted around one school, so the average claims are very small.

There were 600 claims, against $38 million. Often it averages $2,000 to $10,000 for each claim. The investigation of that claim for flooding or whatever, from the Federal view, represents a major investment. And a very particularized situation involves us with a considerable administration effort with the disaster usually being of a very small nature. This is not to say for that school it may not be a serious problem. But in terms of priorities we'd rather see the Federal role relating to the major disasters and being able to assist them. One could argue one way or the other—but I think one could say the pinpoint is a lower priority. That's why the budget has in it the item that John described.

DISASTER ASSISTANCE PROCEDURES

Senator BROOKE. I would like to understand more exactly what your procedures are. You work independently of the disaster administration, on your own. I think under the law you're required to make site visits, are you not?

Dr. BOYER. That's correct. We are.

Senator BROOKE. You take a look at the disasters yourself?

Dr. ELLIS. We do.

Senator BROOKE. All right. Now, after the President has declared an area to be a disaster area, meaning that it basically is qualified for disaster aid, that still doesn't obligate you to provide funds

without making your own determination as to whether particular claims would qualify for your major disaster funds or your pinpoint disaster funds. Is that correct?

Mr. STORMER. Yes.

Senator BROOKE. Now, in your borrowing—I just want to be sure we understand—you are always supposed to let us know which programs you're borrowing from. Last year you recall you borrowed $3 million from the Follow Through program without telling us in advance. [Laughter.]

I don't want to see you borrowing from the Follow Through program or some other program again, without telling us. I know it's a difficult thing when you start looking for funds to decide where are you going to take the funds. But we need to know your plans beforehand, rather than after the horse is out of the barn, so to speak.

Dr. BOYER. We certainly pledge to you that we will keep you informed. Our intention is to use funds that might not be encumbered for other purposes.

Dr. BERRY. Senator, our new legislative proposal would give us the legal authority to borrow from the Treasury instead of borrowing from the programs.

Senator BROOKE. Much better.

Dr. BERRY. That's much better.

Senator BROOKE. I think that's a much better approach, because after we appropriate funds for a particular program, it's very detrimental to then take money from those programs. I think if you are able to borrow from the Treasury, that's much better than borrowing from funded programs. I didn't particularly approve of that, and I'm glad you propose to change that.

FRAUD AND ABUSE POSITIONS

What can you report on the success on the new staff you were provided last year in helping to reduce fraud and abuse? I remember now we had a little talk about that. We added some additional staff for that. Have you noted any improvement?

Mr. STORMER. Mr. Chairman, the staff was not provided to the division under the 1977 supplemental. As I understand it, they were not allocated by OMB to the Department.

Senator BROOKE. I remember the appropriation. I remember the conference. It stood up in conference, as I recall.

Ms. BEEBE. That's correct. But we have——

Dr. BOYER. We had position freezes imposed.

Dr. BERRY. The ceiling is below the authorization.

Dr. BOYER. We cannot fill without clearance, even if the position has been appropriated.

Dr. BERRY. That is a departmentwide policy.

Mr. BURNS. Senator Brooke, I would say that the language did stipulate that there would be 17 positions: 6 for headquarters; 11 in the regional offices. And we have been provided, by the Commissioner, with six of those positions.

Dr. BOYER. It's been done rather recently.

Senator BROOKE. I want to look into this division which places a ceiling even after the Congress has authorized and appropriated funds. That clearly is not in keeping with the intent of the Con-

gress. I'd just like to be sure that that is not an abuse of executive authority.

I think we ought to ask OMB to report to us on the question of its authority to establish ceilings after congressional authorization and appropriation. They may very well be right, but I'd like to know about that.

It certainly defeats the intent of the Congress.

Mr. DINGELDEIN. Mr. Chairman, one point that should be made is that the ceiling that has been allocated to the Office of Education does not specify how positions are to be distributed. That is up to the Office of Education.

The Department itself is operating under a ceiling that has been given to us by the Office of Management and Budget.

Senator BROOKE. I understand that. But when we authorize an appropriation for positions for specific purposes, as I recall——

Mr. DINGELDEIN. I understand the issue that you're raising.

Senator BROOKE. It seems to me that the Executive is thereby defeating the congressional objective.

At the hearings in both Houses of the Congress, the decision was made to create new positions, which we do with many agencies and departments, for specific purposes.

Now we're facing a ceiling, and find we haven't created any more positions. That's, in effect, what you're saying. So, the situation for which the positions were created remains the same. I think we need to question that authority.

CONSTRUCTION REQUEST

Now, on the subject of impact aid construction funds, the justification states: "In addition, many of the schools where children reside on Indian lands and on certain military bases, present life-safety hazard and are educationally deplorable."

Do you have a list of the schools you refer to in this statement?

Dr. ELLIS. Mr. Stormer, do you have a list of those?

Mr. STORMER. We have a listing of all the schools which exist under section 10. We have a listing of all of those applicants who are requesting funds under section 14.

Senator BROOKE. Can you supply those for the record?

Mr. STORMER. Yes, sir.

[The information follows:]

Summary of Findings in Tabular Form

State	Application Project Number	Location	Estimated Project Cost	Type of Construction Activity Proposed	Priority Group	Date of Estimate
Ala.	AL 77-C-FED-2A27	Fort McClellan	$ 1,243,700	Repair and improvement of one existing school facility	III	May 2, 1977
	AL 77-C-FED-3A27	Fort Rucker	471,000	Repair and improvement of one existing school facility	IV	April 12, 1977
	AL 77-C-FED-4A27	Maxwell Air Force Base	1,091,600	Repair and improvement of one existing school facility	III	March 31, 1977
Alaska	AK 77-C-FED-6B27	Adak Naval Station	13,759,700	New elementary school and repair and improvement of one existing school facility	II	May 10, 1977
	AK 77-C-FED-3A27	Elmendorf Air Force Base	2,227,700	Repair and remodeling of four existing school facilities	II	March 16, 1977
	AK 77-C-FED-11A27	Fort Greely	1,902,340	Repair and improvement of one existing school facility	II	February 25, 1977
	AK 77-C-FED-5A27	Fort Wainwright	1,068,485	Repair and improvement of three existing school facilities	II	December 1, 1976
	AK 77-C-FED-13A27	Ft. Edgecombe	702,200	Repair and improvement of one existing school facility	II	May 6, 1977
Ariz.	AZ 77-C-FED-10A27	Fort Huachuca	832,400	Repair and improvement of three existing school facilities	III	April 22, 1977
	AZ 77-C-FED-1B27	Williams Air Force Base	2,381,700	Repair and improvement of one existing school facility	III	April 29, 1977
Calif.	CA 77-C-FED-3A27	Edwards Air Force Base	1,079,000	Repair and improvement of two existing school facilities	II	August 11, 1977
	CA 77-C-FED-9A27	Mare Island Naval Shipyard	54,600	Repair and improvement of one existing school facility	IV	July 26, 1977
	CA 77-C-FED-3A27	Mather Air Force Base	365,000	Repair and improvement of one existing school facility	II	June 15, 1977
	CA 77-C-FED-12A27	Parker Dam	60,000	Repair and improvement of one existing school facility	II	August 11, 1977

State	Application Project Number	Location	Estimated Project Cost	Type of Construction Activity Proposed	Priority Group	Date of Estimate
	CA 77-C-FED-4A27	Sierra Ordance Depot	191,900	Repair and improvement of one existing school facility	IV	February 8, 1977
	CA 77-C-FED-1A27	Travis Air Force Base	229,000	Repair and improvement of one existing school facility	IV	May 26, 1977
	CA 77-C-FED-14A27	Yosemite National Park	335,600	Repair and improvement of two existing school facilities	IV	March 4, 1977
Del.	DE 77-C-FED-1A27	Dover Air Force Base	5,992,000	New Junior-Senior High School and repair and improvement of two existing school facilities	III	July 29, 1977
Ga.	GA 77-C-FED-1A27	Fort Benning	4,512,000	New Middle School	III	June 1, 1977
	GA 77-C-FED-1B27	Fort Benning	3,690,700	Repair and improvement of five existing school facilities	IV	July 11, 1977
	GA 76-C-FED-3A26	Fort Stewart	2,930,500	New Elementary School	III	April 7, 1977
	GA 76-C-FED-3B26	Fort Stewart	416,400	Repair and improvement of one existing school facility	IV	April 21, 1977
	GA 77-C-FED-2A27	Robins Air Force Base	1,268,100	Repair and improvement of two existing school facilities	III	May 2, 1977
Kans.	KA 76-C-FED-1A26	Fort Riley	6,559,000	New Junior High School	III	February 4, 1977
	KA 76-C-FED-1B26	Fort Riley	4,933,000	New Elementary School	III	February 4, 1977
	KA 76-C-FED-1C26	Fort Riley	2,358,000	New Elementary School	III	February 4, 1977
	KA 76-C-FED-1D26	Fort Riley	2,791,000	Repair and improvement of five existing school facilities	IV	February 4, 1977
Ky.	KY 76-C-FED-1B26	Fort Campbell	5,526,600	New Senior High School	III	March 22, 1977
	KY 76-C-FED-1C26	Fort Campbell	1,863,160	New Elementary School	III	March 21, 1977
	KY 76-C-FED-1D26	Fort Campbell	6,900,000	Repair and improvement of six existing school facilities	IV	April 25, 1977
	KY 77-C-FED-2A27	Fort Knox	13,264,000	Repair and improvement of ten existing school facilities	III	May 24, 1977

State	Application Project Number	Location	Estimated Project Cost	Type of Construction Activity Proposed	Priority Group	Date of Estimate
La.	LA 77-C-FED-3A27	England Air Force Base	60,000	Repair and improvement of one existing school facility	IV	June 1, 1977
Me.	ME 77-C-FED-1A27	Loring Air Force Base	403,000	Repair and improvement of one existing school facility	IV	June 24, 1977
Md.	MD 77-C-FED-1A27	Andrews Air Force Base	1,312,500	Repair and improvement of one existing school facility	IV	July 29, 1977
Mass.	MA 77-C-FED-5A27	L. G. Hanscom Field	3,750,000	New Middle School and repair and improvement of one existing school facility	III	
Mo.	MO 77-C-FED-1A27	Fort Leonard Wood	5,861,100	New Junior High School	III	June 15, 1977
	MO 77-C-FED-1B27	Fort Leonard Wood	5,037,000	Repair and improvement of seven existing school facilities	IV	June 24, 1977
	MO 77-C-FED-2A27	Whiteman Air Force Base	1,742,000	Repair and improvement of one existing school facility	III	June 24, 1977
N.H.	NH 77-C-FED-1A27	Pease Air Force Base	695,000	Repair and improvement of two existing school facilities	IV	June 20, 1977
N.J.	NJ 77-C-FED-1A27	Fort Dix	225,700	Repair and improvement of one existing school facility	IV	May 3, 1977
N.M.	NM 77-C-FED-2A27	White Sands Missile Proving Grounds	789,271	Repair and improvement of one existing school facility	IV	March 28, 1977
N.Y.	NY 77-C-FED-2A27	Governor's Island Coast Guard Base	10,000	Repair and improvement of one existing school facility	IV	
	NY 77-C-FED-7A27	Plattsburgh Air Force Base	3,030,000	Repair and improvement of two existing school facilities	II	June 20, 1977
	NY 77-C-FED-1A27	U.S. Military Academy, West Point	4,836,000	New Middle School and repair and improvement of one existing school facility	III	June 20, 1977

State	Application Project Number	Location	Estimated Project Cost	Type of Construction Activity Proposed	Priority Group	Date of Estimate
N. C.	NC 77-C-FED-2A27	Camp Lejeune Marine Corps Base	6,746,500	New Senior High School	III	April 25, 1977
	NC 77-C-FED-2B27	Camp Lejeune Marine Corps Base	3,523,000	New Middle School	III	April 25, 1977
	NC 77-C-FED-2C27	Camp Lejeune Marine Corps Base	2,200,000	New Elementary School	III	May 4, 1977
	NC 77-C-FED-2D27	Camp Lejeune Marine Corps Base	5,332,000	Repair and improvement of five existing school facilities	IV	April 29, 1977
	NC 76-C-FED-1A26	Fort Bragg	1,918,000	New Elementary School	III	January 17, 1977
	NC 76-C-FED-1B26	Fort Bragg	6,297,810	New Middle School	III	January 12, 1977
	NC 76-C-FED-1C26	Fort Bragg	2,265,360	New Elementary School	III	January 17, 1977
	NC 76-C-FED-1D26	Fort Bragg	6,997,500	Repair and improvement of six existing school facilities	III	January 14, 1977
N.D.	ND 77-C-FED-1A27	Garrison Dam and Reservior	1,200	Repair and improvement of one existing school facility	IV	
S.C.	SC 77-C-FED-3A27	Beaufort Marine Corps Air Station	1,202,000	Repair and improvement of two existing school facilities	IV	May 4, 1977
	SC 76-C-FED-4A26	Fort Jackson	1,694,000	New Elementary School	III	February 1, 1977
	SC 76-C-FED-4B26	Fort Jackson	343,400	Repair and improvement of two existing school facilities	IV	March 1, 1977
	SC 76-C-FED-5A26	Myrtle Beach Air Force Base	2,140,800	New Middle School	III	January 14, 1977
	SC 76-C-FED-5B26	Myrtle Beach Air Force Base	1,192,500	Repair and improvement of one existing school facility	IV	January 28, 1977
Texas	TX 77-C-FED-3A27	Fort Hood	1,175,500	Repair and improvement of one existing school facility	II	July 13, 1977
	TX 77-C-FED-2A27	Fort Sam Houston	1,883,000	Repair and improvement of one existing school facility	III	April 28, 1977
	TX 77-C-FED-2B27	Fort Sam Houston	2,370,200	Repair and improvement of one existing school facility	III	April 28, 1977
	TX 77-C-FED-4A27	Lackland Air Force Base	4,018,235	Repair and improvement of one existing school facility	III	May 10, 1977

State	Application Project Number	Location	Estimated Project Cost	Type of Construction Activity Proposed	Priority Group	Date of Estimate
	TX 76-C-FED-1A26	Randolph Air Force Base	1,175,666	Repair and improvement of one existing school facility	III	May 10, 1977
	TX 76-C-FED-1B26	Randolph Air Force Base	1,838,014	Repair and improvement of one existing school facility	III	May 10, 1977
Va.	VA 77-C-FED-2B27	Fort Belvoir	2,858,000	Repair and improvement of three existing school facilities	II	May 27, 1977
	VA 77-C-FED-7A27	Fort Monroe	360,000	Repair and improvement of one existing school facility	IV	May 26, 1977
	VA 77-C-FED-6A27	Langley Air Force Base	1,041,000	Repair and improvement of one existing school facility	III	May 26, 1977
	VA 77-C-FED-1A27	Quantico Marine Corps Base	2,023,000	New Elementary School	III	July 29, 1977
	VA 77-C-FED-1B27	Quantico Marine Corps Base	1,954,000	Repair and improvement of three existing school facilities	IV	May 26, 1977
Wash.	WA 77-C-FED-5A27	Fort Lewis/McChord Air Force Base	3,142,000	Repair and improvement of seven existing school facilities	II	March 4, 1977
P.R.	PR 77-C-FED-2A27	Fort Buchanan	9,557,000	New Junior-Senior High School, repair and improvement of two existing school facilities, and new central administrative unit	III	May 2, 1977
	PR 77-C-FED-1A27	Ramey Air Force Base	113,000	Repair and improvement of one existing school facility	IV	March 7, 1977
	PR 77-C-FED-3A27	Roosevelt Roads Naval Air Station	2,067,000	Repair and improvement of two existing school facilities	IV	April 13, 1977
		Total	$198,231,641			

ORDER OF PRIORITY INDICES AND FUNDS NEEDED
SUBSECTION 14(a) and 14(b)

Project Number	Applicant	Priority		Initial Estimate of Funds Needed	
		Tent.	Firm	Tent.	Firm
AZ 78-C-404	Chinle E.S.D., Tsaile Waiver Area		200.0		$ 6,500,000
AK 78-C-6001	North Slope Borough S.D. (Anaktuvuk Pass Waiver Area)	200.0		$ 3,182,000	
AK 78-C-6001	North Slope Borough S.D. (Point Lay Waiver Area)	200.0		3,400,000	
AK 78-C-6001	North Slope Borough S.D. (Point Hope Waiver Area)	200.0		4,790,000	
AK 78-C-8001	Chugach S.D., Whitter	200.0		320,000	
WI 78-C-409	Menominee Indian S.D.		169.5		6,815,200
AK 76-C-6001	North Slope Borough Schools, Barrow		141.8		10,000,000
AK 78-C-6001	North Slope Borough S.D. (Nuiquist Waiver Area)	118.9		3,900,000	
MT 75-C-404	Lodge Grass E.S.D. #27		108.4		3,042,000
MT 75-C-1601	Lodge Grass H.S.D. #2		107.0		1,379,610
MT 75-C-5001	Frazer H.S.D. #28		106.6		1,639,339
MT 75-C-17	Frazer E.S.D. #2		104.4		472,024
AK 78-C-6001	North Slope S.D., Barrow	102.7		7,610,000	
MT 76-C-3001	E.S.D. #28, St. Ignatius		102.1		$ 1,139,377
AZ 77-C-1105	Keams Canyon S.D. #25		100.8		3,500,000
MT 75-C-406	E.S.D. #9, Poplar		98.7		3,725,000
AZ 73-C-607	Kayenta E.S.D. #27		96.0		2,304,000
AZ 77-C-516	Window Rock S.D. #8	95.9		42,631,000	
AZ 76-C-516	Window Rock S.D. #8		88.5		42,631,000
WA 77-C-602	Wellpinit S.D. #49	87.2		1,377,450	
NM 73-C-402	Gallup-McKinley (Navajo Waiver)		85.8		910,000

Project Number	Applicant	Priority		Initial Estimate of Funds Needed	
		Tent.	Firm	Tent.	Firm
NM 77-C-402	Gallup-McKinley (Navajo Waiver)	84.0		10,300,000	
AZ 76-C-1001	Apache Co. S.D. #19, Ganado		82.4		6,890,000
AZ 74-C-517	Indian Oasis S.D.		80.3		5,748,749
AK 75-C-5002	Craig City S.D.	79.2		1,850,000	
MN 69-C-403	I.S.D. #707, Nett Lake		78.9		89,500
AZ 76-C-404	Chinle S.D. #24		76.2		32,569,092
AZ 73-C-16	Yuma S.D. #27, Parker		70.4		$ 1,524,624
NM 77-C-411	Tularosa Municipal S.D. #4	69.4		3,000,000	
AK 76-C-1102	Hydaburg Public Schools	62.2		4,685,868	
NM 73-C-402	Gallup-McKinley (Crown Pt. Waiver)		62.2		1,470,000
AZ 71-C-805	Union E.S.D. #62		61.6		117,000
AZ 77-C-702	Tuba City Unif. S.D.	60.4		13,670,350	
NM 76-C-4	Espanola Municipal S.D. (San Juan Waiver Area)	59.6		882,000	
NM 75-C-512	Jemez Springs Municipal S.D.	56.0		1,550,000	
OK 75-C-5002	Oaks Mission S.D.	55.7		200,000	
SD 74-C-3001	West River I.S.D. #18 (Waiver)		55.6		400,000
MT 76-C-14	Elementary S.D. #9, Browning	53.5		579,720	
NM 77-C-406	Grants Mun. S.D. #3 (Waiver)	52.4		2,832,500	
NM 77-C-402	Gallup-McKinley (Crown Point Waiver Area)	52.1		12,320,000	
MT 73-C-14	Browning E.S.D. #9		51.6		1,092,000
MT 75-C-410	Hardin E.S.D. #17-H		51.4		1,680,000
AK 75-C-5003	Dillingham City S.D.	50.8		2,500,000	
NM 77-C-512	Jemez Springs Municipal S.D.	47.6		1,600,000	

Project Number	Applicant	Priority		Initial Estimate of Funds Needed	
		Tent.	Firm	Tent.	Firm
AZ 76-C-607	Kayenta S.D. #27		46.8		5,249,000
AZ 73-C-14	Northern Yuma Co. U.H.S.D.		45.9		415,600
NM 75-C-802	Magdelena Municipal S.D.	44.4		150,000	
MN 71-C-401	Red Lake S.D.		44.0		773,280
OK 76-C-437	Salina S.D.	42.9		350,000	
SD 71-C-1801	Waubay I.S.D.		42.8		318,750
AZ 77-C-28	Puerco E.S.D. #18		40.9		10,000,000
MT 78-C-1801	H.S.D. #2, Harlem		40.7		900,000
OK 73-C-3001	Pleasant Grove I.S.D. #5		37.4		109,358
UT 76-C-401	Uintah S.D., Vernal	37.0		270,000	
SD 76-C-507	White River I.S.D. #29	36.0		2,339,584	
WA 71-C-25	Clallam Co. S.D.		32.2		667,705
OK 75-C-437	Salina S.D.	31.8		238,000	
OK 75-C-601	Little Axe S.D.	30.3		130,000	
ID 77-C-1202	Western Benewah S.D. #42	29.8		90,000	
MT 70-C-1801	Harlem H.S.D.		29.6		$ 159,712
NM 75-C-411	Tularosa Municipal S.D.	29.5		2,350,000	
NM 77-C-407	Bernalillo Bd. of Ed.	27.1		1,480,000	
ND 76-C-6001	Eight Mile S.D. #6, Trenton	27.0		800,000	
MT 76-C-7	E.S.D. #30, Ronan	26.2		1,176,000	
NM 75-C-412	Bloomfield Municipal S.D.	26.2		872,000	
SD 76-C-6001	Lyman Co. S.D. #12		22.6		950,000
NM 73-C-603	Los Lunas Cons. S.D.	22.2		475,000	
OK 76-C-1103	Pocola S.D.	19.7		365,750	
MT 75-C-14	Browning E.S.D. #9	19.1		7,753,480	

Project Number	Applicant	Priority		Initial Estimate of Funds Needed	
		Tent.	Firm	Tent.	Firm
KS 70-C-1802	Mayetta S.D.		18.2		130,000
MN 75-C-5001	I.S.D. #435, Waubun	18.1		30,000	
NM 76-C-603	Los Lunas Cons. Schools	17.9		475,000	
WA 77-C-32	Granger S.D. #204	17.0		412,500	
OK 76-C-911	Checotah I.S.D. #19	16.2		300,000	
MI 75-C-5001	Bark River-Harris S.D.	15.9		250,000	
AZ 74-C-702	Tuba City H.S.D.		15.8		$ 1,168,000
LA 69-C-1701	C.S.D., S. Tama County		13.8		219,800
WA 71-C-44	Wapato S.D. #207		13.5		456,750
UT 72-C-401	Uintah S.D.		13.2		916,000
OR 70-C-13	Jefferson Co. S.D.		13.1		226,000
MN 75-C-401	I.S.D. #38, Red Lake	12.9		3,227,600	
OR 76-C-13	Jefferson Co. S.D. #509C	12.2		281,000	
NM 75-C-9	Pojoaque Valley I.S.D.	12.1		634,653	
CA 71-C-619	Bishop Union S.D.		12.0		102,690
OK 75-C-5001	Falls S.D. #31	11.1		130,000	
AZ 72-C-414	Tuba City E.S.D.		10.8		1,638,750
OK 76-C-5001	Falls Dep. S.D. #31	10.2		260,000	
NM 75-C-602	Taos Municipal S.D. #1	9.8		1,038,300	
NM 73-C-402	Gallup-McKinley (Tse Lee Bonito Waiver Area)		8.0		262,500
MN 75-C-403	I.S.D. #707, Nett Lake	7.9		1,426,000	
OK 76-C-6003	Broken Bow S.D.	2.7		420,000	
MT 71-C-7	Romam S.D.		2.4		$ 1,400,000
NM 73-C-402	Gallup-McKinley (Zuni and Towa Yallane Waiver Area)		1.8		70,000
ID 73-C-5	Blackfoot S.D. #55		1.4		440,000

SUBPRIORITY ORDER OF ZERO PRIORITY APPLICATIONS -- ( ) DENOTES SUBPRIORITY

Project Number	Applicant	Priority Tent.	Priority Firm	Initial Estimate of Funds Needed Tent.	Initial Estimate of Funds Needed Firm
AK 78-C-6001	North Slope Borough S.D. (Atkasook Waiver Area)	(100.0)		$ 3,150,000	
AK 78-C-6001	North Slope Borough S.D. (Kaktovik Waiver Area)	(100.0)		183,575	
AK 78-C-6001	North Slope Borough S.D. (Wainwright Waiver Area)	(100.0)		183,575	
WA 75-C-67	LaConner S.D. #311	(78.7)		525,000	
WY 69-C-403	Mill Creek S.D. #14	(75.5)		42,000	
NM 75-C-401	I.S.D. #22, Kirtland	(58.1)		4,168,000	
WA 72-C-1902	Mt. Adams S.D.		(53.2)		$ 450,000
WA 76-C-1902	Mt. Adams S.D. #209, White Swan	(48.5)		409,550	
NM 77-C-402	Gallup-McKinley (Tse Bonito Waiver Area)	(47.6)		1,660,000	
NV 69-C-701	Elko Co. S.D.		(43.7)		107,000
WA 77-C-25	Cape Flattery S.D. #401	(29.9)		1,181,380	
NM 75-C-513	Cuba I.S.D.	(28.8)		1,000,000	
SD 76-C-701	McLaughlin I.S.D. #21	(25.8)		223,630	
ND 74-C-503	New Town Pub. S.D. #1		(22.4)		163,761
NM 75-C-407	Bernalillo Municipal S.D.	(20.3)		158,300	
AZ 77-C-604	Gila Bend Unif. S.D.	(14.5)		750,000	
MT 73-C-3002	H.S.D. #28, St. Ignatius		(13.8)		592,240
MI 75-C-2001	Watersmeet Township S.D.	(13.6)		122,500	
MT 69-C-8	Harlem E.S.D. #12		(9.3)		210,000
NM 69-C-406	Grants Municipal S.D.		(7.9)		783,264
AK 76-C-1601	Yakutat City S.D.		(7.7)		1,250,000

Project Number	Applicant	Priority Tent.	Priority Firm	Initial Estimate of Funds Needed Tent.	Initial Estimate of Funds Needed Firm
AZ 77-C-901	LaVeen S.D.	(7.2)		(?)	
WA 70-C-67	LaConner S.D. #311		(7.0)		91,440
ID 75-C-5	Blackfoot S.D. #55	(6.2)		650,000	
WA 70-C-56	Marysville S.D.		(2.8)		286,900
CA 71-C-530	San Pasqual Valley U.S.D.		(0.6)		200,000
NV 69-C-404	Humboldt Co. S.D.		(0.1)		231,000

APPLICATIONS TENTATIVELY INELIGIBLE

Project Number	Applicant	Priority Tent.	Priority Firm	Initial Estimate of Funds Needed Tent.	Initial Estimate of Funds Needed Firm
MN 75-C-5002	Pine Point Experimental School	I		S 450,000	
MT 75-C-18	E.S.D. #22, Elmo	I		675,000	
MT 75-C-1203	H.S.D. "G", Box Elder	I		1,600,000	
NM 77-C-402	Gallup-McKinley Co. S.D. (Zuni & Towa Yollane Waiver)	I		9,500,000	
NM 75-C-406	Grants Municipal S.D.	I		697,842	
NM 75-C-409	Dulce I.S.D. #21	I		1,036,000	
NM 76-C-409	Dulce I.S.D. #21	I		2,469,000	
SD 75-C-407	Smee I.S.D. #4, Wakpala	I		885,000	

APPLICATIONS NOT PRIORITIZED

Project Number	Applicant	Priority Tent.	Priority Firm	Initial Estimate of Funds Needed Tent.	Initial Estimate of Funds Needed Firm
AZ 77-C-30	Holbrook S.D. #3			$ 3,668,197	
AZ 78-C-516	Window Rock S.D. #8			500,000	
NM 78-C-401	Kirtkand I.S.D. #22			500,000	
NM 78-C-406	Grants Municipal S.D. #3			2,832,500	
ND 78-C-6001	Eight Mile S.D. #6			500,000	
OK 77-C-439	Cave Springs S.D. I-30			500,000	
SD 78-C-404	Shannon Co. S.D. #65-1 Waiver #1 Waiver #2			500,000	
NM 76-C-802	Magdalena S.D.			500,000	
				$316,574,219	

CHILDREN RESIDENTS ON INDIAN LANDS

Senator BROOKE. What is the total estimated cost on rectifying the problems in these facilities?

Dr. BOYER. $875 million for all Public Law 815 claims. It's very large.

Senator BROOKE. Do you have a plan, Dr. Boyer, to rectify the situation on Indian lands?

Dr. BOYER. That has been a very minimally funded obligation, from my view, Senator. It's clearly an example of a major backlog. We have priorities as to how we proceed. The funding proposal here is not at all adequate for the magnitude of that problem.

Senator BROOKE. Did you say $875 million?

Dr. BOYER. That's the total of all the requests under Public Law 815.

Mr. BURNS. That's the total backlog.

Senator BROOKE. I want to be sure of this. That's to alleviate conditions for children that reside on Indian lands and on certain military bases? That's the amount of money needed?

Mr. BURNS. That would be $550 million for Indian facilities of that total backlog.

Senator BROOKE. To prevent life-safety hazards and conditions that are educationally deplorable? That doesn't mean constructing all those schools covered by impact aid or anything like that. We're talking only about those constituting safety hazards, and deplorable educational conditions.

Now it seems to me that would be considerably less than $875 million.

Dr. ELLIS. My information is that the $875 million figure was to renovate schools to bring them up to standard, and not simply to deal with safety.

Senator BROOKE. That's what I would think. I would think you're right. I would think that you're talking about construction of new schools when you get into that magnitude of money, and I would agree with you, Commissioner, that amount is going to be difficult to come by.

LIFE SAFETY NEEDS

But I'm talking about the amount now, for actually preventing these life-health hazardous conditions.

Mr. STORMER. Are you referring to section 10? There is, at the present time, a proposal under consideration to immediately use the 1978 budget of $10.5 million, and the request for $13 million, to address life safety problems in those facilities for which the Commissioner has responsibility.

We do not have a figure that can reflect what life-safety hazards may be with respect to those facilities which are owned by local educational agencies, or those located on Indian lands.

Senator BROOKE. You don't have a figure for military bases?

Mr. STORMER. On military bases, we can give a pretty good estimate.

Senator BROOKE. Do you have that estimate, Mr. Stormer?

Mr. STORMER. It is roughly, without additional construction, about $9.6 million.

Senator BROOKE. For Indian land, it would be considerably less than that, wouldn't it? Less than the amount for military bases, I would think.

Mr. STORMER. No, not necessarily. You're talking about 160, roughly 160 school buildings which are federally owned with respect——

Senator BROOKE. Could it conceivably be——

Mr. STORMER [continuing]. With respect to the Indians, where school districts serve the Indians, I don't know how many school buildings are involved, but you're talking about in excess of 600 school districts that service the Indian children.

The extent of that, in terms of life-safety—I don't know their needs.

Senator BROOKE. All right. Why don't you provide an answer for the record, because I don't want you to try to estimate here; I know that's very difficult. But would you look very closely, at what the costs would be?

SECTION 14 LIFE SAFETY COSTS

Dr. BOYER. We'll try to give you a complete list of what we have a backlog in and how that would break down, and the cost estimates. All we have here, I'm sorry, are gross figures. I do not have those categorized.

[The information follows:]

Applications that have been received and are pending under Public Law 81-815, Section 14(a) and (b) assistance are listed in the insert just before this one. These applications, which are from approximately 120 school districts serving children residing on Indian lands, may be assumed where necessary to include requests for correcting life safety hazards but a separate amount for correcting such hazards

cannot be estimated. Such data are unknown for the approximately 570 other school districts, as reported under Public Law 81-874, serving children residing on Indian lands that do not presently have applications for funding on file with us.

SECTION 10 STUDY

Senator BROOKE. The committee instructed the Office of Education to submit, by May 1 of 1977, a study of the critical problem facing unhoused pupils on military bases. The report language on impact aid in 1978 is restated in this report.

Late in May, four members of this subcommittee—including Chairman Magnuson—wrote to Secretary Califano requesting that the report be submitted to the committee. Now, it is March 1, 1978.

The report was delivered to the committee just prior to today's hearing. I wouldn't exactly say you got in under the wire. [Laughter.]

Can you explain, Commissioner, why it took so long for you to respond to the committee's request?

Dr. BOYER. Well, I was concerned about it when I saw the request and how it had been deferred for several hearings. We worked very hard to get the exact data that were called for, and it also then moved from the office into the department for checking. That wouldn't account for the last few months, to be sure.

I regret very much the delay with which the report has been delivered, but I think it answers many of the issues that were raised. I can only apologize that there was this extended delay, in spite of repeated congressional requests. It does deal with details that are not available to us in the office. That is, we're talking about circumstances in the field, and in relation to facilities that have to be documented.

So it's not data that we could collate. It involved a lot of information that deals with facilities that are far flung and not easily accessible.

That statement would only explain away a little more than half of the delay, I would suspect.

REPORT DELAY

Senator BROOKE. Do you want to explain away the other half?

Dr. BOYER. I think the other half would have to be explained within the office and within the department, and the conditions which I'm attempting to improve upon.

Senator BROOKE. It's just procrastination?

Dr. BOYER. Yes, sir.

One other point. I have to say—and I give it as a third explanation, as an overall observation, that in certain of the programs the employment of personnel in relation to the magnitude of the assignment—especially in an area such as this—where the workload engages them in the field, and in the documentation site visits, that the expectation in some of the offices is staggering, in terms of the backup staff that's available. This office now is managing $12½ billion. It has a 1 percent administrative budget. It has a grant-to-personnel ratio that's 1 to 3 million, if I recall.

I haven't found an agency in this town that begins to approximate the ratio of staff to program and budget obligations. There may be. I hesitate to say that, because it may sound like an excuse.

But I simply have to note that, as an obligation that the added workload involved, this affects the people who are also obliged to meet routine obligations.

Senator BROOKE. No; I can appreciate what you've said. I don't consider it to be defensive. I think you are stating the facts.

But I also think that, in most instances that I know of, when requests are made for information for reports by a congressional committee—at least the congressional committees on which I've been privileged to serve—that that's taken into consideration.

We would not put upon you a request of a magnitude that would overtax existing staff, or take existing staff away from their normal and regular duties—which I'm sure, as you say, are also of great magnitude.

Dr. BOYER. In this instance, in the past 12 months, when I became familiar with this request, there were at least two occasions where a draft was forthcoming which I judged inadequate.

So there were deferrals that, unhappily, were caused simply because it wasn't answered as carefully as it should have been. It still may be judged inadequate, but there was, I thought, unnecessary delay on it on two occasions.

We wanted to be a little more careful than formerly. So there are those reasons in combination.

Dr. BERRY. Senator, on behalf of the Secretary, the department also offers its apologies for the delay in the report. We will make sure that such reports are received in a timely fashion in the future.

Senator BROOKE. Thank you.

The staff has noted, for the record, the education reports requested in the 1978 Senate report were all on time.

Dr. BOYER. Pardon me?

Senator BROOKE. The reports requested in the 1978 report on education were all submitted on time.

Dr. BOYER. Oh, yes.

Senator BROOKE. In other words, if we're pestering you about something you didn't do, I think we ought to tell you about something you did do. [Laughter.]

My distinguished colleague, Senator Mathias, as you know, is very much interested in the subject of impact aid. He's made a great contribution to the field of education. He may have some questions, now, and then we will go into another subject.

There are other questions, obviously, which I'd like to ask for the record.

REFORM PROPOSAL

I am particularly interested that you submit the Administration's impact aid reform proposal.

Dr. BERRY. We submitted that yesterday, sir.

Senator BROOKE. It is in?

Dr. BERRY. We submitted it yesterday, Senator. The Secretary testified on it.

Senator BROOKE. Then it's already in.

Dr. BOYER. On the total reauthorization.

Senator BROOKE. We've been waiting for that to come along.

Senator MATHIAS. The chairman was using the word "reform."

[The information follows:]

FISCAL YEAR 1979 IMPACT AID REFORM PROPOSAL

(Testimony of Secretary Joseph A. Califano, Jr., Department of Health, Education, and Welfare, February 28, 1978)

Impact aid.—The purpose of the impact aid program is to compensate local school districts for the cost of educating children when enrollment and availability of local revenues are adversely affected by Federal activities in the area. As this subcommittee knows well, it is an annual rite of Spring for the executive branch to march up Capitol Hill with a broad proposal to reform impact aid and to march down the Hill in the summer without it. Last June, Mr. Chairman, you and I exchanged letters sharing a mutual hope that we could come up with a more feasible impact aid reform.

This year we do have a more modest, more carefully drafted proposal that provides aid to those districts which genuinely bear a significant Federal burden. We believe this proposal can form the basis for a meaningful reform that the Congress will approve. Its essential features are as follows:

Payments for children whose parents work on Federal property outside the county in which the school district is located—out of county "Bs"—will be eliminated. These children are not associated with a loss of taxable property to the school district because they live on taxable residential property within the district.

We would undertake a study of the impact and feasibility of eliminating payments for other children whose parents work on Federal property outside the school district, since data are not now available on these out of district effects.

We propose a 3 percent absorption provision that would eliminate payments for the number of Federal children equal to 3 percent of the district's non-Federal enrollment. This proposal is based on the fact that the national average of Federal children in school districts is about 3 percent of non-Federal enrollment—thus there is no special Federal burden for districts with 3 percent or less.

We propose changes in the method of computing the local contribution rate—the amount paid to the district per child—that will more accurately reflect the real nature of a district's burden.

We would hold payments for public housing children at fiscal 1978 levels for fiscal 1979 and 1980, and then phase them out. Public housing property is locally, not Federally owned, and the Federal Government provides substantial aid to the community through housing subsidies, debt service guarantees, and other mechanisms aimed at helping public housing residents. Moreover, our commitment to assist districts with high concentrations of poverty is reflected in our fiscal 1979 budget request and in ESEA legislative proposals.

To insure that no district will suffer a sudden decrease in payments as a result of these reforms, we propose a 75 percent hold harmless provision.

If these reforms took effect in 1979, program costs would be $735 million, a savings of $76 million below the $811 million it would cost to carry out the program under current law. With these reforms, program costs in 1982 would be approximately $717 million, compared with program costs of over $1 billion without reform, leading to savings of about $336 million in that year.

REFORM DIFFICULTIES

Senator MATHIAS. I don't have any long speech on the subject. I gave my general views to the Secretary when he was here for an overview.

But I think that the difficulty with reforms of that nature is that they don't sometimes take cognizance of the facts with which the local school districts have to deal.

When the Congress considers this particular reform, it has to consider really where the school districts will be left after the reform has been accomplished.

I am not unsympathetic toward the goal of trying to get away from a lot of categorical programs, each one of which carries its burden of paperwork and administering. I don't see how the schools in Maryland, for example, which have a very crucial effect,

could make the adjustment, except with a considerable amount of notice and over a considerable amount of time, so the alternative sources of support are developed.

That's really been my position on the impact aid for a number of years.

Each succeeding administration, without regard to partisanship, would seem to come up with the concept that within a year or two we could do away with impact aid. I just don't believe it's possible—in this case, really not doing away with it but simply severely limiting it. So——

ELEMENTS OF REFORM

Dr. BOYER. This was an attempt to be responsive to that, Senator. I know it may not be the best of all worlds, but it does phase in over a 4-year period, and it is an attempt to deal rather more carefully with reductions.

We would also forward-fund it for the first time, so there would be advance notification of the program budget.

The slow phasing out of the part B, out-of-county student seems to be to us the least offensive part of the overall impact aid reform.

The other significant part would be a 3-percent absorption that would be phased in over a 3-year period.

Similarly, the first 3 percent might be gradually absorbed, or if the district had less than that, then it would be phased out.

Those were the two principal parts.

Still, the reform would maintain most of the current level of funding, to be sure, compared to other proposals in the past. The main thing I think it would show would be that in several years, it would not increase as rapidly.

If I might say so, I think it's a sensitive effort, because our goals were exactly the same as yours—to best use the available dollars.

We are submitting that for congressional consideration.

Senator MATHIAS. I understand and appreciate the effort that's gone into it. It seems to me that we can still get to a bottom line. Where we haven't made a transfer of one kind of assistance to another, we're really closing out. I think that's the bottom line. And my concept of the gradual change, the change from something to something, I'm afraid this is changing from something to nothing, even though it's done with great gentleness. [Laughter.]

Dr. BOYER. We're not that gentle.

Senator MATHIAS. And that's my problem.

Senator BROOKE. Well said. [Laughter.]

SUBMITTED QUESTIONS

I associate myself with the distinguished Senator from Maryland. We'll give you some more questions to be answered for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

IMPACT AID -- MAINTENANCE AND OPERATIONS

Question: Congress has agreed in conference to an appropriation of $770 million for Fiscal Year 1978: $717.5 million for the regular Public Law 874 program and $52.5 million for the four savings provisions under Section 305 of Public Law 93-380. Approximately what appropriation amount would be required to continue a current services level of funding for FY 1979?

Answer: Our understanding of the 1978 appropriation, that was agreed upon in conference and provided by continuing resolution, is that it includes funds for only hold harmless provisions (B) and (C) and not all four of the hold harmless provisions (A) through (D). The amount of $823,400,000 (which includes $12 million for disaster assistance) would continue in 1979, under the present law, the same level of funding that the 1978 appropriation provides.

Question: What is the current services level of funding for FY 1979?

Answer: At $823,400,000, this level of funding provides payments through the second payment tier and full funding for Sections 6 and 7 and hold harmless provisions (B) and (C).

Question: Regarding such an FY 1979 current services estimate for Public Law 874, what are the principal factors which might account for any difference between the FY 1979 budget request and the amount of the FY 1979 current services estimate?

Answer: The 1979 Budget Request under the present law and the 1979 current services estimate are the same amount, $823,400,000.

FY 79 REQUEST

Question: What are the principal reasons for the $54 million increase in the Fiscal '79 request for payments to "A" and "B" children?

Answer: The principal reason for an increase in payments for "A" and "B" children, under the present law and the present level of funding, is inflationary-increased rates of payment. As you know, rates of payment per child are based on financial data of the second preceding year. In 1979, the rates will be based on 1977 financial data of school districts. Since firm 1977 financial data are not yet available, the data were estimated to increase at about the same rate of increase that occurred in 1975 and 1976 financial data.

PAYMENT RATES

Question: Last year, in response to a GAO recommendation, you were engaged in a review of the selection factors for comparable school districts used to establish the payment rate to school districts. Can you tell us the outcome of that review?

Answer: Our review resulted in establishing a minimum number of factors which must be comparable. In order to provide an applicant's requested rate on the basis of individually selected

comparable districts, a minimum of five selective criteria for each comparable district submitted must compare favorably with the applicant district.

HOLD-HARMLESS PROVISIONS

Question: What is the reason for the reduced requirements for the so-called "savings" or hold-harmless provisions in Fiscal 1979?

Answer: The estimate of $20 million is based on funding hold harmless provisions (B) and (C) in 1979 under the present law and the present level of funding. The costs of funding these provisions reduce each year because the guarantees reduce. The guarantees provide each year only 90 percent of the previous year. Also, as Section 3 payments increase (primarily because of increased rates of payment), the need for hold harmless funds to reach the level of guarantee decreases.

Question: What is your current estimate of hold-harmless costs for this year?

Answer: We believe that the amount of $38,700,000 which estimates indicate is available in the 1978 appropriation for hold harmless provisions (B) and (C) is sufficient. Hold harmless provisions (A) and (D) will not be funded in 1978 due to the lack of language indicating they should be funded and insufficient funds.

FORWARD FUNDING

Question: I understand that part of your reform proposal is to forward fund the impact aid program beginning with this year's appropriation, which would fund both Fiscal Year 1979 and 1980. What is the rationale for your forward funding proposal?

Answer: It has been our experience that school districts need to know the extent of funding they may expect to receive under the impact aid program far earlier than the present appropriation process provides. For example, school districts are presently (March 1978) preparing their budgets for the school year 1978-79 which begins this fall and for which the 1979 appropriation will provide funds. Among other things, they need to offer firm teacher contracts for next year before the close of this school year, in some States as early as March 15. But at this point in time they have no idea of the amount of impact aid funds they may count on and will not know until the 1979 appropriation is passed. As you know, this passage may not occur until well after the start of the school year. Forward funding would provide school districts the advance knowledge of funding that they need for budgetary planning purposes including the hiring of teachers.

Question: What is the basis for your estimate of $752 million for Fiscal 1980?

Answer: Our estimates for both 1979 and 1980 have been based on analyses of past years' numbers of Federally connected children and expected increases in rates of payment per child. This amount will fund the proposed reformed program in full.

Question: Isn't it difficult to predict impact aid costs accurately so far in advance; won't this just mean more supplementals to meet full requirements once they're known?

Answer: While it is always difficult to predict costs in advance, our estimates have been quite accurate for the past several years and we hope this accuracy continues. The only supplemental that we have requested for the impact aid program in a good many years has been the 1978 supplemental for disaster assistance. The extent of assistance that may be required for disasters in any year is completely unpredictable.

IMPACT AID - CONSTRUCTION

Question: In regard to the cumulative backlog of construction applications: What is the current, estimated backlog for each of the authorizing sections under Public Law 815, as well as the aggregate total?

Answer:	As of March 1978	Estimated through September 30, 1978
Estimated backlog, Section 5	$110,600,000	$125,000,000
Estimated backlog, Section 10	$200,000,000	$200,000,000
Estimated backlog, Section 14	$514,000,000	$550,000,000
Aggregate total backlog:	$824,600,000	$875,000,000

Question: How many school districts in how many States are affected by this backlog?

Answer: Affected are 498 school districts in 47 States, Guam and Puerto Rico.

Question: The House and Senate Reports accompanying the 1978 Labor-HEW Bill directed the Commissioner to provide up to $360,000 for the purchase of portable classrooms at Fort Buchanan, Puerto Rico and $5,000,000 for the construction of minimum school facilities resulting from temporary Federal activities in Northeast Mississippi. Have these directives been carried out?

Answer: Fiscal Year 1978 opened with a series of Continuing Resolutions. Public Law 95-130 approved October 13, 1977 provided funds for the month of October, and Public Law 95-165, approved November 9 provided funds through November 31. Ultimately, Public Law 95-205 enacted December 9, 1977 provided that funding at the conference level, i.e., HR 7555, would be available through Fiscal 1978 or until an appropriation was enacted. This partially delayed actions to secure relocatable school facilities, with the $360,000 earmarked for Fort Buchanan, Puerto Rico pending knowledge of appropriated funds and secondly pending fundings and recommendations

potentially resulting from a General Accounting review of the situation in Puerto Rico. The Regional Program Officer, Division of School Assistance in Federally Affected Areas supplied his report concerning the provision of temporary school facilities on January 4. The Office of Facilities Engineering and Property Management, Department of Health, Education, and Welfare was then requested to determine the maximum number of temporary units which could be provided considering alternative site locations, utilities required and so forth. A report is anticipated March 15 indicating the most economical and educationally feasible location(s) at which the maximum number of temporary facilities may be obtained with $360,000. Potentially such facilities can be in place and usable for the school year 1978-1979.

With respect to disposition of funds appropriated for Section 9 to handle the problem in Northeast Mississippi, a visit to the area was proposed several weeks ago by a representative of our Atlanta Regional Office. However, the school districts involved were not yet ready to have such a meeting and it was postponed. The meeting was then rescheduled and held on February 21 and 22. As a result one application has been received in the Atlanta Regional Office and the remaining four are expected to be received from school districts in both Mississippi and Tennessee soon. Field reviews of these applications will be scheduled in Northeast Mississippi and Tennessee before the end of March after which we will know what the eligibility status of each district is and a determination can be made of the maximum allowance for each district under Section 9 of Public Law 81-815.

Question: Congress has appropriated an average of $25 million for Public Law 81-815 for each of the past several years. How have these appropriations been allocated among the various sections of the authorizing legislation?

Answer:

FY 1976 Appropriation: $20 million

Section 5 Allocation:	$ 6,455,893.21
Section 14 Allocation:	7,175,000.00
Section 10 Allocation:	5,000,000.00
Section 16 Allocation:	1,369,106.79
	$20,000,000.00

FY 1977 Appropriation: $25,000,000

Section 5 Allocation:	$ 7,300,000
Section 14 Allocation:	$10,300,000
Section 10 Allocation:	$ 6,000,000
Section 16 Allocation:	$ 1,400,000
	$25,000,000

FY 1978 Appropriation: $30,000,000

Section 5 Allocation:	$ 3,478,800
Section 9 Allocation:	$ 5,000,000
Section 14 Allocation:	$10,500,000
Section 10 Allocation:	$10,500,000
Section 16 Allocation:	$ 521,200
	$30,000,000

DISASTER ASSISTANCE

Question: This program also provides disaster assistance for school Maintenance and Operations. What is your current estimate of Section 7 disaster assistance requirements for FY 1978, and where will this funding come from?

Answer: We are unable to know with any certainty what the major disaster requirements for the remainder of FY 1978 will be. At the present time we have requests on file under Section 7 for $1,289,230. Several major disasters have been declared within the past few weeks (e.g. Massachusetts, New Hampshire, Arizona, California, and Maine) but field reviews of school assistance needs connected with these disasters have not yet been made. On the basis of the average annual experience, $12 million is estimated to be the amount required to meet major disaster situations in FY 1978. The Administration has requested a 1978 supplemental appropriation of $5 million. This amount coupled with a potential of $5 to 9 million from the regular Public Law 81-874 appropriation would meet these estimated needs. We cannot at this time state that such an amount will be sufficient. However in the event funds are found to be insufficient, the Commissioner may utilize the authority granted under Section 7(c) of Public Law 81-874 and borrow from other program resources.

The Administration is also requesting an appropriation of $12 million in the FY 1979 budget for major disaster assistance under Section 7. This is the first time that a separate appropriation for major disaster assistance has ever been made as part of a regular budget request.

With respect to "pinpoint" disaster aid $26 million is requested to fund such eligible applications on file and those that may be filed during FY 1978 to the extent that this sum will fund applications in priority rank order. Additionally, the Administration is requesting repeal of the "pinpoint" disaster authority under Section 7 of Public Law 81-874 and Section 16 of Public Law 81-815 in Fiscal Year 1979.

Question: Do you anticipate that Section 7 funding for FY 1979 will follow this same funding pattern?

Answer: No one knows. On the basis of experience, we would have to assume that Section 7 funding requirements for FY 1979 will not be less than those for FY 1978 except as such requirements may be modified by Congressional action on the Administration's request that the pinpoint disaster provisions be repealed.

Question: Would you explain the funding procedure used for Section 16 pinpoint disaster aid?

Answer: As yet, no applications for "pinpoint" disaster assistance under Section 16 of Public Law 81-815 have been received. When, and if such applications are filed and found to be eligible, the necessary sums would be taken initially from Public Law 81-815 appropriations in accord with Section 16(b) of the Act. Eligible applications would be funded in priority rank order pursuant to the formula in calculating priority index established in 45 CFR 112.10. Briefly, this is a percent of the number of pupils relocated due to the destruction of school facilities to the total number of children

in membership in the school district.

Question: Have you encountered any problems with this procedure? If so, what are you doing to alleviate the problems?

Answer: The funding permitted for the replacement or restoration of pinpoint disaster affected school facilities is in the form of a loan for a period not to exceed five (5) years. The current interest rate to be paid by an applicant during that period is 6 5/8 percent. These features make this type of assistance unattractive to school districts, thus no applications have been received. Consequently, no procedural problems have been experienced to date.

Question: Since funding for Public Law 815 has been substantially below the amount required for all qualified applicants, does the addition of disaster aid impose additional restrictions on the availability of general Public Law 815 funds?

Answer: Yes. Funds which have been allotted for major disaster assistance are taken off the top of the Public Law 815 appropriation. This imposes an additional restriction on availability of general Public Law 815 funds?

STATEMENT OF JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

ACCOMPANIED BY:

MARY BERRY, ASSISTANT SECRETARY FOR EDUCATION
ERNEST L. BOYER, COMMISSIONER OF EDUCATION
HERMAN R. GOLDBERG, ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY PROGRAMS
JESSE J. JORDAN, DIRECTOR, DIVISION OF EQUAL EDUCATIONAL OPPORTUNITY PROGRAM OPERATIONS
THOMAS W. FAGAN, CHIEF, SPECIAL PROJECTS BRANCH, EQUAL EDUCATIONAL OPPORTUNITY PROGRAMS
JOHN EVANS, ASSISTANT COMMISSIONER, OFFICE OF PLANNING, BUDGETING, AND EVALUATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

EMERGENCY SCHOOL AID

Senator BROOKE. All right, we will now hear the explanation of the funding request for Emergency School Aid.

Let me thank you, Dr. Ellis, for your communication.

The budget requests a total of $332.7 million for desegregation assistance programs under the Emergency School Aid Act, and title IV of the Civil Rights Act of 1964.

Dr. BERRY. Dr. Boyer, you may introduce the other witnesses, and you may proceed with your statement. But, before you proceed, Dr. Boyer, I want to mention a telegram I sent you the 17th of February asking you to extend the Emergency School Aid Act application deadline. You very kindly, very graciously acceded to that request, and did extend it from February 28 to March 14. That's due to the major disaster I referred to earlier.

I, personally, the Massachusetts congressional delegation, the Governor, and all the people up there want to express our deep appreciation to you. You've had the courtesy to be very helpful. Obviously, you had to solve the question of money to make that deadline—by extending it from the 28th of February to the 14th of March, it will be very, very helpful to us. We appreciate that.

Dr. BOYER. Thank you.

Senator BROOKE. All right.

Do you wish to introduce your colleagues, Dr. Berry?

Dr. BERRY. We have Herman Goldberg, Associate Commissioner for Equal Educational Opportunity Programs.

Dr. BOYER. I'm sorry. Jesse Jordan and Herman Goldberg just joined us.

Dr. BERRY. They've been here before.

Senator BROOKE. I know them very well.

Dr. BOYER. This is a moment of interesting personal history. The first hearing I attended was in this room, and I sat in the corner, and I walked in to hear Herman Goldberg discussing emergency school aid.

Senator BROOKE. You watched me and heard him discuss. [Laughter.]

I remember that session.

Senator MATHIAS. I think the Senator from Massachusetts is being too modest. [Laughter.]

I never heard him sit totally silent under any kind of a barrage of words.

Dr. BOYER. The gentleman reminds me, you can't watch someone discuss.

I've asked Dr. Ellis again to open the statement.

1979 BUDGET REQUEST

Dr. ELLIS. Mr. Chairman, again I'm honored to give an overview and be associated with the distinguished group that is here.

We have on your far right a chart which summarizes the 1978 estimate and the 1979 President's budget for the emergency school aid program.

[The chart follows:]

EMERGENCY SCHOOL AID
(In Thousands of Dollars)

	1978 ESTIMATE	1979 PRESIDENT'S BUDGET	NET CHANGE
1. Emergency School Aid Act:			
(A) National Competition Projects (ESAA):			
(1) Bilingual Education	8,600	8,600	...
(2) Educational Television	6,450	6,450	...
(3) Special Programs and Projects	51,250	65,000	13,750
(4) Evaluation	2,150	2,900	750
(5) Magnet Schools, Neutral Sites, & Pairing	20,000	20,000	...
Subtotal	88,450	102,950	14,500
(B) State Apportioned Projects (ESAA):			
(1) Pilot Programs	32,250	32,250	...
(2) Grants to Nonprofit Organizations	17,200	17,200	...
(3) General Grants to School Districts	137,600	137,600	...
Subtotal	187,050	187,050	...
Subtotal - ESAA	275,500	290,000	14,500
2. Training and Advisory Services (CRA-IV)	34,700	42,700	8,000
TOTAL	310,200	332,700	22,500

PREPARED STATEMENT

Dr. ELLIS. I would like to submit the statement for the record and summarize.

Senator BROOKE. We appreciate that.

For the record your entire statement will be printed, and you may proceed.

[The statement follows:]

STATEMENT OF DR. JOHN ELLIS

I am pleased to appear before your Committee today to testify on the Emergency School Aid budget. This budget addresses the requirements of both the Emergency School Aid Act and the Training and Advisory Services title of the Civil Rights Act of 1964. The request totals $332.7 million for these activities in fiscal year 1979, an increase of $22.5 million over the 1978 appropriation. Of the request, $290 million is for the Emergency School Aid Act, and $42.7 million for Training and Advisory Services.

The fiscal year 1979 budget is based on two basic tenets: (1) that assistance be available in sufficient amounts and on a timely basis to aid districts requiring immediate assistance for comprehensive short-term emergency desegregation, and (2) that the Federal government continue to enhance the capability of State and local agencies to deal effectively with desegregation. This budget reflects the belief that short-term aid for new or emergency desegregation should be emphasized in direct project grant aid through the discretionary portions of the Emergency School Aid Act and through LEA grants under the Civil Rights Act. Long-term project support, such as that provided through the State apportioned activities, should be maintained at a constant level of effort. Expansion of technical assistance training and advisory grants is proposed as a third component of our Federal support strategy.

Emergency School Aid

The 1979 Emergency School Aid Act budget will continue assistance to local educational agencies and nonprofit organizations for three basic purposes: (1) to meet educational needs incident to elementary and/or secondary school desegregation; (2) to encourage voluntary elimination of minority group isolation in elementary or secondary schools; and (3) to overcome educational disadvantages which are a result of minority group isolation. To accomplish these purposes, several types of awards will be made, among them bilingual education awards, children's integrated television

production awards, grants to nonprofit organizations and grants to local educational agencies.

In state apportionment, magnet school, and neutral site planning activities the 1979 budget will parallel that of 1978. A total of 860 awards will be made in both years. We are requesting, however, a further expansion of Section 708(a), project support with a proposed net increase of $13,750,000. These dollars will be used to focus more assistance on newly desegregating districts, and provide some assistance, a total of $2 million, to those State Education Departments which have most effectively aided local school districts in desegregating their schools and which in the future will work toward the development and implementation of State-wide desegregation policies and procedures.

Training and Advisory Services

Our 1979 request for Training and Advisory Services totals $42.7 million, an increase of $8 million over the 1978 level. Program objectives in 1979 for training and advisory services include capacity-building at the State and local levels to respond to problems occasioned by (1) desegregation, (2) unequal access to education by children who are not fluent in the English language, and (3) sex discrimination in educational institutions. As in 1978, awards will be made to General Assistance Centers (renamed Race, Sex and National Origin Desegregation Assistance Centers), university training institutes, State educational agencies and local agencies. We expect that the bulk, or all, of the requested $8 million increase will be used for direct grants to LEAs desegregating by race or national origin as established in recently revised regulations. These awards will be made not on a single funding cycle like other Title IV awards, but throughout the year as need arises. This will give us the flexibility to provide funding for training and advisory services at the critical starting point of new or recent desegregation.

My associates and I will be pleased to answer any questions you may have.

Biographical Sketch

NAME : John Ellis

POSITION : Executive Deputy Commissioner
for Educational Programs

BIRTHPLACE
AND DATE : Amherst, Ohio, September 15, 1929

EDUCATION : B.S., Bowling Green State University, 1953
M.A., Case Western Reserve University, 1958
Teachers College, Columbia University,
Summers 1959, 1960, 1965
Ed.D., Harvard University, 1964

EXPERIENCE :

Present	Executive Deputy Commissioner for Educational Programs, U.S. Office of Education
1971-1977	Superintendent of Schools, Columbus, Ohio
1966-1971	Superintendent of Schools, Lakewood, Ohio
1964-1966	Superintendent of Schools, Massillon, Ohio
1963-1964	Assistant Superintendent for Instruction, Massillon, Ohio
1961-1962	Staff member, Harvard Survey of Boston City Schools
1959-1961	Principal, Garfield Elementary School, Lorain, Ohio
1958-1959	Principal, Harrison Elementary School, Lorain, Ohio
1957-1958	Teacher, Grade 6, Lorain City Schools, Lorain, Ohio
1953-1954	Teacher, Grade 4, Lorain City Schools, Lorain, Ohio

MILITARY USAF 1947-1949 and 1954-57, Captain-Intelligence Officer

SELECTED
RECOGNITION: Air Force Association Silver Medal as Top Student in ROTC
Phi Delta Kappa Book Award at Harvard
Massillon Young Man of the Year
Saturday Review 1977 Honor Roll

BUDGET REQUEST

Dr. ELLIS. The request totals $332.7 million for emergency school aid activities in fiscal 1979, an increase of $22.5 million over the 1978 appropriation.

Of the request, $290 million is for the Emergency School Aid Act, and $42.7 million is for training and advisory services under title IV of the Civil Rights Act.

This act, as you are well aware, is one of the most significant in Federal history. It provides comprehensive, short-term assistance to school districts for desegregation purposes.

Second, for the first time we propose to assist the State education agencies which have a capacity to deal effectively with desegregation.

In looking at the chart you will note that in the area of national competition projects, bilingual education programs will be level-funded with $8,600,000 and educational television projects will be maintained at the $6,450,000 level.

In the area of special programs and projects, the request is for $65 million, an increase of $13,750,000 over 1978. These dollars are to focus more assistance on newly desegregating districts and, as I indicated above, to provide some assistance to the State departments of certain States which have been very effective in aiding local school districts.

There is an increase in the evaluation request of $750,000.

The magnet schools request is for $20 million. That is the same as the 1978 appropriation and I believe represents the administration's agreement that the magnet school concept can under certain circumstances add substantially to the desegregation processes.

In the State apportioned projects, the pilot programs, grants to nonprofit organizations and grants to LEA's would be continued at the same level.

MAGNET SCHOOL REQUEST

Senator BROOKE. You say that's proof positive that the Administration believes it can make a substantial contribution, by keeping it at the same level?

Dr. ELLIS. Well, Mr. Chairman, I'm certain nothing I would say would slip by your attention, but I think an explanation of that characterization is in order.

Senator BROOKE. But I remember seeing headlines such as Secretary Califano's being interested in alternatives to school desegregation penalties, magnet schools being used as a desegregation tool, Califano says he likes magnet schools. He likes them to the tune of—what is it now—$20 million, which is the same level as last year.

Dr. ELLIS. As I recall, our submission last year——

Senator BROOKE. In fact, last year's level was provided by Congress. The Secretary only proposed $5 million.

Dr. ELLIS. We proposed $5 million.

Senator BROOKE. You're not arguing with that, are you? You know where the $20 million came from. It didn't come from that side of the table; it came from this side.

Dr. BERRY. We're recommending $20 million this time.

Dr. ELLIS. That was one of my reasons for the characterization, that we're in agreement with the wisdom of Congress.

Senator BROOKE. Ah, agreeing with our adversaries. [Laughter.]

You might find the adversaries at a different point. We might like it even a little better this next year.

But go ahead, Dr. Ellis. I see now what you were saying. I'm glad you cleared that up. You asked for $7.5 million in the 1978 budget request last year; the Congress appropriated $20 million. And now you have come in with a budget request of $20 million. That does signify some progress.

Dr. ELLIS. I would like to characterize it like that.

Senator BROOKE. That's a fair characterization.

All right.

TRAINING AND ADVISORY SERVICES

Dr. ELLIS. For the training and advisory services, the request totals $42.7 million, an increase of $8 million over the 1978 level.

Program objectives for 1979 for training and advisory services include capacity building at the State and local levels to respond to problems occasioned by race desegregation, lack of equal access to education by children who are not fluent in English, and the elimination and prevention of sex discrimination in educational institutions.

As in 1978, awards will be made to general assistance centers, renamed "Race, Sex, and National Origin Desegregation Assistance Centers," institutes, local educational agencies and State education agencies.

We expect that the bulk or all the $8 million increase will be used for direct grants to LEA's, desegregating by race or national origin as established in recently proposed regulations.

I should add that we do have new regulations that are at the proposal stage to increase the flexibility and provide more technical assistance to deal with sex discrimination, and will enable us to focus on some of the new desegregation problems with more flexibility than we had in the past.

Mr. Chairman, this is a quick run-through of the total budget that we have requested. The request is for $332,700,000, a total increase of $22,500,000. It is a most significant program. So far it's been ably administered. It's one of the most difficult areas in our society, about which strong feelings exist. There are strong partisanships, there are strong opponents.

From my personal standpoint, I consider that this has to be one of the most significant programs in the Federal Government. It's an area that we must give substantial attention to. The mission of insuring that we have a desegregated society is not yet accomplished. It's one that will require continuing attention both in the administration and in the Congress, and we are pleased to be presenting today a budget that does show an increase.

And we're prepared to respond to your questions with the people who are here.

DESEGREGATION PROCESS

Senator BROOKE. Well, of course, I share those beliefs with you, Secretary Berry and Commissioner Boyer. I commend you for the statements that you have made.

You have well stated the case that there are strong feelings on both sides of this issue. I know you are committed to the desegregation process. You are not committed to busing as a tool for achieving that desegregation process.

Equally obvious, I think, is the need for emergency school aid, magnet schools, and the like.

There are many questions to be raised. Let me get to some, then, because of time constraints, I will have to ask you to answer the rest of them for the record. Your full statement, of course, will be included in the record.

STATE APPORTIONMENT

Now, the State table for grants to local school districts shows some major changes in allotments to States from fiscal 1977 to 1978 and 1979. Several States show sizable increases. On the other hand, a number of States, including my own, are showing considerably less in 1978 and 1979.

Now, what are the specific reasons for these decreases?

Dr. ELLIS. Dr. Goldberg?

Dr. GOLDBERG. Senator, the State apportionment has not changed from fiscal 1976 to 1977 to fiscal 1978. That is a statutorily produced formula that hasn't changed in since the law was passed.

Senator BROOKE. What accounts for the fact that you have these decreases?

Dr. GOLDBERG. The only reason for a State being awarded fewer dollars in one year or more dollars in another year is because of the reallotment process.

Senator BROOKE. I'm just looking at your table. It shows $5.316 million for Michigan in 1977, going to $4.565 million in 1978 and 1979; $1.92 million for Pennsylvania, in 1977, going to $4.305 million in 1978 and 1979.

Dr. GOLDBERG. When it occurs that in some States all the allotted funds, are not used, those funds go back into a pool which is then apportioned out based upon the national formula. So, some States could get more.

For example, the State of Ohio hasn't used a small fraction of their allotment for several years, so that portion went into the national pool. In some years Illinois did not use all of their funds. So, in any given year an individual State could come out higher than the State table shows.

Senator BROOKE. Illinois went from $5.8 million to $7.4 million from 1977 to 1978. The 1979 estimate is the same.

Dr. GOLDBERG. I'm sorry?

Senator BROOKE. You mentioned Illinois. I said Illinois went from $5.8 million in 1977 to $7.4 million in 1978. Now, you said they didn't use all of their funds?

Dr. GOLDBERG. The State apportionment level has remained the same in each of the last 6 years.

FUNDING FOR BOSTON

Mr. JORDAN. Senator, the State apportionment formula in the act dictates the amount originally apportioned to each State. In the event that the applications filed with the Office of Education from

that State totaled less than the State apportionment and there remains a balance in that State, then those balances are apportioned to other States having unmet needs.

So that if you look at Massachusetts, for instance, you find that the total of the grants to Boston for fiscal year 1977 was $5.4 million, yet the State apportionment was slightly over $1 million.

Another factor is that the amount of money going into some States greatly increases because they apply under the special projects section for additional discretionary funds.

Senator BROOKE. You have $137,600,000 as an appropriation for 1977, the same for 1978, and the same requested for 1979. Is that correct?

Dr. GOLDBERG. Correct.

Senator BROOKE. Now, you mentioned Massachusetts. Look at what their appropriation was: $1,300,000 in 1977. In 1978 it was $1,073,976. So in 1978 there was a decrease, and your 1979 estimate is the same as your 1978 appropriation. So that is also a decrease from your 1977.

Mr. JORDAN. The $1.3 million for 1976 included the amount of money available from reapportionment. The amount available was less in 1977 than it was in 1976. Therefore, the amount of money reapportioned under the State apportionment formula was less. Therefore, each State got less. The basic grant to Boston was $1.3 million, which was all the money available to the State which includes the original apportionment and all reapportioned funds.

In addition to that, Boston also got a grant for $298,000 for a pilot project, $558,000 for a bilingual project, $2,910,000 for an emergency special project, and $355,000 for a magnet school project. Boston's total grant was $5,448,896.

But it is true that each year the amount of money that becomes available for reapportionment from the State apportionment table becomes less as more school districts become eligible for funds and more school districts apply and qualify for funds. The amount of unused balances in each State gets less; therefore, there is less to reapportion to other States.

FUNDING FOR SOUTH CAROLINA

Senator BROOKE. Let's take South Carolina, for example. Have you got the same sheet I'm looking at?

Mr. JORDAN. Yes.

Senator BROOKE. The 1977 appropriation was $4,432,152. In 1978 $3,659,420. Now, would you explain what happened there?

Mr. JORDAN. Yes, sir. In 1976, when the reapportionment table was made, there was approximately $20 million in unused balances from various States across the Nation available to reapportion to States that still had unfunded projects. That ran the amount up in South Carolina.

Senator BROOKE. In 1977.

Dr. BOYER. The unused balance from 1977.

Senator BROOKE. So you provided a portion of the $20 million unused balance available nationwide for South Carolina's unfunded programs. You drew on that, and that accounted for their exceeding $4 million in 1977.

Mr. JORDAN. By the same formula.

Senator BROOKE. The formula is the same.

Dr. BOYER. The pot of money floats up or down depending on what's unexpended. That would show, therefore, different levels.

Senator BROOKE. Is that a discretionary decision with the Commissioner?

Dr. BOYER. No; not the State apportionment.

Senator BROOKE. No; I mean, when you have unused balances.

Mr. JORDAN. No, sir. The act requires that unused balances be reapportioned according to the same statutory formula.

Senator BROOKE. You carried over that unused $20 million from 1976 to 1977?

Mr. JORDAN. No, sir, that's not correct.

Senator BROOKE. You use that $20 million in the same year to provide additional aid to States that have unfunded programs.

Mr. JORDAN. That's correct.

Senator BROOKE. Now, what I'm trying to determine, what's the basis of the use of that $20 million? How do you allocate that?

STATE APPORTIONMENT FORMULA

Mr. JORDAN. All right. The formula in the act makes an initial apportionment to each State. That formula is the number of minority group students between the ages of 5 and 17 residing in the State, divided by the number residing in the Nation, which gives you a proportion.

That, multiplied by the appropriation, gives you each State's apportionment.

Sixty days before the end of the fiscal year, we gather up all the unused balances from every State that has no unfunded projects. Then those States are dropped from the table, and the same formula is reapplied to the States having remaining needs. Then the second allotment goes to those States.

Senator BROOKE. Using the same criteria, but with the fully funded States dropped?

Mr. JORDAN. That's right.

Senator BROOKE. So, how many unfunded States might you have?

Mr. JORDAN. In 1977 there were 30 States.

Senator BROOKE. Thirty States that were eligible?

Mr. JORDAN. For additional funding through the reallotment process.

Senator BROOKE. Additional funding out of that $20 million.

Mr. JORDAN. Right.

Senator BROOKE. Is that correct?

Mr. JORDAN. Yes, sir.

Dr. GOLDBERG. The technique is statutory.

Senator BROOKE. There is no discretion in the allocation of the funds.

Dr. BERRY. The details are in the statute.

Dr. GOLDBERG. And not earlier than 60 days before the end of the fiscal year. That's in the statute.

Senator BROOKE. That is in the statute also.

Mr. DINGELDEIN. Mr. Chairman, what that means is that the figures for 1978 and 1979 may change, from what's on this table.

Senator BROOKE. You will go through that same process each year?

Dr. BERRY. That's right.

SPECIAL PROGRAMS AND PROJECTS

Senator BROOKE. So these are not the final figures. All right. What is your rationale for your proposed increase in emergency special projects, targeted assistance?

Dr. ELLIS. The basic rationale is that we have what we call late court orders or court orders that have not been anticipated in the regular annual cycle. It means that when a district wants to desegregate and they haven't met the cycle to apply for the funds in the other categories, that we frequently have to tell them, "I'm sorry. Will you wait a year and reapply?"

The approach here is to build more flexibility into our administration to be able to deal with the late court orders and to deal with districts having unmet needs from recent desegregation. It's a concern about flexibility.

Dr. GOLDBERG. The only thing I could add, Senator, is that in reference to late court orders, we can only guess as to the time it takes for a judge to make a decision. Those hearings might run 2 weeks, 2 months, 4 months. And they're not always in sync with our funding cycle.

And the other reason, in addition to the one that Dr. Ellis mentioned, is that there are a number of States where the State apportionment total is so small that if you have two large cities in the same State competing for that small amount, both cannot get the help they need.

For example, in Missouri, Kansas City and St. Louis compete with each other to get those limited funds. In Massachusetts, as you know, for years, Boston has taken the State allotment, so Springfield has had to be funded when we could reach it out of another account.

In Minnesota, St. Paul and Minneapolis are struggling each year for the limited amount apportioned to that State.

We have about 7 States where the total number of minority youngsters in the State is so concentrated in 2 or 3 large cities and there just isn't enough in those States from the State apportionment to meet those needs.

So, the two primary reasons would be late court orders and insufficient funds taken to meet the needs of large city districts.

EMERGENCY SPECIAL PROJECTS

Senator BROOKE. Since funds for State apportioned projects still account for about two-thirds of the request, is the small increase for emergency special projects really adequate to redress the imbalance caused by the State formula?

Dr. ELLIS. I don't think that the request will totally meet the requirement. It's always difficult to make that total projection, but it would appear from last year's requests that approximately $40 million more than is being requested would be required to meet the conditions.

Senator BROOKE. So, it's difficult for you to say exactly what additional funding you would need for that?

Dr. ELLIS. Approximately $40 million.

Senator BROOKE. You think $40 million would be adequate?

Dr. ELLIS. That is our estimate. Yes. But that is not the request.

Senator BROOKE. No, I understand. I've learned the difference over the years. [Laughter.]

Dr. BOYER. We would give very high priority to this category. That's why it shows as the major increase there.

Dr. BERRY. In our emergency school aid proposal that we submitted to the House committee, we have requested that more money be placed under discretionary authority.

Dr. BOYER. These major urban areas are moving forward with the desegregation process and are presenting us with serious problems in not being able to provide financial assistance in a timely fashion.

Dr. BERRY. That proposal would be in the 1980 budget.

VOLUNTARY DESEGREGATION

Senator BROOKE. Now, I want to ask this for Senator Magnuson. It has to do with the Seattle school district, which recently adopted a comprehensive desegregation plan. Apparently, Seattle was the first major U.S. city to initiate such a plan without being placed under court order.

Several provisions of the emergency school aid regulations require a school district to be under a court order in order to receive funds. Seattle's task of desegregating may be made more difficult because of its efforts to voluntarily desegregate.

Don't you think that districts that choose to desegregate without a court order should be rewarded rather than penalized on the Federal level?

Dr. ELLIS. Mr. Chairman, I certainly would agree with you, and I think Seattle is to be commended.

Dr. David Moberley, the superintendent in Seattle, has been in our offices and has met with Dr. Boyer, Dr. Goldberg, and Mr. Jordan and myself, and has presented a list of possible proposals that he will be submitting.

It is our judgment that the Seattle school district can receive funds under this act with no penalty.

Senator BROOKE. That is your opinion?

Dr. ELLIS. That is our opinion.

Mr. JORDAN. There is no requirement that it be under a court order. We have, as Dr. Ellis indicated, met with Seattle, and we have worked with them for about 2 days. Seattle will submit an ESAA basic application, an ESAA pilot application, an ESAA magnet school application, an ESAA bilingual application, and an ESAA preimplementation application, and an ESAA special projects application.

Senator BROOKE. So, you don't think you need any legislation or any specific proposal to assist districts that are carrying out non-court-ordered desegregation?

Mr. JORDAN. No. There's no additional weight given to court-ordered desegregation, none whatsoever.

Senator BROOKE. None at all? I'm pleased to hear that, because I'd hate to have to go through the legislation process.

That should correct an obvious inequity. They certainly ought not to be penalized, in my opinion. I quite agree with you.

Dr. BOYER. It has very high priority with the Secretary and the Office of Education.

Senator Brooke: That should be an incentive for others to follow. It certainly would not be a deterrent.

But on the other hand, if you're going to be penalized, it's very difficult for the school districts.

What do you think that the Office of Education role should be in supporting voluntary desegregation?

Dr. BERRY. I think our role ought to be expanded. Also I think our reform proposals for ESAA, that I discussed earlier, would make it even more possible.

It's possible now, as I have indicated in our discussions regarding Seattle, but the new proposal would provide even more flexibility.

The Secretary has made it a matter of policy, that all of the operating divisions in HEW, including Education, have a responsibility to assist the Office of Civil Rights with the desegregation process. The Secretary made it very clear that it's not just an Office of Civil Rights responsibility. ESAA is a good program, and provides an excellent opportunity for us to assume that responsibility. However, we ought to have Civil Rights enforcement concerns in all of our programs. We have a responsibility to encourage voluntary compliance efforts, instead of finding ourselves reacting to a court order or some emergency situation.

This is a much more preferable strategy.

Senator BROOKE. I concur with that policy.

Dr. BOYER. One other point. I feel, in addition to Dr. Berry's comments which are absolutely correct, the search for a new educational approach such as magnet schools—strikes me as illustrative of what is so urgently needed.

We must find creative new strategies that are practical on their merits. Not every magnet school, perhaps, is working as well as one might hope, but I do feel that it's an idea that builds around educational issues and it gets us beyond the more brittle and controversial agenda matters. It focuses on the ultimate, namely: What's a good education? How can that be interjected?

I think the role of the office is to promote those innovations and get behind them. While this budget may be only indirectly and not immediately appearing to be pro-magnet school, I can say that the Secretary's statements are certainly endorsed by me on the magnet school visits that I have made.

EVALUATION

Senator BROOKE. Now on evaluation, you have a proposed increase in the budget for fiscal 1979. I'm not quite sure what exactly you've planned to evaluate.

Also I'd like to know who determines just which programs ought to be evaluated. And I would hope that you could give us some specific examples of how evaluations have made a difference in program operations.

Obviously, that title IV evaluation has had an impact. But I'm interested in knowing about what other evaluation results were obtained in the past year; whether you disseminated emergency school aid evaluation results to school districts.

Dr. GOLDBERG. I can start this response, Senator.

The increase of $750,000 for evaluation stems from the fact that the statute calls for an expenditure for evaluation of up to 1 percent of the funds appropriated. That is discretionary with the Commissioner.

The Evaluation Office has utilized its 1 percent, so the addition of $750,000 is a result of the increased evaluations to be undertaken.

I would indicate that we're very heartened by a punchline in the most recent evaluation report, which indicated in a preliminary review that 80 percent of the school districts that received ESAA funds now are including some form of human relations tension-reducing components in the activities requested. That's up from 54 percent, in 1 year.

We attribute that to a very strong urge and persuade campaign on our part. We cannot dictate to an applicant which activities, from the 12 authorized in the statute, they should request. We cannot dictate that.

But in our training sessions, using visuals, urging and persuading we have gotten that up to 80 percent. That, I think, is very important.

There are several 3-year longitudinal evaluations that contractors have done for the Office of Evaluation that do report, after the crankup activities of the first 2 years, that youngsters are settling in. Of course, where the principal demonstrates real leadership qualities both as to the importance of good human relations, children caring for children, and teachers caring for children, and vice versa, the results are better.

We've got a preliminary report from Abt Associates on magnet schools. It tells us that some sites are working very well, and in others the evidence is inconclusive.

Perhaps Dr. Evans could give us more data, but we are encouraged by some of the basic information coming to us.

Senator BROOKE. All right.

SUBMITTED QUESTIONS

Some of the other questions I raised on evaluation I'll ask you to respond to for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

TITLE IV EVALUATION

Question: What specifically did the Rand Corporation's Evaluation of the Title IV Program tell you? Have the General Assistance Centers and Training Institutes been effective?

What changes have you made in the Title IV program as a result of these findings?

Answer: One major finding of the evaluation was that the absence of a written charge or mission has weakened the identity of Title IV as a national desegregation aid program. Title IV operates under a burden of serving the largest number of school districts in the largest variety of ways. Much of the aid provided is education-related rather than desegregation-related. A strength of Title IV is the different types of awards it makes. One district may be served by a strong General Assistance Center and another by a strong State Education Agency, for example. The multiple access points provided by Title IV increase the probability of effective desegregation aid being available.

General Assistance Centers have been more effective than Training Institutes. Centers are quite effective if they are well-organized and able to retain longer term desegregation goals despite the inevitable frequent distractions. These Centers work effectively and even have some impact upon school districts that are resistant to desegregation. Institutes are much more dependent upon their client school districts and often become co-opted into providing education-related training.

Numerous proposed changes in Title IV which are direct results of the evaluation are now being reviewed by the Department. The proposals would increase the focus of Title IV as a desegregation aid program. Authorized activities would be much more specific to desegregation than the current activities. The emphasis in the Act regarding assistance in the preparation of desegregation plans would be brought back out in the open in the proposed regulations. General Assistance Centers would be renamed "Desegregation Assistance Centers" and would give concentrated attention to districts in the early stages of implementing desegregation. In addition to regulation changes, a brochure will clarify in narrative form the substance of Title IV as a desegregation aid program.

GENERAL GRANTS EMPHASIS

Question: Your budget justification for the General Grants Program indicates you plan to place emphasis on "Conflict and Tension Reduction" and on "Interpersonal Relations Activities." These terms are a bit unclear. Exactly what kinds of activities are these?

What have your evaluations shown about the effectiveness of these activities?

In what way do you plan to emphasize these activities? Does this mean less emphasis on basic instruction and remedial activities?

Answer: Conflict and tension reduction includes, for

example, public information and other community relations activities to build support for the implementation of a desegregation plan, training programs for school staff to handle problems which may occur as a plan is first implemented, and rumor control centers. Interpersonal relations activities include classroom or extracurricular activities involving the joint participation of minority and majority group children, the development of multiracial curriculum materials, and teacher human relations program on topics such as helping teachers detect and change subtle inequalities in their treatment of minority and majority group students.

Evaluation studies over the last five years have consistently found these activities to be effective in improving the racial climate in schools. Some studies have also shown favorable impact upon academic achievement as well.

We are emphasizing these activities in technical assistance meetings held with applicants for ESAA funds. Activities proposed in ESAA applications must have a direct link with the desegregation plan. This will increase the number of desegregation-related activities such as conflict reduction and interpersonal relations. Consequently there will be less emphasis on remedial activities as a better balance of activities is achieved.

NATIONAL EVALUATION OF ESAA

Question: One of the major findings of the national evaluation of the Emergency School Aid Act (ESAA), conducted by the System Development Corporation, was that ESAA grants were awarded "to districts that had already desegregated to a considerable extent." What is the significance of this finding? Does it mean the money is being misdirected?

What other significant findings did the study produce?

What impact will these findings have on operation of the program?

Answer: This and other evaluations have shown that ESAA grants have often been awarded to districts which have been desegregated for some time. Although ESAA funds have been directed to schools and students with needs for remedial services, ESAA State apportionment funds have become increasingly inadequate to meet the pressing needs of recently desegregated school districts. Remedial services will not be prohibited under amendments to ESAA proposed by the Administration, but the intent is to de-emphasize them in situations in which remedial education is not a major desegregation need.

The three-year evaluation of the ESAA Basic and Pilot Project Grants programs indicated that, by the end of the third year, the program appeared to be having an impact on student achievement in Reading and Mathematics. This impact was limited to elementary-grade students in the Basic Grant Program. Regarding program attributes most effective, student achievement was higher in those programs where (a) there was strong administrative leadership behind the ESAA program, (b) instructional practices relied heavily on the use of behavioral objectives and individualized instruction, and (c) emphasis was placed on equality of educational opportunity.

The results of the evaluation will be used in part by the program to furnish guidelines to local projects regarding which instructional practices are most effective in improving gains in student achievement.

NON-PROFIT ORGANIZATIONS EFFECTIVENESS

Question: What has been the effect of the involvement of non-profit organizations in Emergency School Aid? Have they done an effective job?

Answer: A preliminary evaluation report finds that many non-profit organizations (NPOs) are effective in facilitating local school desegregation. However, organizations funded under the ESAA NPO program are not as effective as other non-profit organizations. The major barriers to success of ESAA NPO projects seem to be: (1) NPO projects and school districts are too closely connected, which has led NPOs away from doing community relations activities, (2) NPO activities are generally not targeted to the particular phase of desegregation their districts are in, and (3) the NPO proposal review system does not succeed in identifying effective NPOs. Fortunately, these barriers are subject to federal intervention and do not represent fundamental weaknesses of community organizations themselves.

TRAINING AND ADVISORY SERVICES

Question: You have proposed a sizeable increase in Training and Advisory Services under Title IV of the 1964 Civil Rights Act.

What specific kinds of activities do Title IV funds support?

Answer: Title IV of the Civil Rights Act (CRA-IV) provides technical assistance and training services to public school personnel (teachers, counselors, principals, supervisors, etc.) in the preparation, adoption, and implementation of desegregation plans. CRA-IV services include assistance and training in the area of sex discrimination and denial of equal educational opportunities because of national origin (usually referred to as Lau problems). These services are provided through state education agencies, Desegregation Assistance Centers, Training Institutes, and by school boards.

School districts receive technical assistance and inservice training programs from State Departments of Education and Desegregation Assistance Centers that are usually located at institutions of higher learning.

Training programs are provided through Desegregation Institutes located at colleges and universities. Unlike Centers and state education departments, Institutes provide formal training designed to improve the ability of school personnel to deal effectively with special educational problems incident to desegregation.

Direct grants to school boards make it possible to employ a full time advisory specialist who will assist the superintendent. the Board and the staff to meet problems incident to desegregation.

Most CRA-IV services include one or more of the following activities:

Assessing desegregation-related needs in the school(s) of local school districts;

Developing administrative methods and techniques to cope with special educational problems incident to desegregation;

Developing educational programs, methods, and materials for use in desegregated classrooms;

Training administrators, teachers, or other school personnel in the use of methods, techniques, programs and materials designed to cope with special educational problems incident to desegregation;

Developing techniques for interaction between the school district and groups affected by the desegregation of the district;

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Providing information to local administrative staffs on the availability and appropriate use of other Federal and State programs that can assist in coping with special educational problems incident to desegregation;

Training administrative staffs of school districts that are implementing approved desegregation plans in efficient and educationally sound methods of assigning students to schools.

Question: What is the purpose of the proposed $8 million increase in Training and Advisory Services?

Answer: The requested $8 million increase is to be used for direct grants to school districts for race and national origin desegregation at the discretion of the Commissioner. These grants will assist local education agencies that have been required by the Office for Civil Rights to adopt plans for race or national origin desegregation because they have not yet achieved compliance with Title IV-CRA, or if the LEAs have neither adopted approved plans nor achieved full compliance by implementing approved plans

GAO REPORT

Question: The GAO, in its recent study, concluded that in many instances Emergency School Aid has become general aid to education rather than desegregation assistance, and that many local school districts continue to get aid for desegregation completed years ago. Do you agree? If so, what steps are you taking to correct this? Be specific.

Answer: We do not believe that ESAA has become general aid to education. We do agree that many school districts request activities involving remedial instruction in schools affected by the plan. School districts point out that parents are greatly concerned about the quality of education during and after desegregation. Thus it is difficult to convince school districts to request support for activities that do not involve remediation, particularly when districts perceive those services as their greatest desegregation need. The administration's reauthorization proposal will de-emphasize funding of remedial education activities.

The Act does not require a school district's eligibility to be based on the age of the desegregation plan. Many school districts do need assistance to deal with second-generation desegregation problems. School districts maintain that desegregation assistance is required even though the plan has been in place for several years. We believe and have so requested in the reauthorization package that new desegregation be given first priority.

Question: GAO recommended that HEW revise its definition of "educationally advantaged" for purposes of establishing integrated schools.

What exactly was the problem and what are you doing to remedy it?

Answer: GAO recommended that "educationally advantaged" children be identified by use of national family income and pupil achievement norms.

We do not believe that the term, "educationally advantaged", used for integrated schools should be changed. There is no data to support a change in the family income and achievement tests for such students. The use of national norms suggested by GAO as opposed to comparisons within the school district would tend to eliminate from consideration school districts which apply only on the basis of an integrated schools plan. Congress amended the Act in 1974 to permit school districts to establish eligibility through the establishment or maintenance of one or more integrated schools. Only three school districts in the Nation have chosen this method of establishing eligibility. We agree, however, that the integrated schools provision should be eliminated as a qualifying plan for ESAA assistance.

GRANT CRITERIA

Question: The GAO found a number of discrepancies between the statutory criteria for desegregation assistance and those used by the Office of Education, and recommended a review of OE's grant award criteria.

What have you done to comply with GAO's recommendations?

Answer: GAO recommended that weight be given to such factors as the extent of minority group isolation. As indicated in our reply to the GAO, we disagree. The extent of minority group isolation is not a valid measure of desegregation-related needs. The use of this measure would, in effect, give districts credit for segregation. In addition, scores for this criterion would be balanced by those used to measure effectiveness of the desegregation plan. Districts scoring high in the first instance would score low in the second, and vice versa. As a district desegregated, it would lose points in the first, while gaining in the second. The net effect would be that the scores would negate each other. Therefore, OE has chosen to measure minority group isolation indirectly through the use of districtwide minority enrollment.

GAO also recommended that consideration be given to financial need and quality of education afforded in school districts. This recommendation does not take into account the needs assessment section of the ESAA application. The narrative portion of the application provides opportunity for the district to supply information regarding financial need and deficiencies in the quality of education provided to students affected by desegregation.

The use of various State methods of assessing the financial need of districts as an ESAA criterion would be inappropriate. State methods contain inequities in assessing relative financial need of school districts. In addition, the use of State-specific measures of financial need would be inconsistent with the re-

apportionment provision of the present statute. This would therefore make reapportionment of unused ESAA funds from one State to another dependent on scores arrived at through different measures.

We also believe that the measurement of need and other provisions in the regulations ensure the targeting of ESAA funds consistent with the present law. Measurements of an applicant's need for assistance are included in both the objective and the educational and programmatic criteria (section 185.14(a)(1) and (b)(1), respectively). Further, an applicant is required as a precondition to receipt of a grant to make assurances that it is not reasonably able to provide, out of non-Federal sources, the assistance for which application is made, and that it is taking all practicable steps to obtain assistance under other Federal programs (section 185.13(c) and (b), respectively).

GAO questioned the net reduction in minority group isolation criteria as an effective measure of expense and difficulty of implementing a desegregation plan. We believe the net reduction scores do measure the comprehensiveness of the plan and are strong indicators of the expense and difficulty of carrying it out.

It appears that GAO may have looked at the operation of the criteria in isolation from one another. We believe that when looked at collectively, the current scores are consistent with the statute and the intent of Congress. As evidence of this, school districts which have received the highest scores in the past few years are those implementing large scale desegregation plans such as Boston, Louisville/Jefferson County, Detroit, and Milwaukee.

VOLUNTARY DESEGREGATION

Question: Previous Senate Reports have encouraged the Office of Education to give increased emphasis and assistance to school districts that are carrying out voluntary desegregation plans.

What actions have been taken to implement these recommendations?

Answer: Under the present law threshold eligibility cannot be denied to any school district that meets the statutory requirements for a mandated or a nonrequired plan. We believe that state education agencies should be encouraged to play a larger role in the planning and implementation of voluntary desegregation within and among the school districts of their states. For this reason we are requesting $2 million in FY 79 for state expenditures on planning, technical assistance, and training activities related to voluntary desegregation.

Question: Do you believe that increased emphasis and assistance should be placed upon voluntary desegregation?

Answer: We believe that voluntary desegregation efforts backed jointly by a state and a broadly representative group of parents, teachers, educators, and minority group representatives provide a far more promising way to redress problems of racial segregation than divisive litigation.

MAGNET SCHOOLS

Question: Since Secretary Califano says he favors desegregation incentives rather than penalties, why is there no increase in the budget for magnet schools?

Answer: In FY 78 the Department requested $5 million for magnet schools. Our request in FY 79 is for $20 million.

Question: What do you expect to learn from the magnet school evaluation you have underway? When will you have the results?

Answer: We expect the evaluation will determine if voluntary desegregation can be achieved through installing in magnet schools curricula designed to attract substantial numbers of students of different racial backgrounds. If this turns out to be true, magnet schools could then be considered an effective tool for voluntary desegregation. The final results of the evaluation are expected in June of this year.

Question: What exactly are magnet school awards being used for?

Answer: Magnet school awards are being used to upgrade and improve the curriculum and education services of a particular school so that it becomes capable of drawing students of different racial backgrounds from the entire school district.

INFLATION IMPACT

Question: The funding level for Emergency School Aid bilingual education, educational television, and the state apportioned projects has been at a virtual standstill for the past five years. Meanwhile, of course, inflation has been increasing the operating costs of these programs.

What is the effect of these cost increases on these programs? Isn't it reducing the level of services possible?

Do you think there is a case to be made for an increase in any of these programs?

Answer: The funds requested under special projects represents an increase of $13,750,000. These funds will be used in part to supplement ETV and school districts with special needs not reached through the state apportioned programs. The flexibility in special projects permits the targeting of funds on special needs to a greater extent than the more restrictive state apportioned programs. We believe it more appropriate to maintain level funding of state apportioned programs and meet increased need under the special projects section of the Act.

FOLLOW THE CHILD & PRE-IMPLEMENTATION AWARDS

Question: In the fiscal 78 budget you requested $15 million for something call "Follow the Child" and "Pre-implementation" activities. This year you are requesting only $5 million for these activities.

What exactly are these, and why the decrease in 79?

How much do you expect to spend in FY 78, and what do you plan to do with the balance of the funds?

Do Follow the Child activities apply only to districts with court-ordered desegregation plans?

Answer: Follow the Child awards are for the purpose of making grants to school districts which have students who formerly received Title I services, but who have lost them as a result of a desegregation order.

Pre-implementation activities referred to those services needed by a school district after a desegregation plan has been ordered or approved and prior to its being implemented.

The amount requested for pre-implementation activities remains the same.

The amount requested for Follow the Child activities is reduced because it appears that relatively few children have lost such services. Some of the reasons for this are:

a) Program eligibility is only for those students who received services prior to desegregation.
b) Reduces number of eligible students each year since no new students entering the school system after desegregation can participate.
c) School districts contacted indicate that they have few students eligible under the program.
d) Similar services are available under other sections of ESAA.

We do not expect the demand for Follow the Child and pre-implementation grants to exceed $5 million. We will seek a reprogramming of any unused FY 78 funds in this category for use in school districts which continue to have severe unmet needs arising from the implementation of a desegregation plan.

Follow the Child activities apply only to districts with a desegregation order.

STATE AGENCY GRANTS

Question: As a part of your budget request for Special Projects, you have proposed $2 million in matching funds for grants to state education agencies to develop statewide desegregation policies. Exactly what do you hope to accomplish with these grants?

Answer: We expect to encourage State governments to play a larger role in the planning and implementation of voluntary desegregation within and among the school districts of their States. Two ESAA dollars will be provided on a matching basis for every State dollar expended on planning, technical assistance, and training activities related to voluntary desegregation. A State's grant may not exceed 10% of its State's total allocation under the ESAA

State apportionment or $500,000, whichever is greater. State applications must be developed with the consultation of parents, teachers, educators, and minority group representatives.

Question: How many states would get these grants?

Answer: At the present time only about nine States have significant desegregation programs underway utilizing State funds. Another 34 or so have funded State programs under Title IV of the Civil Rights Act of 1964, and might be encouraged by the availability of ESAA funds to expand their programs to engage in planning, technical assistance, and training activities. If so, it might be possible to generate significant momentum for new efforts towards voluntary reduction of racial isolation through a coordinated State effort.

PILOT PROJECT AWARDS

Question: Administrative weaknesses have been discovered by the GAO in the award of Pilot Project funds, and better guidelines were recommended for program officers to ensure thorough evaluation of grant applications.

Do you concur with the GAO findings?

What steps have you taken to correct the problem?

Answer: We concur. Staff training sessions in November 1977 and January 1978 have reemphasized the definition and use of pilot projects. This was also emphasized to school districts during technical assistance meetings held across the Nation in January and February.

The recent centralization of ESAA administration in Washington will ensure consistency in program operations.

TRAINING AND ADVISORY SERVICES

Question: How many school districts are currently served by Title IV services, and how many additional districts do you expect to reach with the proposed increase? For how many years does the average Title IV recipient get funded? Do you plan to change this?

Answer: Approximately 2,000 school districts are receiving technical assistance and training services through Title IV Centers, Institutes and State Education agencies in school year 1977-1978. In addition, 54 school districts are receiving direct assistance through LEA grants for advisory specialists.

With the proposed fiscal year 1979 increase, it is anticipated that 5-8 very large school districts will receive race or national origin desegregation assistance through Title IV-CRA.

A review of FY 75, 76, and 77 records indicates that 41 recipients were funded for one year only; 31 were funded for 2 years; and 11 for three years. It should be noted that grants are awarded for 12 months and funding for a 2nd or 3rd 12 month period can only

be accomplished by submitting a new application and competing with other applicants.

SEA and GAC awards are granted for 12 month periods and continuation is by resubmission and competition. SEAs' applications are scored and rank ordered. Awards are made from the top down until available funds are exhausted.

GACs must compete annually. Most GACs are refunded because review panels find them to be the outstanding applicants. Upon occasion, a GAC will be replaced by a new applicant with a better proposal.

Institutes are usually for one time only. Upon occasion, an Institute will be refunded after a 2nd competition, but the participants for the 2nd Institute are different personnel than those participating in the first one.

Some changes are anticipated. Grants to School Boards for race and national origin desegregation will be limited to LEAs with profound Title VI compliance problems (approximately 5-8 grants per year). In addition, we anticipate funding approximately 100 school boards solely for sex desegregation assistance.

Some SEAs may not be refunded since they may not be able to meet criteria that emphasize State commitment to desegregation, and a minimum acceptable score. A realignment of service areas for race desegregation is anticipated. Some GACs currently having awards could get reduced awards; some could receive no awards while other institutions in other sections of the nation could receive awards.

Question: What criteria will you use for discretionary awards to school districts under Title IV?

Answer: School districts will be eligible for the new discretionary grants providing the OCR has required it to adopt a plan for race desegregation or national origin desegregation on the basis of its noncompliance with the requirements of Title VI; and the district either has not yet adopted an approved plan or has not yet achieved full compliance with the requirements of Title VI by implementing an approved plan. Districts can apply for these new grants throughout the year and these grants will be negotiated after a review of the application which shall contain a description of the activities which it proposes to undertake with funds received; a detailed description of the relationship between the proposed activities and the basis for the finding by the OCR of its noncompliance with the Title VI requirements; a time table for the accomplishment of the proposed activities; a statement of the financial and other resources which the applicant could apply to the achievement of full compliance with the requirement of Title VI; and the extent to which it has requested and received other race or national origin desegregation assistance; a detailed budget which shows the cost of undertaking the proposed activities in the most economical way; and a copy of the letter from the OCR upon which the applicant bases its eligibility for assistance.

METROPOLITAN PLANS

Question: Metropolitan plans for school desegregation are becoming more and more prevalent.

What does this mean for the Emergency School Aid program?

Are such plans having an effect on the distribution of ESAA funds?

Answer: Congress has not apportioned funds for section 709 (Metropolitan plans) of the Act for several years. However, Congress did authorize the funding of metropolitan plans from special projects. We have not received a request for a metropolitan project in the last three years.

Districts such as Wilmington/New Castle County, Delaware which have desegregation plans that cut across district lines are eligible for assistance in both the state apportioned program and special projects.

Several school districts have qualifying plans based on interdistrict transfers. Funds in special projects have been sufficient to meet the needs of these districts. Should interdistrict plans increase, additional funds might be requested in subsequent budgets.

MATH PROJECTS

Question: The number of minority students who take algebra and geometry in high school, and are prepared to enter the many jobs requiring a background in mathematics, is extremely small.

The Emergency School Aid special mathematics projects provide a vehicle for overcoming this deficiency, and yet last year nearly twice as much was spent on arts projects as on math projects.

What is the justification for this?

NOTE:			FY 77
	Math	=	$ 750,000
	Arts	=	$1,496,200

Answer: The special mathematics project authorized in ESAA is limited to a very specific purpose. This program is for qualified nonprofit organizations to provide instruction in advanced mathematics by professionals qualified for teaching college mathematics. Project SEED has won this competition several times.

School districts that are eligible for ESAA assistance may address this problem through the basic and pilot grants which total $187 million. It is estimated that approximately 2/3 of the funds go for basic instruction which includes mathematics.

The intercultural experiences that children of different racial backgrounds had through the special integrated arts projects have proven successful in achieving integration. To date we have no evidence that the special mathematics project has aided in the desegregation process or in the purposes of the Act.

SPECIAL MATH AND ETV PROJECTS

Question: The 1978 Senate Report recommended the continued funding of Project SEED, a special mathematics project, and "Villa Alegre," a public television series for Spanish-speaking youth.

What is the current funding status of these two projects?

Answer: Project SEED is currently operating under a grant of $750,000, and "Villa Alegre" is currently producing additional television shows under a contract for $1,000,000. Both awards were made from FY 77 funds, and both expire on June 30, 1978.

Question: What plans do you have for these projects during fiscal 1979?

Answer: Applications for Special Mathematics projects are due on March 14, and television proposals are due April 17. Projects funded in response to these competitions will begin July 1. We expect that both Project SEED and BC/TV, which produces "Villa Alegre" will apply.

Question: What has been done to guarantee that this recommendation is carried out?

Answer: Both Special Mathematics and ETV awards are made annually on a competitive basis. There is no guarantee that either Project SEED or "Villa Alegre" will automatically be funded. This will be determined on the basis of criteria for funding included in the regulations. In response to Congressional statements of support for these two projects, we have made certain that funds are available in their respective categories in order that they might apply.

Question: Have you found that this coordination has been beneficial?

Answer: The Office of Education appreciates the interest the Senate has shown in these projects. However, recommendations by the Senate to continue funding of individual projects in a competitive program provide us with some difficulty. We cannot both maintain competition and guarantee support. We would find it more helpful if Congressional direction were limited to types of programs it wishes supported, such as Special Mathematics projects or Bilingual Television programs, rather than naming specific organizations such as Project SEED.

Senator BROOKE. I want to express our appreciation to each of you for the testimony before the subcommittee.

Your budget request is an improvement, I must say, and it's to your credit. And I am sure it would have been even more of an improvement if you did not have to go through certain other departments and agencies of the Federal establishment.

But be that as it may—[laughter]—It's the improvement we're concerned with today. I am grateful to you, as is the subcommittee, for the work you have done and the direction in which you are moving.

I look forward to continuing to work with you in this regard. Thank you for your testimony.

JUSTIFICATION

[CLERK'S NOTE.—The justification material for these accounts appear in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

SUBCOMMITTEE RECESS

Senator BROOKE. All right, the subcommittee will stand in recess until 10 o'clock tomorrow morning when we will discuss education for the handicapped, and vocational education.

[Whereupon, at 4 p.m., Wednesday, March 1, the subcommittee was recessed to reconvene at 10 a.m., Thursday, March 2.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1979

THURSDAY, MARCH 2, 1978

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 11 a.m., in room S-128, the Capitol, Hon. Edward W. Brooke presiding.

Present: Senator Brooke.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

EDUCATION OF THE HANDICAPPED

STATEMENT OF ERNEST L. BOYER, COMMISSIONER OF EDUCATION

ACCOMPANIED BY:

EDWIN W. MARTIN, DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
ROBERT B. HERMAN, ASSOCIATE DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION AND BUDGET ANALYSIS
DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

BUDGET REQUEST

Senator BROOKE. The subcommittee will come to order. This morning we will hear testimony on the administration's proposed budget on the Office of Education of the Handicapped.

We will consider first the request for special education for which the fiscal year 1979 level is $971.8 million. The Education for All Handicapped Children Act, Public Law 94-142, requires a free,

individualized public education for all handicapped children age 3 to 18 by next September and to age 21 by September 1, 1980.

The cost of educating these children will be high. To help States meet this congressional mandate the law provides for a program of State grants to pay a portion of the excess cost involved.

Funds in the fiscal year 1978 appropriation will be used in the following school year, 1978-79, during which time the law authorizes State grants equivalent to 10 percent of the national average per pupil expenditure for each identified handicapped child in a State.

So far Congress has provided funds sufficient to pay only about 9 percent of the cost. But it has said it will consider a supplemental to provide the full authorized level.

For the fiscal year 1979 appropriation used in school year 1979-1980, the authorized level increases to 20 percent of the excess cost.

Inexplicably the budget before us proposes to hold State grants to a 12-percent level. Here to explain the administration's request, we have with us again Dr. Mary Berry and Dr. Ernest Boyer.

PREPARED STATEMENT

We welcome you both. You may introduce other witnesses. I trust you will proceed in the usual manner by abbreviating your opening statement.

Without objection your full statement will be entered into the record. Then we will get into the questions.

[The statement follows:]

STATEMENT OF DR. MARY F. BERRY

I appreciate the opportunity to present the fiscal year 1979 budget request for Education of the Handicapped. This budget request reflects the commitment of the Administration to the implementation of "The Education for all Handicapped Children Act". This law provides the mandate which assures that the handicapped children of this Nation receive a free public education appropriate to their individual needs.

The current request of $971,825,000 will assist the States in meeting the equal access and quality goals of this Administration in the provision of educational services. Eighty-four percent, or $819,000,000 of the total request will be used to assist States in meeting the free appropriate public education requirements of Public Law 94-142. The remaining $152,825,000 will be allocated to activities focusing on model development and dissemination, teacher training, development and marketing of products and materials, and applied research as it relates to the handicapped child.

State Grant Programs

We are requesting $804,000,000 to implement the State Grant program authorized by Part B of P.L. 94-142. This request represents an increase of $269,000,000, or 50%, over funds to be distributed during school year 1978-79 indicating an increased commitment in assisting the States in meeting the mandate of the law. As you know, funds provided under this program help defray costs associated with the education of handicapped children. Each State's allocation is based on the number of handicapped children, aged 3-21, receiving education and related services multiplied by a specified percent of the national average per pupil expenditure. The $804 million we are requesting will result in a Federal contribution of $201 or 12% of the excess cost of educating each of the 4 million handicapped children estimated to be served during school year 1979-80.

The Preschool Incentive Grant program, also authorized by Part B of the Act, is designed to stimulate State and local education agencies to expand educational services to handicapped preschool children age three to five. The number of handicapped children age 3-5 reported will be the basis for

awarding grants to States. An estimated 220,000 preschool handicapped children will benefit from the $15,000,000 requested, amounting to about $68 per child.

Discretionary Programs

Approximately 16 percent of the budget request, or $152,825,000 will be used for discretionary activities which will enhance the qualitative aspects in the provision of services to the handicapped child. Of the ten discretionary programs for the handicapped, the manpower training program is proposed for a $10 million increase and the remaining nine are recommended for funding at the same level as the previous year.

For the Deaf-Blind program $16,000,000 is requested in order to maintain the comprehensive range of educational services required by these multiply handicapped children. Approximately 6,000 deaf-blind children will be served by the regional centers supported by these funds.

$5,000,000 is being requested to continue and expand the demonstration and dissemination of effective educational and training methods under the Severely Handicapped program. Projects in 25 States are currently funded. It is our hope that through continued validation and replication of exemplary projects, a set of models will be provided from which the remaining States may choose the most appropriate techniques and curricula for their needs.

In order to continue the capacity building and catalytic activities of the Early Childhood Education program $22,000,000 is requested. Through the development, validation, and replication of model projects that emphasize effective preschool intervention, we hope to complement those preschool efforts initiated as a result of P.L. 94-142. The primary emphasis of these activities is to promote service models of early identification and intervention for unserved infants and severely handicapped preschool children.

The $2,400,000 request for the Regional Vocational, Adult and Postsecondary program will be used to continue and improve special support services for the handicapped adult so that he or she may benefit from existing academic, vocational, and adult programs.

In order to continue efforts designed to improve educational opportunities for the handicapped, $20,000,000 is requested for the Innovation and

Development program. This applied research program will include activities such as the development, validation, and dissemination of curricula as well as the study and evaluation of issues specific to the handicapped, such as appropriate arrangements for delivery of total educational services.

With a funding level of $19,000,000 the Media Services and Captioned Films program will support efforts to develop specialized media materials needed by classroom teachers of the handicapped. In addition, continued support will be given for the marketing and implementation of curricula materials and devices which have been developed for the handicapped.

The proposed level of effort for the Regional Resource Center program is $9,750,000. Funding for this program will be used to continue the development of appraisal and programming techniques for handicapped children. Additional emphasis will be placed on providing assistance to the States in the development of individualized education plans required by P.L. 94-142.

Funding for the Recruitment and Information program will be maintained at the $1,000,000 level. The primary focus of this program is the dissemination of information to special educators and other persons interested in education of the handicapped.

The request of $55,375,000 for the Special Education Manpower Development program represents a $10,000,000 increase over the fiscal year 1978 appropriation. The major focus of this program is the support of universities and State education agencies in training and retraining special education personnel. The entire $10,000,000 increase for this program will be allocated to provide inservice training to regular education teachers who anticipate more interaction with handicapped children.

Finally, we are requesting $2,300,000 to continue measuring and evaluating the ability of States to meet the requirement of P.L. 94-142. These special studies will better enable the Commissioner to assure that the States are fulfilling their responsibilities under the law.

Thank you, Mr, Chairman, and members for your patience. I would be pleased to answer any questions.

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INTRODUCTION OF ASSOCIATES

Dr. BERRY. We have with us Ed Martin, Deputy Commissioner of Education for the Handicapped and Robert Herman, Associate Deputy Commissioner.

We also have with us Bill Dingeldein, Director, Division of Education and Budget Analysis.

REQUEST SUMMARY

Dr. BOYER. Senator, I will summarize very briefly the presentation on the education for the handicapped. The items are summarized on the chart we have displayed before you.

As you have indicated, $971 million is requested for fiscal year 1979. There are two major areas of increase. Of the seven categories that appear in this particular legislation, two are to be funded at increased levels.

No. 1, the State assistance grants will go from, in the grant program, $535 million to $804 million, about a 50-percent increase, and No. 6, the special education manpower development program, will go from $45 million to $55 million, a $10 million increase. We are committed to move aggressively in this area.

The growth of funding for the handicapped has been absolutely dramatic, as you know, over the past 5 years. An estimated 4 million handicapped children will be served during school year 1979–80, an increase from the 1978–79 level of 3.8 million.

I am now speaking of the State grant program. It is estimated that the Federal share per child will increase from $138 to $201 per child. Under State assistance we not only operate the State grant program, but also the preschool incentive grant program which serves children from 3 to 5 years of age, and the deaf-blind centers which are geared to serve an estimated 6,000 deaf-blind children in the country.

There are 10 such centers organized across the Nation.

The second major category, which is identified as Special Populations, focuses on severely handicapped projects, and the early childhood education program. The early childhood education program is proving to be one of the most attractive experimental programs which focuses primarily on the handicapped, especially from birth to 8 years of age.

These projects are not only getting national and international attention because of interesting and pioneering experimentation, but they are in effect new fields of investigation as to how to deal with the early childhood problems of the handicapped. Item 3, which is the regional postsecondary program, seeks to provide the transition for handicapped adults into the work experience, a small program, but nonetheless significant.

Item 4 is innovation and development which is looking to new technology, new materials, and new curriculum experiments related to the best forms of education in this important field. Approximately 152 awards will be made in this program.

The average award is $131,000.

Item 5 is almost self-explanatory, at least in terms of the media services. We are very much involved in working both with commercial and public television in developing captioning for the deaf.

Another service such as captioning the evening news to be shown on PBS at 11 o'clock is an example of the activities conducted under this program.

Media is a rapidly expanding area; even advancements in technology have increased.

Finally, a major concern that we have unhappily labeled manpower development, is the special education manpower development program. Emphasis has now been placed on the retraining of classroom teachers who will have to confront the so-called mainstream movement.

As you know, in the last few years the number of handicapped children institutionalized has decreased from 90 percent to about 40 percent. The major shift across the country is to allow these children to participate in the classroom.

And, of course, that has been the primary thrust of the action of this Congress. So the need to shift our personnel development away from the preparation of the specialist, although some of that is still needed, to the reeducation of the classroom teacher is an extremely urgent obligation. We are estimating that we will increase the number of teachers involved from about 45,000 in 1978 to over 91,000 in 1979.

The doubling of effort is the result of changing our focus so that we will have short-term training for larger numbers of classroom teachers who need to be educated.

TRAINING REQUIREMENTS

Senator BROOKE. Is that going to be adequate training?

Dr. BOYER. Well, it is certainly still not adequate in terms of the scope of the need. It is simply an attempt to make an added push and not overextend the resources that we now already have on line.

Senator BROOKE. What I am asking about is the level of training. I am not talking about the number of teachers you plan to train. Obviously the numbers are not adequate.

Dr. BOYER. I see. No.

Senator BROOKE. We will get into that later; but on the question of the amount of training, will the students suffer as a result of partial training of teachers?

Dr. MARTIN. I think not. The purpose of this would be, Senator, that many regular classroom teachers have had absolutely no background in special education at all. Yet they will have youngsters in their care for part of a day. So, what we are attempting to do is to provide some original orientation into the problems of handicapped children. In fact, the aim is to help the teachers and students with some of the attitudes they may themselves be struggling with about the handicapped.

However, we wouldn't be attempting to make them instructional specialists. It is really a question of giving teachers enough information so that they can work on a team with a special educator and be able to help a youngster who might be spending more time in their care.

Inevitably we don't think this will be a one-shot thing. What we are trying to do is build into the system some annual updates of information.

Senator BROOKE. So that every teacher ultimately will have had some of this training?

Dr. BOYER. That will be the objective; this is the first step.

Senator BROOKE. How about the curriculum in colleges?

Dr. MARTIN. That is an area we have taken on head-on. At present we have about 70 grants across the country which we have aimed at deans of colleges of education. The purpose of the grants is to give the dean a reason for reassessing the undergraduate and graduate curriculum for generalists and to introduce the kind of information and skills that might help the classroom teacher.

We are not simply having a retraining program for everybody who is retrained the wrong way. The deans projects are now catching on. We have, in fact, a meeting coming up in Washington next week of deans who will be reporting on the progress of what is a slow but steady curriculum revision.

Senator BROOKE. How many teachers do we have now who are specialists, who are trained to do the job?

Dr. MARTIN. Estimated about 175,000 nationwide.

Senator BROOKE. 175,000.

Dr. MARTIN. Some of those are not fully trained. Excuse me.

Dr. BOYER. That's all right.

Senator BROOKE. How many are fully trained?

Dr. MARTIN. We don't honestly know the answer to that, but if we had to make an educated guess we would say perhaps 125,000.

Senator BROOKE. Now, would the 50,000 additional be those who have partial training as you have described?

Dr. MARTIN.Well, no, that would really be sort of a third group.

Senator BROOKE. So those 50,000 have somewhat more than the partial training.

Dr. MARTIN. Yes; for example, some States have had minimum requirements, perhaps 6 hours of special education or even 9 hours, or a temporary certified person who doesn't have a master's degree which is the qualification for permanent certification. So you have really three groups: Those who have met State certification——

Senator BROOKE. That is the 125,000.

Dr. MARTIN. Yes.

Then there would be perhaps another group that is reached partially, but where the States themselves want to provide additional training to their specialists. Then there is this group out here, in a sense, 1½ million regular classroom teachers, not all of whom will teach handicapped children. As you can see there is a large population of teachers we are aiming for training.

About 90,000 will be reached through this program and perhaps a similar number will be directly helped through State grant funds because the States and locals use some of those funds to run their own in-service training programs.

Senator BROOKE. This $55 million, how long will it take to prepare all the teachers at that $55 million funding level?

Dr. MARTIN. Well, again, there are two populations to reach. If we were to attempt to provide training, let's say for as many as one-half million to 1 million regular classroom teachers over the next few years, we would be operating at the rate of about 100,000 a year.

As far as specialists are concerned right now, we were holding our own until the last year or so. But right now we are turning out fewer specialists than are required. We estimate the need to be about 40,000 specialists. We will be training about 25,000, so we are falling slightly behind.

As we have reached out to target on regular teachers we have fallen a little behind on specialists.

Senator BROOKE. I would appreciate your concluding.

Dr. BOYER. That was the last item and that was my summary.

TEACHER SUPPLY

Senator BROOKE. Do we still have an abundance of teachers generally in the country?

Dr. BERRY. Yes; there is an oversupply.

Senator BROOKE. Are many of those coming into special education?

Dr. BOYER. The general statement is there is an oversupply of the so-called regular classroom teachers, but the special-need fields are still undersupplied.

Senator BROOKE. That is what I mean. They are undersupplied.

Dr. BOYER. Yes.

Senator BROOKE. Are you bringing more of the regular teachers into training for special education?

Dr. MARTIN. They come in in two ways. First of all, enrollments in special education programs for the undergraduate level are up as students are selecting their way into a field where there is greater employment. Second, teachers with bachelor's degrees are, in fact, coming back. Most of our support, which is about half of this budget in dollar terms, goes for retraining activities.

Many of those are teachers with a bachelor's in elementary education.

Senator BROOKE. They have had no special education training at all?

Dr. MARTIN. No; they get their master's in special training.

Dr. BERRY. They are an obvious target group for training. I must point out that not everyone who is trained to be a teacher or wants to be a teacher can be a special-education teacher.

Senator BROOKE. Yes, I understand.

Dr. MARTIN. In fact, the point is quite right. Many of the students express an interest before college. We find that teachers of the handicapped have ordinarily done volunteer work as teenagers.

In our experience, we find that many of the youngsters who enter the field show a pretty early interest.

Senator BROOKE. It takes a special commitment, really.

Dr. BOYER. Yes.

Senator BROOKE. I suppose sometimes it may come later on in life after a teacher has received the bachelor's degree, but you probably find that most teachers start off with that commitment and get some of that training prior to receiving a bachelor's.

Dr. BERRY. Yes.

Senator BROOKE. That would be the better source for special education teachers.

Dr. MARTIN. We are working with several categories of specialists trying to encourage them to work with the handicapped. We

will first be working with about a 1,500 vocational teachers and 1,800 moving into paraprofessional programs. Some of those have partial education training. We have approximately 2,000 people who are out of physical education or recreation specialist areas who are training to work with handicapped people.

So part of what we are doing is attempting to set up programs in the colleges and universities primarily that will channel some of that population of teachers into special-education work in the applied sense.

Senator BROOKE. You wouldn't want to deny a regular teacher the opportunity to get special training through this program.

On the other hand, I wouldn't want to see a teacher just come into the program because they aren't qualified to get a job as a regular teacher.

Dr. MARTIN. That is the way it used to be. If a principal felt that a teacher wasn't very intelligent he would put them——

Senator BROOKE. They couldn't do the other job so, therefore, they would be qualified to do this job. But this job really requires more.

Dr. BERRY. It would create the worst possible conditions for the children.

Senator BROOKE. Certainly.

Dr. MARTIN. Graduate record exams and exams like that are now showing that the average teacher in special education has a higher profile than the average in regular education.

FULL FUNDING OF THE STATE GRANT PROGRAM

Senator BROOKE. Now, last spring President Carter told the participants of the White House Conference on Handicapped Individuals that they would have the administration's—and I'm quoting here—"full and continuing cooperation and support in the future." The No. 1 priority of the Conference, on the subject of education of school-age handicapped children was full funding under the provisions of the new handicapped education law, Public Law 94–142. As I have said, implementation of the new law is the State grant program, and I think you all would agree. But the administration has not requested additional fiscal 1978 funds necessary to fully fund the State grant program for the next school year.

And in its fiscal 1979 budget it has requested only 60 percent of the full funding level. States are saying that the failure to fund the program up to its full authorization will inevitably mean a reduction in services to the handicapped child, a matter of deep concern to me; I am sure it is to you as well. How can this budget request be considered consistent with the President's commitment of full support?

Dr. BOYER. Do you want to lead?

Senator BROOKE. Don't rush to answer.

Dr. BOYER. You are the leading spokesman. [Laughter.]

Dr. BERRY. I will take that. I will be happy to answer.

We spent a great deal of time discussing handicapped children with the President and with the Secretary. We spent a great deal of time talking about just what would be required to support the total number of children needing services.

Senator BROOKE. If you would yield, I think the number was 3.8 million; was it not? That was your estimate, as I recall.

Dr. BERRY. That is correct.

COST OF FULL FUNDING

Senator BROOKE. What do you estimate the cost to be of fully funding the State grant program for 1979?

Dr. BOYER. It would be about $1.3——

Dr. BERRY. If you did that, yes. There was also a determination made that what we do, as the President put it, we should bring the program slowly online and try to take care of these children within the next year.

Dr. BOYER. Mary's summary of the time we spent on this is correct. It was a final conclusion that we were not able to commit what would have been our estimate of a $1.3 billion figure for this.

The authorization is there for up to 20 percent of excess costs. Our preference is to do absolutely as much as can be done with our full share. I believe that the amount of money, which is a 50-percent increase, and when compared to the maximum of $100 million, I believe, in the last budget of the last administration, demonstrates a dramatic escalation of the President's—of our commitment to provide an increased Federal contribution, although it is clear that it is not at the percentage level authorized. .

However I would say in the context of the increases that we are making it does, as Dr. Berry said, show a dramatic increase. It is estimated on the 4-million student figure, although we tried to be realistic, we were not certain that the child count would settle there.

There was some evidence, even then, that there might be a softer figure coming along. Since we didn't have a track record of what the child count would be, we would not try to inflate the request carelessly.

We now have 3.5 million children counted, and we thought with serious effort, there would be a growth.

There was some uncertainty about how many children in the startup of this new legislation would, in fact, be online for service. So that caused us to be somewhat conservative, added to the conclusion that was reached after some budget discussions, that the total, $1.3 billion, would not be possible in our request for next year.

Dr. BERRY. Senator, I would like to make just one other point. It is true, as you know, that a number of the education programs are not fully funded. They are below the authorization level. In all candor, in making our decision, we took into account the points that Dr. Boyer and I have made, the amount we had available to us in the budget, and then balanced the importance of this program against all others.

Considering that others are not fully funded either, and taking into account what we thought the child count would be and the costs of having a new program come on line, the Department and the President thought that the budget request reflected a sufficient commitment.

But you are right, it is not fully funded.

Senator BROOKE. These are mandated programs. That's the problem. Congress has said to the States, "You must educate that handicapped child. You are compelled to do so." The States say, "All right, where is the money?" They don't have the money. We knew at the time we said that, that the States didn't have the money to educate the handicapped child.

Then, after the White House Conference was held, there was such a strong statement by the President which I applauded. Now we find out that the budget request does not agree with his statement. I am very deeply concerned by this.

What is the effect of your proposal to fund only 12 percent of excess education costs, rather than the full-funded level of 20 percent specified in the law?

Doesn't that mean that services would be reduced?

Dr. BOYER. The effect would be that the States accepting the mandate of the legislation would be required to make a greater contribution. There are two points that I would like to make——

STATES' ABILITY TO PAY

Senator BROOKE. Did you ascertain, first of all, whether the States are in a position to do that? Even assuming that they wanted to do it can they do it?

Dr. BOYER. On the first point you raised, I would simply add this as a footnote for the record: I think it is correct to say that the percentage increase for the State assistance, which is 50 percent, does represent the largest increase of any program in the education budget.

I believe that is correct. I just wanted to keep it in perspective. And it is not a small item, where you can easily gain percentages. We are talking about hundreds of millions.

So I would hope that would be noted as an important percentage comparison.

On the second point, I am a bit troubled by some comments that I heard in discussions that suggest that the obligation is driven exclusively by the Federal legislation.

I think one needs also to say that the obligation has been there all along. It is a right that has existed that's been ignored over the years, and some States are way ahead of this. This law is coming behind where some States have already been.

Senator BROOKE. I agree with you fully.

Dr. BOYER. So I simply wanted to note that it is incorrect, I think, for Congress to somehow be pointed to as creating a problem. The legislation affirmed what I think has been a right from the very first. Children who have special problems shouldn't be told, "Because your problem is so great, our facilities are going to be denied."

That was the most tragic kind of reverse logic one could imagine. Many of these children are the ones who should have been first in line.

For years they have been turned away by the institutions they helped to fund and in the process built anger and understandable frustration among the population that was denied.

I think the Federal legislation simply affirmed what has been a universal right that had been unevenly delivered.

Now, I think Congress did something else. In my view, Congress could have said that, to affirm at least a public policy right, if not a constitutional right, and let the States deliver on that.

The Congress also said, "in order to move now, we are going to ask that Federal resources be there to enrich and assist." Not, I think, assuming that because the law was passed, if Congress doesn't pay the bill, therefore, the obligation can be negated. That to me is not the way to view this.

I would hope that our aid would be sufficient to maintain the momentum, but not to agree that if we don't have the funding, the obligation can be denied.

Now, to answer—that was, forgive me, more of a context point.

Senator BROOKE. As I said, I agree fully with you. I think that was the intent of the Congress. I think the right did exist. But, on the other hand, we have to be realistic about the funding issue.

Dr. BOYER. Yes.

Senator BROOKE. And we also know that many of the States, as you say, have done well, but others have fallen far behind, and I am concerned that the job be done.

I won't say that if we don't fund it, that would necessarily mean that the States would never get around to doing it, and would wait for the Federal Government to do it for them.

They get revenue sharing funds and other funds.

If they are really sincere about complying with this mandate, there are no strings attached to some of the funds they get, nor to their own revenues that they are able to raise. But as a practical matter, there is a limit to how much they can do on their own, as you know. I am concerned that we are just not living up to the mandate, the goal, which the country, the States, and the Federal Government, have established.

Dr. BERRY. Senator, we would love to live without budgetary constraints.

ORIGINAL BUDGET REQUEST

Senator BROOKE. Well, I understand that you have budgetary constraints. I understand also, however, that what you have finally requested was not what you originally requested. I am sure that is true in many instances.

What did you actually ask for before OMB took its fine pencil to it?

Dr. BOYER. As I recall——

Dr. BERRY. $940 million.

Senator BROOKE. $940?

Dr. BOYER. I think the original request, $941——

Senator BROOKE. What was that?

Dr. BOYER. I think it began at $1.1 billion——

Mr. DINGELDEIN. Mr. Chairman, I think there are several echelons involved here. I think maybe the Commissioner is saying——

Dr. BOYER. I am sorry. There were several elements, and I think at the earliest point we had estimated $1.1 billion, something under the 20 percent, possibly a midpoint between the current level and the maximum.

Mr. DINGELDEIN. Mr. Chairman.

Senator BROOKE. Yes.

Mr. DINGELDEIN. I would like to point out that the education budget is extremely generous, a 23-percent increase over 1978. The increase for the handicapped is nearly double that. It is around 46 percent. So, in terms of the various priorities, the handicapped program has gotten the single largest increase in the budget of any program, in terms of percentages.

I think that underscores both the Secretary's and the President's commitment of full support for this program.

Senator BROOKE. Support, but not full support.

Mr. DINGELDEIN. Well, full support doesn't necessarily equate with full funding. Even in the title I program which certainly has our full support, we are short of the full funding goal there, as well, as Dr. Berry pointed out.

1978 FULL FUNDING

Senator BROOKE. Let me go back to fiscal 1978. Both House and Senate said the Congress would fund the full 10 percent for 1978. How much would be required for fiscal 1978 to provide full funding?

Dr. BOYER. I think you were correct in your initial statement. Is it 8.8 percent that is now being funded? How that converts into dollars, I am not precisely sure.

Dr. MARTIN. We won't know exactly how much it requires until the spring——

Senator BROOKE. Until the child count is completed?

Dr. MARTIN. Yes; we approximated our estimates last year, and the Senate and House came close to our approximations.

The count of children for fiscal year 1978 has not been completed yet. It's taken in October and in February.

We will need to have a February count. In addition, we need to have the average per-pupil expenditure figure, which is generated on an annual basis, and which we also get in the spring.

Our best guess is that it will run about $560 to $570 million, by the time we get those two figures.

We have available at the present time about $528 million. That is based on $465 million, which the Congress appropriated, and another residual sum which was left over from the first year, about $63 million.

We had thought it would be $70 million, that is why the numbers are in that range.

But the number I gave you, our guess, is not firm yet. It is possible the spring count won't be the same as the fall count. The average per-pupil expenditure may be a few dollars less than we anticipate. So we really aren't going to be able to provide you with a firm answer to that question, until late spring, I would say.

Dr. BOYER. Not that it would exceed $50 million, would it?

Dr. MARTIN. No; it will be in that magnitude, $525 to $575 million.

Senator BROOKE. Will you submit that to us?

Dr. MARTIN. Yes.

Senator BROOKE. That would be very helpful. You said late spring?

Dr. MARTIN. Right. We are anticipating receiving count in April and May. The Commissioner will have to request the National

Center for Educational Statistics to provide a figure at the latest date we feel we can live with.

So my feeling is it would be available before the end of this fiscal year.

PRESCHOOL INCENTIVE GRANTS

Senator BROOKE. Well, transmit it to us as soon as you can.

Let's move to preschool incentive grants.

Exactly what kind of services do preschool incentive grants encourage?

Dr. BOYER. These now serve about 220,000 children, 3- to 5-year-olds. I believe the average expenditure is about $68 per child, and the intention here is to give special startup help to those handicapped children before they move into the regular school experience.

The description of some of those programs, Ed can provide.

Dr. MARTIN. Yes; we have through the model project program developed over the last few years several hundred models. In fact, we are working right now with 400 school districts in replicating those models. Those are the programs that this incentive is feeding, the service programs. The school district gets the incentive money on behalf of children who have already enrolled, so that the Federal funds come along, and they say, "OK, here is $68." In this case on behalf of those children counted, which they must use to initiate new programs or to expand the existing program, or conceivably to improve them.

Dr. BOYER. Tell him what happens to a child in this program.

Dr. MARTIN. A child comes to a center, very frequently these programs are in a school, for half a day, in some cases a full day. He receives language stimulation, motor stimulation, if the child has, let's say, an orthopedic handicap or cerebral palsy.

The parents receive help in those programs. Some of our models now are home-based programs, where the staff actually goes out to the home and helps the mother develop programs during the day.

Senator BROOKE. Working with the child?

Dr. MARTIN. That's right. Those, by the way, are equally, perhaps even slightly more effective in bringing about child growth, than the center-based programs, at least in our experimental stage.

Senator BROOKE. But it is not a home care program, is that correct? It is still an education program?

Dr. MARTIN. Yes; but you can base it by bringing the children to a central location, or you can have the services, in a sense, go out to the family. We first began this program working in rural areas where the children have to go many miles to obtain services.

Instead the schools go out and show the mothers how to use everyday procedures in the house to provide the child with language stimulation and things of this kind.

COST OF SERVICES

Senator BROOKE. How much will $15 million buy?

Dr. MARTIN. It is providing the schools with a stipend of about $68 for each of their children, in a sense a carrot for what they have already done.

Senator BROOKE. Each child?

Dr. MARTIN. Yes; each child who has been enrolled. The way this program is distributed is that we count up the numbers of children who are now in programs for 3- to 5-year-olds, and we give the State an extra entitlement.

This is above the part B entitlement.

Mr. BOYER. The districts apply for this.

Dr. MARTIN. Yes.

Senator BROOKE. All of these preschool handicapped children are actually receiving these services?

Dr. MARTIN. That's right.

Senator BROOKE. They have all applied.

Dr. MARTIN. That's right.

Dr. BERRY. They are counted after they receive the services.

Dr. MARTIN. Well, the count precedes the service. That by the way is one of the reasons that the $804 million is going to be helpful. Let's use Massachusetts as an example. They have received funds now. They have paid in a sense for children. Our funds will come along to help them, so the funds they get are on behalf of children who have been paid for.

As a result, they are applied against children who are not now enrolled.

PRESCHOOL POPULATION

Senator BROOKE. Now, the 220,000 preschool handicapped children you say will be served with the 1979 request, is that the total population of handicapped?

Dr. BOYER. No; at that level that is only about 18 percent of the population.

Senator BROOKE. You may have misunderstood when I asked if all of them are receiving the service.

Dr. BOYER. No; only about 18 percent of the total population is represented by this figure.

Senator BROOKE. Eighteen percent?

Dr. MARTIN. That's right. Of the census population, of all children in those age ranges, 1.8 percent of those children are now enrolled in special-education programs. Our estimate is that it would come closer to 10 percent if we had a full program. So it is about 18 percent of the target population.

DECREASE IN PER CHILD EXPENDITURE

Senator BROOKE. Obviously, you have great faith in this program. But why are you requesting less per child for fiscal 1979 than you requested in 1978?

You requested as I recall $75 per child in 1978.

Dr. MARTIN. Yes.

Senator BROOKE. Now you are requesting $68 per child.

Mr. MARTIN. What it amounts to——

Senator BROOKE. It seems you are cutting back on services, to me.

Dr. MARTIN. Well, I think it is a little bit less grim than that.

Senator BROOKE. Eighteen percent less grim, twelve percent less grim?

Dr. MARTIN. Well, the reason I say that is because the States will receive their basic entitlement under the Education to the Handicapped Act which will grow by approximately $73. The incentive grant is added to that.

A school will get the $201 per child, as anticipated in the budget, plus the incentive grant. So, it will get $268——

Senator BROOKE. I know you have proposed to increase Federal aid for school-aged handicapped.

Dr. MARTIN. Right.

Senator BROOKE. You are at the same time decreasing this preschool grant. What are you telling me, that they get the benefit of the increase so therefore you can afford to decrease this?

Dr. MARTIN. Yes; essentially these youngsters are eligible——

Senator BROOKE. Isn't that taking it out of one pocket and putting it into another?

Dr. MARTIN. Well,the total available will be slightly larger than it was this year. That is what I am saying. Whereas last year it was $138 plus $75, this year it will be $268.

Senator BROOKE. The sum.

Dr. MARTIN. Sum available to the school district for these children will increase by the fact that the two programs are added together and the district qualifies for both.

That is why the incentive is there. The idea is that many schools and States don't have a reimbursement program for preschool-age children. And the Congress didn't feel it could require it. So it said, well, look, we will let you count these children once if you provide them services under the Education for the Handicapped Act.

And then since we recognize that there are few State funds in this area, we will provide an extra incentive so you can count them twice. That will result this year in approximately $267 per child for children 3 to 5 as compared with $200 per child for children 5 to 17.

Senator BROOKE. It still seems to me you're almost doing what has been done to the taxpayers. They've been given a tax cut, but then had their social security raised.

You are giving with one hand and taking back with the other.

Dr. MARTIN. It is an important program. Actually, we try to find every dollar we can for the school-age program.

Dr. BOYER. To keep pace, we would have had to raise that request to $16 million.

CURRENT COSTS OF FISCAL YEAR 1978 LEVELS

Senator BROOKE. What would the figure be if you kept the same level at $75?

Dr. BOYER. $16 million we have calculated. We are now requesting $15 million.

Senator BROOKE. You would only need another million dollars?

Dr. BOYER. At the same level of $73—is that right?

Senator BROOKE. $73; your budget indicated it was $75, but all right.

Dr. BOYER. I think it is $73. It is drafting back to $68, I believe.

Senator BROOKE. If you kept it at $73, you would only need an additional $1 million?

Dr. BOYER. That's correct. $1,060,000.

Senator BROOKE. Well, you are really sort of pinching pennies. Why cut back a program you have great faith in by $1 million? I know you are looking for places to cut.

Dr. MARTIN. I think our feeling is that the first priority task is to get all the school-age children educated. As desirable as the preschool task is, and in the long run I think it is terribly important to do it, our feeling was we had to go first with the mandated age ranges.

That is why we put every available dollar in that program, with the exception of the training program where we have added $10 million, even though these other programs could stand the increase. A few years down the pike, if we feel we are really reaching all the school-age children, obviously we would like to come back and push for more impact on preschoolers.

The States won't do both. We do expect a certain decrease in the work with preschool children, which we are unhappy about, but we feel is the second priority, the first being the school-age children.

PRESIDENT'S COMMITMENT

Senator BROOKE. Well, I believe more in what the President said to the Conference than in what has been done in the budget. I agree heartily with what you have said, Commissioner, about the obligation to handicapped children. We really have short-changed them over the years: we, the Federal Government; we, the country have many other questions pertaining to this. Obviously I, at least, am not convinced that this budget will enable us to make as much progress as we should, though I think we have made some progress to be sure. I wish I could agree that the States were in a position to do the job themselves. I am sure some of them are in a position to do more than they are doing. And I think they should be required to do more. The Federal Government never intended to totally fund programs for the handicapped. But I don't think they can do the whole job without help.

I will, I think, now go on to occupational, vocational, and adult education, and submit additional questions to you.

Dr. BOYER. I should add as a final point, that I do recognize the transition problems in some States. I didn't want to leave my statement unedited by that comment.

Senator BROOKE. I think that is very fair of you, because they are having problems.

Dr. BOYER. Yes.

Senator BROOKE. All of a sudden, they are asked to begin educating handicapped children when many of them hadn't been doing anything in this field—for a variety of reasons, and in some cases maybe not acceptable reasons. Now we are in a transition period and they have to adjust to it.

Maybe it will call for reprograming, or for additional revenues or taxes in some States. I am sure it is going to take some time. I wouldn't put a number of years on it, but it is going to take a while for them to assume their full responsibilities to handicapped children.

SUMMARY

Dr. BERRY. If I may make one final remark on this issue, I still think that you have to look at the program in the context of the total education budget. You have to realize that a number of our programs that are important and crucial to us and have been there a long time like the title I program, are not fully funded either. Therefore the case for fully funding a particular program can be the same case for fully funding yet another.

In the case of title I, for example, which I know is not in issue here, you do have handicapped State agency programs fully funded. However, you don't have title I fully funded, nor do most States even have compensatory education programs. They have not taken the responsibility to do anything. I am not trying to argue that we could not have provided more, but we have attempted to get them to do something.

Now, when you look at almost a 50-percent increase in the handicapped budget, one cannot ignore our demonstration of commitment. Maybe not as much as we should have, but I think——

Senator BROOKE. No; I agree. I want to give you credit where credit is due. It is an improvement. Not as much as I would like to see by any means; I am sure not as much as you would like to see. I don't want to see handicapped education in a contest with title I.

I think that is not a good idea. Both of them are necessary. There is no question about it. I would hate to see them battling for funds, because that to me is not the issue. They ought to be considered on their own, and both of them really are very, very important programs.

I would like to see both of them fully funded. But we have the reality of budget constraints, as you said, which I understand. But I don't want to see the two battling. That is very dangerous.

Dr. BERRY. I absolutely agree.

Senator BROOKE. I could give a speech on that. I won't because of time constraints. But I think you understand exactly what I am saying.

Dr. BERRY. Exactly. I agree with you.

Dr. MARTIN. One last thing. This is a list of the model service demonstration projects. Over the years, I know you have had a special interest in that. This particular document shows the current centers and the technical assistance center which happens to be in Andover, Mass.

Senator BROOKE. I have seen that center; yes.

Dr. BOYER. Thank you.

Dr. BERRY. Thank you.

JUSTIFICATION

[CLERK'S NOTE —The justification material for this account appears in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

SUBMITTED QUESTIONS

Senator BROOKE. We will also give you additional questions to be answered for the record at this point.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

HEARING AIDS

Question: In its 1978 report which accompanies the Labor-HEW Appropriations Bill, the Committee said that it expected the Office of Education would ensure that children with hearing aids are receiving adequate professional assessment, follow-up, and services.

What have you done to insure that the hearing-impaired receive proper services?

Answer: Public Law 94-142 requests that State Education Agencies provide appropriate services to handicapped children, including the hearing impaired. We have worked with the SEA's and the professional organizations to adopt the standards developed by the Joint Committee on the Education of the Deaf and Audiology of the American Speech and Hearing Association and the Conference of Executives of Schools for the Deaf. In addition, through our Special Education Manpower Development program, we encourage cooperative efforts among universities to develop in-service materials and provide jointly with SEA's and LEA's in-service programs for resource personnel who are working with hearing impaired children.

RECONSTRUCTION/RENOVATION PRIORITIES

Question: For the first time the Administration has acknowledged the need for Federal funds to aid with reconstruction and renovation of educational facilities to meet Congressional mandates. But funds have been requested in the 79 budget only for higher education facilities.

Why are no funds requested for elementary and secondary facilities or for libraries? Are not the needs as great for these facilities?

Answer: At this point the states have made no inquiries relative to funding or possible funding for new or modified construction. Given the lack of demand, we do not feel funding is necessary at this time. In addition, funding would provide administrative problems. The current statute is not clear as to whether grants would be distributed to state or local agencies. Funding individual grants to state or local entities would be impossible to administer. We currently do not have the staff nor expertise to review and/or evaluate the efficacy of construction proposals. It is felt that increases in funds for handicapped programs are best utilized if focused on the services provided under the State Grant Program.

INSTRUCTIONAL MEDIA FOR THE HANDICAPPED

Question: At the present time, how large a clientele of handicapped persons is being served by the Instructional Media and Captioned Film Program?

Answer: The Instructional Media and Captioned Films program serves or makes educational materials available to all types of handicapped persons, except the orthopedically handicapped. In addition to handicapped persons, the program serves teachers, parents and other persons actively involved in working with the handicapped. It is

estimated that up to 6,000,000 persons are reached through the efforts of this program.

Question: What proportion does the number of handicapped served represent of the total universe of handicapped persons who might benefit from the activities conducted under this program?

Answer: As to proportion served - the captioned films program serves over 90% of the deaf population with its captioned educational and theatrical films and captioned television; through Recording for the Blind, Incorporated, over half of the blind high school students and over 90% of the blind college and graduate students are provided with taped educational books; various educational media and materials are provided to handicapped persons other than the deaf and the blind - proportion is unknown. Through our grants program we will eventually be serving the educational media needs of all handicapped.

Question: As a mechanism for making educational materials available to the handicapped, how would you evaluate the overall success of the Media Services and Captioned Films program at the present time?

Answer: In terms of making educational materials available to the handicapped, the overall success of the program is very good. In terms of serving the deaf population its record is excellent; with the print handicapped and visually impaired - very good, due to contract with Recording for the Blind, Optacon, Kurzweil Reading Machine; the public awareness, marketing program, and handicapped materials project (Indiana University) is making our service to other handicapped persons quite effective and will be more so in the future.

STATE PLANS

Question: What is status of plan approval?

Answer: As of March 1 four States had received no approval of their plans. Two of these had not yet submitted plans and changes in the other two are being negotiated. Thirty four States had received approval of draft plans which resulted in the release of one quarter of their FY 1978 entitlement. An additional 19 States had received approval of their final FY 1978 plan.

Question: What is full approval contingent upon?

Answer: Full approval and funding for the fiscal year is contingent upon receipt by the Office of Education of a plan which meets all of the basic requirements of the Act, which has been officially cleared by the State agency and the governor's office, and which has been made available for public comment prior to submission.

Question: How long will the approval process take?

Answer: About four weeks are required to review each State plan. States are estimating that they will have their final plans submitted to the Office of Education not later than the end of April. Allowing for some slippage in submissions and last minute negotiated changes, review of all plans submitted should be completed by June 1.

PROJECT GRANT PROGRAMS

Question: With the continued emphasis on funding increases in the FY 1979 budget for the Part B, State Grant Program, what is likely to be the on-going programmatic role in FY 1979 for the nine project grant programs authorized under Parts C, D, E and F of the Education of the Handicapped Act?

Answer: The continued emphasis on funding increases in FY 1979 Budget for Part B and with it the growth in demand for services makes it even more important that the role of the nine project grant programs be continued. These programs have been highly successful programs which have proved to be at the cutting edge of the initiation improvement and expansion of services to handicapped children.

The passage of P.L. 94-142, with its requirements for a free appropriate public education and related service for all handicapped children presents new problems to state and local educators and administrators. Its requirements call for continued efforts to bring new knowledge to bear. These highly successful programs are meeting the objectives that Congress had in mind when they established them.

The Early Childhood Education program continues to act as a catalyst and stimulant to increased services for preschool and infant handicapped children. The program has progressed to the point where it has ten validated models ready for implementation of a state or local agency. Expanded development of demonstration projects for infants, technical assistance to state and local agencies, and research information communication and services for early childhood education are 1979 objectives.

The Personnel Training program (Part D), is meeting the continuing needs of training regular education teachers and administrators to handle the requirements of the handicapped child in the regular classrooms. Additional objectives include increasing supply of special education leadership personnel, teachers and paraprofessionals for young children and the severely handicapped and the training of a cadre of vocational education teachers and administrators to assist these children to make the transition from school to work.

The Regional Resource Center program continues to satisfy a great need of state and local agencies to demonstrate new techniques of assessment for specific target regulations including Indians, bilingual and other minority groups. Objectives now are to target on assisting the local teacher to develop an appropriate individual education programs. We expect the next several years will see two things occuring in the Deaf-Blind program:

-- The majority of the population will reach the point where they will be out of reach of elementary and secondary programs and will need transition into vocational or independent living arrangements.

-- The states will take on a greater role in educating these children and as support under P.L. 94-142 increases discretionary resources distributed under this program will deminish and be folded into Part B State grants.

The Media Services program (Part F) continues to satisfy objectives in developing, testing, demonstrating and assisting the implementation of new techniques using communications and classroom technology to serve the deaf and other handicapped children. Captioned television, the use of computer assisted instruction, computer reading for the blind, and the video disc concept has great promise in improving the skills and normalized education of the handicapped child.

The Research and Demonstration program (Part E) has an increased responsibility to carryout research and solve problems arising from placement of a broad range of handicapped children in the regular classroom bringing severely handicapped children into the day school programs for the first time, assisting in the transition of handicapped youth into the world of work, and assisting the State and LEA service delivery to solve difficult problems arising from the need for new curriculum, financial distribution and reporting procedures, and demonstrating best practices of diagnostic and instructional procedures.

Now that more children are being served and more are to be served, and we expect more from our school and social systems as a result of serving these children, appropriate research and demonstration becomes even more important than before the implementation of P.L. 94-142.

No area of education of the handicapped has all the answers needed to provide effective service to these children. A sharing support system is needed.

Question: What has been the effect of inflation -- as well as other kinds of cost increases -- on the goods and services provided under the various Part C, D, E, and F programs over the past several years?

Answer: Inflation has affected the purchasing power of these programs like all others. We attempt to use more efficient methods- but the dollar buys less services each year. There is no question that buying power of the federal services for each dollar has suffered in this area as it has in purchasing housing or health services.

TITLE I HANDICAPPED SET-ASIDE

Question: You have made the case, I believe, for continued funding of the Title I set aside; is that correct?

Answer: Yes, the thrust of our argument was to continue the Title I set aside program for handicapped children.

Question: With the trend toward de-institutionalizing the handicapped, won't this program become progressively less important? Will the number of children served by it decline?

Answer: There is a trend toward deinstitutionalization. However, the assumption cannot be made that additional handicapped children will not require institutional placement. While the current Title I formula provides some incentive for deinstitutionalization, there remains a population that requires services that can best be provided in a hospital or institutional setting. Improved diagnostic techniques and intensified child find activities will continue

to identify handicapped children in need of intensive services.

We believe that the number of children served in institutions will continue to decline although there will continue to be a population to be served. Some of these children can be better educated in state-supported day schools (also eligible for Title I funds) and in local education agencies, where the money from Title I follows the child. We are not sure of the continuing incidence rate of severe handicapping conditions requiring placement in the hospital and institution. There is no evidence that despite any incentive formula that this population will not continue to exist.

Question: No final regulations have ever been issued on the Title I set-aside program. Why is this?

Answer: Final regulations for this program are pending before the Secretary for his approval and signature.

Question: Do you have any plans to formally evaluate the impact of the program?

Yes, the Bureau has a contract with Rehabilitation Group, Inc. to conduct an assessment of the Title I set aside program. The study will cover both program and administrative area. The final report will be available in the Fall 1978.

THE REGIONAL VOCATIONAL, ADULT, AND POSTSECONDARY PROGRAM

Question: The Regional Vocational, Adult, and Postsecondary Program received appropriations of $2 million in FY 1977 and $2.4 million for FY 1978.

Since this program activity was first funded in FY 1975, what insights has it provided with regard to the most efficient and cost-effective ways to provide vocational training or otherwise educate adult handicapped persons?

Answer: As a result of this program, several factors have been determined to result in efficient and effective education of adult handicapped persons. Services should be administered out of a central office for the handicapped as opposed to being fragmented among the various departments of divisions of the college/university. For certain handicapped populations (eg., the deaf) which require highly specialized services (eg., interpreting) it is more cost-effective to serve several such students rather than a few.

Institutions which admit significant numbers of handicapped persons and which operate centers for the handicapped should also provide preservice and inservice training for providers. Approximately one-half of the projects funded under this program provide inservice and/or preservice training.

Agencies and organizations which assist postsecondary institutions serving the handicapped or which directly assist handicapped persons pursuing postsecondary/adult education should coordinate their planning and activities to avoid gaps and overlaps in services provided. An interagency task force has already been formed and is

currently active in this area.

EARLY CHILDHOOD EDUCATION

Question: The 1978 Senate Report stated that all Early Childhood Education programs should be funded at last year's level. What actions have been taken in response to this language?

Answer: The 1978 Senate Report stated that all Regional Education Programs should be funded at last year's level. Later in the summer the Congress added $400,000 to the President's request of $2,000,000 for a total appropriation of $2,400,000. The additional amount was distributed to stipulated projects as directed.

DEAF-BLIND CENTERS

Question: What is the relationship, if any, between anticipated expansion of the Part B State Grant program over the next several years and the continuation of the Deaf-blind and services program?

Answer: It is our expectation that with the anticipated expansion of the Part B State Grant program, the states will more and more be able to provide full educational services for these children. The costs of providing required services for this category of children tend to be extremely high and the states will continue to need some subsidization from the Federal Government.

The use of Federal resources will emphasize the infusion of quality services, best practices, technical assistance, and planning for the future needs of these children.

SEVERELY HANDICAPPED PROGRAM

Question: How has the program for the severely handicapped improved the quality and quantity of educational services for severely handicapped children?

Answer: The Severely Handicapped Program has improved the quality of educational services in the following way:

-- Improved Quality in Educational Services to the Severely Handicapped

This program has served as a model demonstration effort to assist States in the implementation of P.L. 94-142. Its principal thrusts have been in funding projects which have demonstrated, verified the effectiveness of, and communicated about exemplary, innovative practices in the education and life adjustment services for severely handicapped children and youth. These innovative approached include:

-- Deinstitutionalization - each project has stressed the development of educational programs in less-restrictive more normalized, environments. This has included model classroom programs in public and private schools and community based day service programs.

- Enhancement of daily living skills and life-adjustment techniques for severely handicapped children - this has been exemplified in all current projects.

- Innovative educational practices in communication and sensorimotor skills.

- Prevocational and vocational programming, follow-up on job and community placement programs.

- Establishment of group homes and community living quarters for older severely handicapped children, with monitored assistance for their effective integretation into community environments.

- Increased Quantity of services to the severely handicapped- While this program focuses upon model demonstrations of quality services, direct services have nevertheless resulted to project participants as follows:

  Diagnostic service has been provided to over 2,000 severely handicapped children. This has established a base of medical, educational and social data about these children and facilitated the development of individualized educational programs for each of them. From this data base more definitive, relevant placement in appropriate programs to meet identified child needs has resulted.

  Educational services, including specialized instructional assistance in the development of cognitive, affective and perceptual training has been provided to over 1800 S.H. children and youth. Each of these programs has included a data based educational approach, carefully monitored and designed to meet specific, identified needs of project children and youth.

  Field services, to over 1100 children through which home and other living environments have been observed and professional field and educational services given to apprise parents, guardians, and others with follow-up and supportive home training of the children to extend the learning experiences generated in classroom settings.

  Parent and Guardian Services on behalf of participating children and youth, through which counseling in understanding child growth and development, anomalies, specific problem areas and related concerns have been provided to over 500 parents, through which they have been more capable of developing at-home learning environments and high expectations for their children.

  Inservice training of project staff, for over 200 professional and paraprofessionals which have enhanced their effectiveness in delivering services to project children. Such training has included instruction in basic cognitive, affective and communication skills, interpersonal relationships with children and their parents, and other professionals.

Public information have been greatly enhanced through the demonstration to the parents and general public of effective intervention programs for severely handicapped in each of the 26 States where programs are currently funded.

It is estimated that the Federal financial seeding and support of programs for the severely handicapped has generated at least three times the Federal expenditure, in the collective state and local funding efforts, or approximately $15 million in additional public monies directed to support of programming for the severely handicapped.

SPECIAL EDUCATION MANPOWER DEVELOPMENT

Question: The 1978 Labor-HEW Report pointed out that there are shortages of appropriately-trained personnel to teach children with low-prevalence handicapping conditions, such as the blind and visually handicapped, the deaf and hearing impaired, children with multiple impairments, severely and profoundly retarded, and Native American handicapped children. What actions have you taken to try to assure that these needs are fulfilled?

Answer: The Division of Personnel Preparation of the Bureau of Education for the Handicapped has a professional staff member serving as an advocate in each area concerned with low-prevalence handicapping conditions. These advocates work with program personnel in order to develop quality programs in these low-incidence areas. The major priorities taken into consideration when funding projects to train special educators are the areas of early childhood, severely handicapped, and general special education. The amount requested on applications received for fiscal years 1977 and 1978 exceeded the amount of funds available for distribution in these areas. For that reason, we have had to be very selective in attending to the geographic regions of the country as well as the quality. Another factor has been the need to attend to capacity-building in training programs. The early childhood programs in the nation have been developed since 1970. In many instances, a quality service program had to be developed along with the training program so that individuals in training would have appropriate student teaching, practicum, and internship settings for placement. In the area of the visually handicapped, a concerted effort is underway to develop doctoral programs in the various regions of the country. Generally, the teachers on university faculties in the area of the visually handicapped are within five to ten years of retirement. As a result, we must train not only public school teachers of the visually handicapped but also a new cadre of teachers at the college and university level. For the FY 1978 funding period, we are considering funding 8 proposals for doctoral programs that are backed up with quality master's level programs. In the area of the deaf and hard of hearing, attention has been given to rebuilding programs across the nation. Generally, university training programs seem to be cyclical, in that they will develop excellent training programs, and then, due to personnel changes, the programs either weaken or disappear due to disinterest on the part of remaining faculty. It is for this reason that the advocate system has been developed so that programs can be monitored and appropriate emphasis given to change and renewal.

In the area of children with multiple impairments, a major thrust has been in the area of early childhood education. For many years, the crippled and other health impaired have been the major university program emphasis. Beginning in 1970, attention was directed by Public Law 90-538 toward development of service programs for children in the birth to 8 age range. As a result of that program development, training programs have developed and expanded around early childhood programs which include the severely and profoundly retarded as well as those with multiple impairments. The Bureau has worked in the area of training to develop a network of programs where there are interchanges for students among programs so that scarce resources can be appropriately utilized.

We have worked with developing Native American programs with the Navaho Nation in New Mexico, Sinte Gleska College in Rosebud, South Dakota, and with the University of South Dakota. These are the three areas that have shown interest and have submitted applications for funding. We have recently appointed a senior staff member in the Division of Personnel Preparation to serve as advocate for program development for Native American handicapped children. Other states with major Native American populations include Native American children in their training programs. The pattern of services for Native American handicapped children varies from state to state, with many of the children attending public schools.

Question: Do you believe that you can carry out a program or programs to alleviate this problem?

Answer: We are carrying out programs in each of these low-incidence areas to alleviate the problem. The Bureau of Education for the Handicapped has been limited in funds for these areas since the major thrust for FY 1977 and 1978 has been toward training regular educators to teach handicapped children in their least restrictive environment. These low-incidence areas require personnel who are specifically trained in special education.

HEARING AIDS

Question: A study done at the Committee's direction by the Bureau of Education for the Handicapped revealed that up to one-third of the hearing aids being worn by children in our public schools were malfunctioning. What has the Office of Education done to ensure that hearing-impaired school children are receiving adequate assessment, follow-up, and services?

Answer: We proposed and included in the regulations for Public Law 94-142, Sec. 121a. 303, Proper Functioning of Hearing Aids, that "Each public agency shall insure that the hearing aids worn by deaf and hard of hearing children in school are functioning properly."

The study done by the Bureau of Education for the Handicapped has been distributed to state education agencies and other appropriate agencies. The study clearly indicated the need for updated documentation on accoustical factors affecting learning aid performance and measurement. Technological advances have not been totally incorporated into the construction of new hearing aids. The Bureau is supporting a conference for the purpose of developing new guidelines for the field which will assure better performance of hearing aids worn by children.

CHILD COUNT

Question: You have estimated the current-year child count at 3.8 million, and next year's count at about 4 million. What do you base those estimates on?

Do you have projections through 1982?

Answer: The current (1976-77) child count for P.L. 94-142 was 3,497,976. This figure is not an estimate. The child count is determined by computing the average number of handicapped children receiving special education and related services on October 1 and February 1 of the fiscal year preceding the fiscal year for which the determination is made (P.L. 94-142, Section 611).

By adding the child count from P.L. 89-313 (223,832) to the P.L. 94-142 figure, the total number of children receiving special education and related services is 3,721,808.

The Bureau of Education for the Handicapped (BEH) expects that next year's child count to approximate 4 million. This estimate is based upon the following:

-- The BEH recognizes that the 1976-77 child count was the first of its kind required for special education funding. Reports conducted for BEH such as that by Management Analysis Corporation indicated that several states had difficulty implementing a child count system. Thus, several states may not have qualified for funding under P.L. 94-142.

-- Not all states were at full service at the time of the 1976-77 child count. We estimate from the October 1, 1977 child count data from 19 jurisdictions that there may be a 4% increase in the number of handicapped children served. If this rate is maintained in the other 37 jurisdictions, an additional 139,967 children may be counted. It should be noted that only 3 jurisdictions in the sample were from the largest 10 states.

-- In the 1976-77 count, several states reported frequencies for LD children which were above the 2% cap specified in the regulations. This total loss in child count was 69,174. BEH believes that with the lifting of the cap several other states may report higher figures because they may now receive federal funding for such children. Since the revised regulations were published on December 29, 1977, we cannot determine the effects of this change because the most recent count was taken October 1, 1977. However, state reports for the February, 1978 count should become available in April.

Finally, the BEH has not made a projection for the child count through 1982.

STATE CHILD COUNTS

Question: Although the statutory ceiling on the child count is 12 percent of the total school-age population, a recent analysis of the actual 76-77 state counts shows states have identified handicapped children as representing all the way from 1 percent to 11 percent of their respective school populations.

What are the reasons for this large state-to-state variation? Different definitions? Varying levels of effort?

Answer: The basic approach is defining, identifying, evaluating, and placing handicapped children is undergoing substantial change. Program standards, definitions, and administrative practices are shifting away from the medical/disability model of the past to one much more directly related to educational consequences of physical or mental disorders and to learning disabilities associated with other, often more subtle, causes. Individual States are at significantly different stages of progress in making this transition. Some, for instance, tend to place and educate certain types of handicapped children on the basis of their disorder, such as degree of hearing or visual loss. Others include children with such losses only when these losses are related to a discernable impact on the learning process. State standards and practices also vary as to the degree of severity of the various handicapping conditions and of the impact on learning considered to be sufficient to warrant special education. New Federal standards for classifying learning disabled children will reduce some of these differences in that area. Even now, however, some States are retaining or developing standards which are more restrictive than the new Federal standards.

Many other factors also help account for the child count variations among States. These include limited numbers of qualified personnel to classify and instruct children, political and fiscal contstraints, degree of organization and effectiveness of parental and other individual State advocacy groups and advisory committees, the stage and degree of implementation of various types of court actions and of child find systems. Comprehensive child find and serve procedures have been well established in several States for some years. In others these are of recent origin and at quite different stages of implementation.

Question: Do you have an estimate of the "real" handicapped population the states are likely to identify eventually?

Answer: It is anticipated that the States will gradually reach the level of from ten to twelve percent of their school age population and from five to six percent of their three through five year olds. Based on current estimates this would equal 5,150,000 handicapped children in public schools of elementary and secondary school age and approximately 1.1 million of preschool age.

Question: Some states have counted no children in certain handicapped categories. Why is this?

Answer: The only three categories which in rare instances have no children counted are deaf, hard of hearing, and other health impaired. Many States have the practice of grouping deaf and hard of hearing children into a single category of hearing impaired or deaf. For purposes of reporting such children on the Federal count they tend to report them as a single number in one or the other of the categories listed on the form. Some States make no provisions under State law and practice for children with "other health impairments" as provided on the Federal form. In such instances children with impairments in the learning process resulting from health problems tend to be reported as Learning disabled or infrequently as orthopedically impaired.

NEW POSITIONS

Question: What is the justification for the 6 new staff positions in the Bureau of Education for the Handicapped?

Answer: The 6 new positions will enable the Bureau to facilitate the dissemination of Federal policies and requirements so that the probability of non-compliance of Federal statutes will be minimized.

Question: You justify these new positions, in part, as necessary to improve the quality of your technical assistance and compliance activities. The Office of Civil Rights has requested 72 new positions for its own handicapped technical assistance activities. How do you plan to coordinate your efforts with those of OCR?

Answer: The Bureau of Education plans to coordinate with the Office of Civil Rights by (1) assisting OCR in developing technical assistance packages, (2) assisting in the development of OCR studies for state operated programs as they relate to statutory compliance, and (3) attending workshops with OCR staff to facilitate state and local understanding of Federal requirements.

Question: Is there a potential for duplication here?

Answer: Given that the functions of OCR are primarily reactive - i.e., responding to compliants, and the BEH functions are preventive - i.e., assisting to minimize compliants - the potential for duplication is minimal.

COST OF EDUCATING CHILDREN

Question: Criticism has been leveled against the Education for All Handicapped Children Act formula for failing to recognize differences in the cost of educating children in different states.

In your opinion, would it be feasible for the amount of Federal allocations to states to be based on the state average per-pupil expenditure in public elementary and secondary schools rather than the national average per-pupil expenditure?

Answer: In my opinion, it would not be feasible to base federal allocations to individual states on that state's average per-pupil cost in public elementary and secondary schools. We see federal payment portion of P.L. 94-142 as an incentive to states to serve their handicapped children. Nearly all the states have their own laws and regulations which currently require full services to these children.

The federal law provides resources to the states which help defray excess cost of educating the handicapped child. The great majority of handicapped children are speech impaired, hearing impaired, or mildly learning disabled and the costs of special education and related services are lower than the associated costs for the more severely handicapped child. Because there are more

children at the lower cost levels, the state has the opportunity of shifting resources generated by these low cost children to serve the more severely handicapped.

Going to a state-by-state expenditure formula would in our estimation, create a requirement for additional federal regulations to impose a uniform accounting system for all states.

Question: What national average per-pupil expenditure figure is being used currently to compute the FY 1978 state allocation and what projections do you have on national average per-pupil expenditure?

Answer: Under the present distribution 31 of the 50 states would stand to lose funds under a state-by-state distribution since their per-pupil expenditure falls below national average expenditure. $1430 is the current national per-pupil expenditure as determined by the National Center for Educational Statistics and is the basis for distribution of money for school year 1977-78. Recent data indicates a growth in average annual per-pupil expenditure to equal approximately 10% per annum. Therefore, we can expect an average per-pupil expenditure of $1570 for distribution of funds for expenditure during school year 1978-79. Our current budget estimate for school year 1979-80 is based on an estimated national average per-pupil expenditure of $1730.

Question: Provide the Subcommittee with per-pupil expenditure figures for each state, and for the twenty largest cities in the country.

State or other area	Average per pupil in ADA: Total dollars	Average per pupil in ADA: Percent increase from 1974-75
States and D. C.	$1,430.64	10.2
Alabama	1,014.93	19.5
Alaska	2,836.19	23.3
Arizona	1,349.31	16.5
Arkansas	917.63	14.2
California	1,413.98	11.3
Colorado	1,407.30	13.7
Connecticut	1,529.23	1.5
Delaware	1,607.85	10.0
District of Columbia	1,863.24	12.7
Florida	1,297.65	4.9
Georgia	1,070.26	11.5
Hawaii	1,553.82	17.7
Idaho	1,058.94	11.0
Illinois	1,531.72	2.9
Indiana	1,205.38	10.6
Iowa	1,450.39	20.5
Kansas	1,365.49	12.1
Kentucky	938.39	15.5
Louisiana	1,133.09	8.7
Maine	1,145.35	9.1
Maryland	1,666.07	14.4
Michigan	1,615.06	10.1
Minnesota	1,569.62	5.7
Mississippi	874.33	15.6
Missouri	1,192.22	9.5
Montana	1,518.83	17.9
Nebraska	1,373.66	13.6
Nevada	1,299.11	12.9
New Hampshire	1,203.28	8.8
New Jersey	1,890.13	10.0
New Mexico	1,192.11	14.3
New York	2,327.77	5.0
North Carolina	1,055.41	5.2
North Dakota	1,168.52	13.7
Ohio	1,253.73	12.0
Oklahoma	1,080.60	12.6
Oregon	1,693.41	18.5
Pennsylvania	1,609.54	11.0
Rhode Island	1,532.49	3.4
South Carolina	1,015.46	7.9
South Dakota	1,230.69	24.0
Tennessee	968.65	4.6
Texas	1,180.34	19.9
Utah	1,106.73	13.1

State or other area	Average per pupil in ADA: Total dollars	Average per pupil in ADA: Percent increase from 1974-75
Vermont	$1,351.18	6.3
Virginia	1,242.84	9.3
Washington	1,468.50	10.9
West Virginia	1,151.21	18.4
Wisconsin	1,544.61	13.3
Wyoming	1,583.51	11.5
OUTLYING AREAS		
American Samoa	876.39	15.9
Canal Zone	1,338.26	-8.8
Guam	1,499.62	-12.3
Puerto Rico	572.88	-11.2
Virgin Islands	1,469.61	40.2

Annual current expenditure per pupil in--	
LARGE CITIES:	
Baltimore, Md.	1,609
Boston, Mass.	NA
Chicago, Ill.	1,941
Cleveland, Ohio.	1,733
Dallas, Tex.	1,312
Detroit, Mich.	1,475
Houston, Tex.	1,123
Indianapolis, Ind.	1,410
Los Angeles, Calif.	1,454
Memphis, Tenn.	1,037
Milwaukee, Wis.	2,197
New Orleans, La.	1,446
New York, N.Y.	2,507
Philadelphia, Pa.	2,436
Phoenix, Ariz.	1,325
St. Louis, Mo.	1,383
San Antonio, Tex.	1,120
San Diego, Calif.	1,317
San Francisco, Calif.	1,974
Washington, D. C.	1,954

STATE GRANT AUTHORIZATIONS

Question: What are your current estimates of the full funding costs for state grants in fiscal years 1980 and 1981?

Answer: We have made no firm cost estimates, at this point, for fiscal years 1980 and 1981. Funding is primarily a function of the numbers of children counted and the national average per pupil expenditure. Given that we are currently in the first year of fund distribution by the formula as spelled out in P.L. 94-142, there is no track record on which a reliable estimate can be based for future estimates. Observations of growth during the 1978-79 school year and an analysis of resulting problems will better able this office to provide a sound estimate for future years.

Question: How are you going to keep up with the authorizing legislation when the ceilings increase to 30 percent in FY 1980, with the added requirement that students aged 19-21 be served, and to 40 percent in FY 1981.

Answer: The 19-21 age range is not mandated by 94-142 unless state laws requires it, or comparable services to non-handicapped are provided. Therefore the inclusion of the 19-21 category is not expected to be the primary motive for full funding. This Administration has evidenced its support of this law and will continue to improve upon an already firm Federal commitment on behalf of handicapped children.

ELEMENTARY/SECONDARY SCHOOL BARRIERS

Question: When $50 million has been requested to begin removing architectural barriers in colleges and universities, why has there been no request for a similar appropriation for elementary and secondary school barriers under Sec. 607?

Answer: Due to the high costs involved in providing services for handicapped children, it was felt that increases in the Handicapped appropriation should be focused on the State Grant effort. In addition, the states have made no inquiries relative to funding or possible funding for new or modified construction. Given this lack of demand, we do not feel funding is necessary at this time.

Question: How would you distribute the funds if Congress were to provide a limited amount for this purpose, like $75 million?

Answer: $75 million would provide substantive problems. The statute is not clear as to whether grants would be distributed to state or local agencies. $75 million in individual grants to states or locals would be impossible to administer. Furtheremore, we currently do not have the staff nor expertise to review and/or evaluate construction proposals.

REGIONAL RESOURCE CENTERS

Question: In brief, what types of unique activities do the Regional Resource Centers provide and how effective have they been in achieving their objectives in recent years?

Answer: Some unique activities that Regional Resource Centers provide are:

-- National planning conferences on non-discriminatory assessment of handicapped children. The objectives of the conferences have been to:
(a) increase awareness in the area of non-discriminatory assessment,
(b) develop tentative models of non-discriminatory assessment, and
(c) to plan follow-up training activities.

-- Demonstrations in the best practices of appraisal and educational programming of handicapped children.

-- Assisting States in developing State Learning Resource Centers.

Whereas these were less than 500 State Learning Resource Centers in 1973, technical assistance and capacity building services to States have resulted in an excess of 1300 State and LEA Learning Resource Centers.

-- Providing direct services for referred children or for those for whom there was not fiscal advocate. During the past three years, more than 20,000 children have been referred for special diagnosis and appraisal.

-- Provided leadership in interagency planning and service delivery for handicapped children.

While no formal evaluation of this program has been made, the feedback from the States which are served by the Regional Resource Centers indicate that they have met their objectives of diagnosing and placing handicapped children. In the new cycle of projects begun in fiscal year 1978, the Regional Resource Centers are required to utilize the funds to assist local education agencies in developing individualized educational plans. The Bureau of Education of the Handicapped will be testing during the next year to determine how effective the Regional Centers have been and would be happy to submit the results when available.

REMOVING ARCHITECTURAL BARRIERS

Question: There have been various estimates on the cost of removing architectural barriers. OCP Director Tatel has indicated that there is a "rising exaggeration of the potential costs of making programs accessible, and some institutions are using that as an excuse to do nothing at all."

In you estimation are the costs of removing architectural barriers in elementary and secondary schools going to be so prohibitive to school districts that they will need additional funds under Section 607 of P.L. 94-142 in oder to comply with the Architectural Barriers Act and Section 504?

Answer: We have received no substantial request to date from States or localities for funds to assist them in removing architectural barriers. Statements which we have seen in the press frequently err in assuming that a school district must make all of its buildings accessible, instead of reogranizing to make its programs accessible. We have not received reports so far of any student being denied an education. However, we do expect that there will be problems eventually.

We find that there is no legal prohibition against a State or locality using its Part B funds for construction (including removal of architectural barriers) if the priorities and other requirements of the Act are met. This is not likely to occur at this time, however, because it would divert funds from direct services to handicapped children, especially during these initial years when States are attempting to be in full compliance with the requirements on free appropriate public education. In future years, when individual States provide convincing evidence that this requirement is met (and the Commissioner waives in part the non-supplant requirement), those States may elect to use a portion of their entitlements for removing architectural barriers.

Question: Are there any reliable estimates as to what it will cost school districts to remove architectural barriers?

Can you give any examples of schools which have removed architectural barriers at minimal cost?

Answer: We do not at this time have reliable estimates as to the cost to school districts to remove architectural barriers, nor are we able to provide examples of schools which have removed architectural barriers to provide barrier free environments for all handicapped children.

This information is heavily sought and some estimates should be available at the end of the school year, 1978.

SPECIAL EDUCATOR NEEDS

Question: Under P.L. 94-142, the full service mandate will take effect for the first time this coming September. How many special education personnel do you estimate will be needed for next school year, as a result?

Answer: Data from the annual program plans submitted to the Bureau for the education of the handicapped by the states indicated that approximately 26,000 more teachers were needed in special education would be needed for the 1978-79 school year. When these figures are adjusted for a 6% attrition rate, which is conservative, the 1977-78 need as approximately 36,000 and the 1978-79 need would be approximately 40,000. The 40,000 figure assumes that the 36,000

needed for 1977-78 were all employed. This we seriously question since that many new special education teachers would not have been produced. Our data indicate that approximately 20,000 new teachers in special education are produced each year. The GAO data indicate approximately 30,000 and we have questioned that figure. Our best estimate is that a minimum of 40,000 new special education teachers will be needed for the 1978-79 school year for meeting the full service mandate of Public Law 94-142.

Question: With the removal of the 2 percent "cap" on learning disabled children, and the resultant increase expected in the child count, do you anticipate this will result in a further increase in the need for special educators the following school year to work with these children?

Answer: Data from the National Center for Education Statistics now indicate that superintendents need teachers of the learning disabled. These data do not indicate specifically "severe learning disorders." Many of the children who will be counted will be across the mild to severe continuum. One factor that we must consider is that if a young child has a mild learning disorder and is not given appropriate attention there is high probability that he or she will progress into a moderate to severe learning disabled child over a period of time, probably by the third to fourth grade. We do anticipate that the removal of this cap will increase the need for teachers of the learning disabled.

Question: Can you give us estimates of the supply and demand picture for special educators for the next several years?

Answer: The data from the annual program plans which are submitted by the states to the Bureau are the best reference that we have. The estimate of some 29,000 new teachers for 1978-79, with no correction for attrition, seems to indicate that this is the demand at this time. Over the next three to five years a major thrust will be in fulfilling the need for fully certified special education teachers and for appropriately-trained support personnel. The low incidence areas are the ones which have major deficits as well as in the area of the severely emotionally disturbed. There also will be a great need at the secondary level across most types of handicapping conditions. Over the next three year there will be a need to train additional special educators as well as to provide in-service training for those already in the field. This will require a combination of the preservice and inservice allocation of funds under priority areas such as early childhood, severly handicapped, and general special education. We do expect the demand for new special educators to drop approximately one half, to within the 18,000 to 20,000 range per year by 1982. At that time, the major thrust, in terms of special education personnel will be a maintenance one, with emphasis on the development of newer and more appropriate programs as we learn from full service needs.

Question: If Congress provides additional funds to increase the available supply of special educators, where should the funds be directed?

Answer: When one considers the FY 1979 budget, there are three major areas under the eight priorities in training of special edu-

cators. These are early childhood, severely handicapped, and general special education. Each of the other areas of priority train individuals to deal with handicapped children in a support relationship. The Bureau still feels that there is need to keep a balance at this time between the preservice and inservice priorities. Additional monies, over and above the $55,375,000 budget request which includes the $19,125,000 for special education training for regular educators), should be directed toward training additional special education teachers. The greatest areas of need are those dealing with the emotionally disturbed, the severely learning disabled, other severely handicapped children as well as general special education training which would meet P.L. 94-142's first priorities. Additional money in preservice training could be used effectively in early childhood education because of the P.L. 94-142 incentive, and in general special education since that priority attends to the broad band of moderately to mildly handicapped children and the severely handicapped priority since this trains individuals for the most severely handicapped in each of the disability areas. Funding for these areas, in actual dollars has decreased over the past three fiscal years. The FY 79 budget shows an 11.5% decrease in general special education monies, a 0.9% decrease in early childhood, and a 15.3% decrease in the area of the severely handicapped. These decreases were placed in there in order to meet the critical need for training of regular educators. The Bureau has tried to meet the need for the training of regular educators at the expense of training special educators since we essentially have dealt with a level budget over the FY 76, 77, and 78 periods. For example, more than $17,000,000 was required to fund general special education training in FY 76 with the FY 1979 request, we will have a total of $7,250,000 for this purpose. In terms of the balance between the preservice and inservice programs, there is still a pressing need for the inservice training of special classroom teachers. NCES estimates that one-third of the teachers hired in special education positions have not been certified in special education teachers will more and more be providing service directly to regular classroom teacher. A large portion of the existing special education work force must receive additional training to function in this new role.

Handicapped Report Language

Question: The 1978 Senate Report directed that, where it was possible, specific learning disability projects which had already been funded should be continued under the Innovation and Development program. What has been done to carry out this directive?

Answer: $9 million of the appropriation for the Innovation and Development program has been earmarked "to provide support for exemplary projects to meet the needs of learning disabled children in a manner which is equitable towards all the disability groups which those discretionary programs are intended to assist." The Bureau is attempting to protect existing programs from the disruptions which could result from the transition of Part G authority.

Question: How many of the specific learning disabilities projects do you anticipate will continue to be funded under Support and Innovation?

Answer: In compliance with the 1978 Senate Report, specific learning disabilities projects authorized by Part G of the Education

of the Handicapped Act will continue to be funded under the Innovaton and Development Part E program.

During fiscal year 1977, 54 learning disability projects were funded - 30 new projects and 24 continuations. Nine of these projects were funded for one year only. If the performance progress is satisfactory 45 projects will be continued and funded during FY 1978.

The final year of funding these projects will be fiscal year 1979, when 21 projects will be continued if their progress remains satisfactory.

In addition to the above Child Service Demonstration Centers, five LD Research Institutes were funded in fiscal year 1977 for three years with an option to be funded for an additional three years if progress is satisfactory. This long term commitment can extend funding for these LD Research Institutes through fiscal year 1982.

Question: The Committee also directed the Commissioner to see that any activities in this program are closely coordinated with the findings of the National Institute of Child Health and Human Development. What have you done to assure that this coordination takes place?

Answer: Staff from the U.S. Office of Education have talked extensively with staff from the National Institute of Child Health and Human Development (NICHD) regarding coordinating activities and dissemination research fundings of NICHD.

- The Requests for Proposals for research from these two agencies were closely coordinated this year. This effort at interagency cooperation was designed to guarantee maximum utilization of limited research funds in this area, and determine if there is any duplication of effort.

- Senior staff members of the Bureau of Education of the Handicapped and NICHD serve on an Interagency Task Force which coordinates children and youth programs across federal agencies.

- The Bureau of Education for the Handicapped is currently developing strategies for disseminating the research fundings of NICHD through its 54 Specific Learning Disabilities Model Centers and Research Institutes.

IN-SERVICE TEACHER TRAINING

Question: How many regular teachers are there in the U.S., and about how many of these do you expect will have handicapped children in their classrooms in 1979-80?

Answer: There are approximately two million regular education teachers in the United States. We expect that at least 75% of these teachers will be dealing with a handicapped child or children in some aspect during the 1979-80 school year.

Question: How many of these teachers have had any special education training? What kind of training is this? Who provides it? How much training would the "typical" trained teacher have received?

Answer: States such as Massachusetts and Texas have been attending to training regular education teachers since 1970. The Bureau of Education for the Handicapped has been funding in-service programs for regular education teachers since 1974. We estimate that as a result of these programs a half million teachers have received some type of in-service training. In terms of the types of training provided, this would vary from a 3 hour orientation presentation to in-depth training dealing with specific types of handicapping conditions. The in-service training of regular educators has been provided at local education agencies, state departments of education, and colleges and universities in cooperation with these agencies. In states where there are intermediate agencies such as the Regional Service Centers in Texas and Bureau of Cooperative Educational Services in New York, those agencies have fulfilled a part of this function. Under Office of Education funding, the entire spectrum of agencies--institutions of higher education, state education agencies, intermediate education agnecies, local education agencies, and other non-profit agencies--have been involved in providing training. The "typical" regular education teacher who has received training probably would have had no more than 10 clock hours of training prior to interaction with handicapped children.

Question: What do you consider an optimal level of special education training for a regular classroom -- How much training should a regular teacher have to be effective with handicapped children?

Answer: We would hope that, over a period of time, regular classroom teachers would have the equivalent of a semester's orientation and work with handicapped children.

The amount of training a regular classroom teacher should have to be effective with handicapped children depends to a large degree on the receptivity of the teacher. A second critical factor is the avaiability of appropriate support personnel such as a resource teacher, counsulting teacher, or helping teacher. These resource, consulting, and helping teachers are basically special educators trained to work with children and with adults in a helping-teaching relationship.

The problem is one of training teachers who already are in regular classrooms. In terms of an optimal level, the training programs should be needs-based, planned with the participation of the the teachers to be trained, conducted over a period of time such as a semester, and include interaction with exceptional children. They should also be evaluated regularly, and be revised as needed for the group. These are the kinds of programs that we are attempting to have developed. The optimal level would be that the teacher would have had a training program that was infused with special education training.

Question: Do those teachers already trained require periodic refresher courses? If so, how much how often?

Answer: Yes, those teachers already trained do need periodic refresher courses and/or workshops. Courses should be taken a minimum of every three years. Preferably, workshops could be worked into in-service programs on a more frequent basis over a school year permitting continuing revision and updating as necessary.

Question: You claim you're going to train 4 times as many teachers with only a little more than twice as much money as in fiscal year 1978. Why the reduction per teacher -- It sounds like you're just spreading the money more thinly?

Answer: The Bureau hopes to set up some networks in in-service training of regular educators so that the persons trained can become trainers. A part of the thrust will be "Each one train one." With the projects funded during fiscal year 1977 and to be funded during fiscal year 1978, we hope to train a group of trainers that will have programs in place so that we shall be able to realize the multiplier effect during the 1980-81 period when fiscal year 1979 funds will be expended. The reduction per teacher was made on the basis of the critical need for teachers of basic orientation and attitudinal change toward the handicapped. Teachers will have handicapped children in their classrooms and it is critical that they be given some initial training, even though this is at a minimum level.

Question: What was your request to OMB for in-service training?

Answer: The request that went to OMB was $11,875,000 for regular education in-service and $7,250,000 for regular education preservice, a total of $19,125,000.

CUED SPEECH

Question: A relatively new educational technique called "Cued Speech" reportedly has proven successful in teaching deaf children to read and communicate better.

What is the Bureau of Education for the Handicapped doing to stimulate wider use of this new method?

How widely is it now used?

Answer: Cued Speech developed by Dr. Orin Cornett of Gallaudet College a little more than 10 years ago, is a way of presenting simultaneously to a viewer (listener) the phonetic syllables that a speaker utters by a combination of hand configurations, positions, and placements. The viewer must also attend to the speaker's lips to get the message clearly.

Gallaudet College is funded directly by Congress. These funds have supported some of Dr. Cornett's development efforts. At the moment, no fiscal year 1978 funds from BEH are supporting Dr. Cornett's activities.

The Cued Speech Office estimates it is in use in about 50 programs currently. A survey currently being conducted by Gallaudet College will give a new estimate of usage in the United States by the summer.

STATUTORY FORMULA

Question: Do you think the cost-sharing formula for State Grants in the new law adequately takes account of the financial resources of the States and localities?

Answer: Yes. Under the formula, States receive Part B funds for handicapped children they are already educating (e.g., $138 per child in school year 1978-79). About two-thirds of the children States now serve have speech disorders or learning disabilities, the handicapping condition which is least costly to treat. The States and local governments have the freedom to use the Part B funds generated from the amount cited above for new services, including (1) the provision of supplemental services for severely handicapped children, and (2) for in-service training, child find, and other supportive activities required under the Act.

STATE AND LOCAL EXPENDITURES

Question: How much are States and localities currently spending for special education?

Do you have estimates showing what percentage of State and local budgets will have to be allocated to special education over the next few years to meet the new service mandate in P.L. 94-142? Is that percentage rising?

Answer: The Office of Education estimates that states and localities spent approximately $4.2 billion on special education in 1976-77. This estimate is based upon figures published in "State Profiles in Special Education," from the National Association of State Directors of Special Education, 1977.

In "State Profiles," the total expenditure for special education are reported for 52 jurisdictions. the 50 states and the District of Columbia and American Samoa. The total state expenditure was $2.5 billion. For one-half of these jurisdictions representing 58% of the total state expenditure, the ratio of state/local contribution was reported. This figure totaled $971 million for these states. By multiplying the remaining 42% of state expenditures with the reported ratio of state/local contribution. we estimated that localities spent an additional $703 million.

At present, it would be difficult for the federal government to report the estimates concerning the mean percentage of state and local contributions for special education over the next few years. Although the National Center for Educational Statistics collects data on state and local expenditures for education, its surveys do not report these figures by program category. Furthermore, some states do not routinely collect expenditure data for special education.

MINORITY PARTICIPATION STUDY

Question: I understand you've contracted for a study, to be finished in September, assessing minority participation in the

Developmental Disabilities movement. What prompted the study and what do you hope to discover from it? Can you report anything now on its tentative findings?

Answer: The Bureau of Education for the Handicapped is not currently under contractual agreement to assess minority participation in the developmental disabilities movement. However, we have awarded a grant to the Moton Institute, to assist the Bureau in identifying and attracting minority applicants in the Early Childhood and Teacher Training programs. It is our hope that the efforts of the Moton Institute will increase the minority participation in programs funded by the Bureau.

HANDICAPPED COUNSELING

Question: In what ways do we plan to promote career awareness and career exploration among handicapped students?

Is there a need for training for guidance counselors to meet career counseling needs of handicapped students?

Have we requested funds for this purpose?

Answer: The Bureau administers the Regional Vocational, Adult and Postsecondary Education Program for Handicapped Persons. Two-thirds of the projects funded have components to assit the post-secondary handicapped students served in career awareness and exploration, in job placement and in job followup. One of these projects is specifically funded to demonstrate a model of career development, placement and followup support for physically handicapped persons, viz., Southern Illinois University in Carbondale, Illinois.

Current research and development activities include efforts to adopt career education curriculum and materials to meet the special needs of handicapped children, development of a guide for guidance personnel focusing on needs of the handicapped, and a catalog of higher education opportunities for the handicapped.

The psychology of each major handicapping condition as well as the generic psychological ramifications of handicapping conditions require specially trained personnel to provide the broad range of counseling and guidance services for the handicapped. This need may be met by persons specifically trained in counseling the handicapped or persons trained in general counseling with in-service training in working with the handicapped. In this regard the Division of Personnel Preparation, in the Bureau of Education for the Handicapped, has funded the Center for Advanced Study in Education in the Graduate School of the City University of New York. Under this grant 20 MA level counselors will be trained to counsel high school handicapped students. These counselors will operate in a new specialized role as career counselors in special classes for physically handicapped and brain injured high school students. The Office of Education is currently completing the reviews of proposals submitted for fiscal year 1978 funding. Among the proposals under review are several to prepare counselors for the handicapped.

MEMORANDUM OF UNDERSTANDING

Question: Commissioner, I understand you recently signed a "Memorandum of Understanding" with the Commissioner of Rehabilitation Services regarding responsibilities of your two agencies for services to the handicapped.

What responsibilities did you commit the Office of Education to carry out?

Answer: The purposes of the "Memorandum of Understanding" are:

- To assure that handicapped persons eligible for services under the Education for All Handicapped Children Act of 1975 (P.L. 94-142), the Vocational Education Amendments (P.L. 94-482) and the Rehabilitation Act of 1973 (P.L. 93-112) receive all appropriate services for which they are eligible.

- To assure that all agencies administering these laws understand that eligibility under one law should not, in and of itself, result in a denial of complementary services under another of the laws.

- To assure that the Federal agencies involved are fully committed to aiding state and local agencies engaged in coordinated service delivery for handicapped persons.

The Office of Education agreed to establish in collaboration with Rehabilitation Services Administration, National Association of State Directors of Vocational Education, National Association of State Directors of Special Education, and Council of State administrators of Vocational Education, a high level team to resolve issues or remove impediments to interagency collaboration at the state and local levels; and to assist the states in developing plans of action in support of coordinated delivery of services.

These OE activities are underway. The interagency team met on February 13-14, 1978; technical assistance is being provided to Alaska, Washington, Oregon, Idaho and Texas. As an example of current State interagency activities, the State of Idaho recently developed, with federal assistance, an agreement for coordinated service delivery including the rehabilitation agency, vocational education and other state agencies serving the handicapped.

SPECIFIC LEARNING DISABILITIES REGULATIONS

Question: Are the new regulations on Specific Learning Disabilities now finalized?

Can you briefly summarize the changes instituted by these new regulations?

Answer: The part B regulations of P.L. 94-142 set out basic procedures which public agencies are required to use in evaluating all handicapped children. The Specific Learning Disabilities

regulations set out additional procedures which apply only to the evaluation of children suspected of having a specific learning disability. The following is a summary of these additional requirements:

First, the required multidisciplinary evaluation team must include the child's regular teacher. (If the child has no regular teacher, a person qualified to teach a child of that age would be assigned to the team.) The team also must include a person qualified to conduct individual diagnostic examinations. (Within the SLD population there are children who primarily display problems of language development. For this population, qualified specialists in speech and language disorders represent an appropriate professional resource.)

Second, criteria are set out for use by the team in determining the existence of a specific learning disability. This determination is made based on (1) whether a child does not achieve commensurate with his or her age and ability when provided with appropriate educational experiences, and (2) whether the child has a severe discrepancy between achievement and intellectual ability in one or more of seven areas relating to communication skills and mathematical abilities.

Third, these concepts are to be interperted on a case by case basis by the qualified evaluation team member.

Fourth, the team must decide that the discrepancy is not primarily the result of (1) visual hearing or motor handicaps; (2) mental retardation; (3) emotional disturbance, or (4) environmental, cultural, or economic disadvantage.

Fifth, the regulations also set out procedures for observing the child's performance and for preparing a written report of the results of the evaluation.

Question. What effect do you anticipate on the child count from removal of the 2 percent "CAP" on learning disabled children?

Answer: The removal of the 2% cap on the number of children eligible to be counted as having specific learning disabilities will probably allow for the counting of an additional 110,000 handicapped children in that category during the school year 1977-78.

With the imposition of 2% cap to the 1976-77 school year count, 70,000 learning disabled children were found ineligible to generate funds. (It should be noted that the State of New York did not have a category of specific learning disabilities at the time of the 1976-77 count, although it did submit a count figure in that category. New York has recently established a category of specific learning disabilities. It is expected that their count will increase somewhat as a result of this action.)

Fifteen States lost Part-B dollars based on the inposition of the 2% cap on the school year 1976-77 count. Those states most severely affected were: Tennessee; Maryland; Connecticut; Iowa; Colorado; Arizona; and Delaware.

RESEARCH IN THE EDUCATION OF THE HANDICAPPED

Question: For fiscal year 1978, $9 million of the appropriation for Handicapped Research was earmarked for continuation of Specific Learning Disability Projects previously funded under Part G.

How was this funding arrangement for the Specific Learning Disabilities projects worked out thus far?

Answer: $9 million of the appropriation for Handicapped Research was earmarked "to provide support for exemplary projects to meet the needs of learning disabled children in a manner which is equitable towards all the disability groups which these discretionary programs are intended to assist." The Bureau was also directed to protect existing programs from the disruptions which could result from the transition of Part G authority.

Question: Do you anticipate a similar continuation of funding for some former Part G Specific Learning Disabilities Projects again in fiscal year 1979?

Answer: In compliance with the 1978 Senate Report, specific learning disabilities project, authorized by Part G of the Education of the Handicapped Act, will continue to be funded under the Innovation and Development Part E program.

During fiscal year 1977, 54 LD projects were funded - 30 new projects and 24 continuations. Nine of these projects were funded for one year only. If the performance progress is satisfactory 45 projects will be continued and funded during fiscal year 1978.

The final year of funding these LD Part G projects will be fiscal year 1979, when 21 projects will be continued if their progress remains satisfactory.

In addition to the above Child Service Demonstration Centers, five LD Research Institutes were funded in fiscal year 1977 for three years with an option to be funded for an additional three years if progress is satisfactory. This long term commitment can extend funding for these LD Researh Institutes through fiscal year 1982.

New projects will be funded in fiscal year 1978 utilizing the revised Part E authority. A regulation has been published which will encourage not only applicants assisting LD children but applicants working with all disability groups.

Question: What has been the relationship between the research conducted under Part E and actual improvements in the quality of special educational services provided to the handicapped?

Answer: Virtually all of the research activities supported under Part E result in either information or instructional materials which have direct utility in the improvement of the quality of education for the handicapped. Validated curriculum and instructional material are becoming widely available, especially for the mentally retarded and visually handicapped, as a direct result of Part E support. New and improved assessment instruments have been

developed for diagnosis of handicapped children. Other projects have resulted in teacher's guides to improve performance in such areas as classroom management, career education, guidance and inventions which help reduce the barriers caused by certain disabilities.

Question: In general, is it possible to identify any areas of handicapped research where Part E funds have been especially concentrated in recent years?

Answer: The Part E program is better characterized by the breath of areas addressed by supported research, than by areas of concentration. Nevertheless, some trends are fairly obvious. The following table indicates the distribution of funds (in thousands) in very general categories for the past few years.

	1974	1975	1976	1977
Inventions	-0-	729	639	653
Curriculum Materials	4,128	3,797	4,618	5,110
Administration	2,476	2,431	1,793	3,578
Teacher Materials	1,962	1,711	1,589	762
Variable Studies	1,340	1,248	2,361	897
	9,916	9,916	11,000	11,000

Concentrations in the content of recent research and development activities include:

* Major efforts in the development of curriculum and instructional materials for the mentally retarded.

* Development and testing of reading aids for the visually handicapped.

* Studies of language development and instruction especially for very young handicapped children.

* Studies of the reaction of both the handicapped and normal children to integrated programming.

* Increased attention to the educational problems of very severely emotionally disturbed children.

The diversity of the program is illustrated by such products as:

* A guide for museums to assist them in adapting their programs to contribute to the education of the handicapped.

* A mechanical hand to aid in teaching manual communication to the deaf/blind.

* A study of the infusion of the arts into educational programming for the handicapped.

* A study of the educational implications of child abuse.

* A training program for parents of handicapped children.

CENTERS AND SERVICES

Question: What is the relationship, if any, between the kinds of program activities that are carried out under the Part B, State Grant Program and the results achieved under the various Part C projects over the past five years? Is there any demonstrable relationship between "successful" Part C projects and improvements in the Part B program?

Answer: The general purpose of activities in Part B, P.L. 94-142, is to improve access to the educational system and to assure that no handicapped American is denied the benefits that flow from participation in the educational process.

Part C programs, on the other hand, are directed at improving the overall functioning of educational programs for handicapped individuals. These programs follow a number of different strategies, ranging from efforts to build State and local capabilities in specific areas to programs which provide a significant part of the costs of providing services. Part C programs include the Handicapped Children's Early Education Program (HCEEP), Centers and Services for Deaf-Blind Children (D-B) Regional Resource Centers (RRCs) and the Regional Vocational, Adult, and Postsecondary Education Program.

Regional Resource Centers

Sixteen REgional Resource Centers located throughout the nation provide technical assistance, consultation, and demonstrations to State agencies. RRCs focus on effective procedures for developing, implementing and evaluating the effectiveness of individualized educational programs. Because individualized programs are stipulated in P.L. 94-142 the substance of this Part C program is closely related to Part B. The centers just began this assistance in the summer of 1977, and will continue to provide assistance for the next three years. All 50 States are served.

Handicapped Children's Early Education Program (HCEEP)

Educational agencies in all 50 States have replicated, partially or full, child service delivery models developed and demonstrated by HCEEP projects. Well over 420 such agencies have received formal assistance from HCEEP projects in FY 1977 alone. Evidence indicates that the utilization of HCEEP-developed materials is widespread. The program has been of significant assistance to the States in developing early childhood programs for handicapped children. As an example, the HCEEP outreach project in Portage, Wisconsin has reported 43 replication agencies. Other replication sites include Head Start programs, State institutions, and private, non-profit organizations.

In addition, 19 State departments of education have recieved HCEEP State Implementation Grants to implement State plans for educational services for handicapped preschool children. These grants provide assistance to coordinate interagency planning, train preschool personnel for the handicapped, disseminate replicable models, and perform other activities designed to facilitate the development of quality early childhood programs for handicapped children.

Centers for Deaf Blind Children

Nine Regional Center Programs and one State Center Program for deaf-blind children, have been funded under this authority for the purpose of delivering basic educational/training and related services to the deaf-blind. Monies have been utilized to establish programs where none have existed before and to strengthen existing programs for these children. Until the present program for innovative, quality practices for the deaf-blind was introduced for this coming year, there were essentially no differences in services provided deaf-blind children under this authority and the Part B legislation. Rather, it has been demonstrated essential to assist the States in providing adequate services to such catestropically handicapped children by providing this companion and supportive legislative authority.

Program for Severely Handicapped Children

While Part B, EHA funds have been utilized to provide access to basic educational services for handicapped children throughout the States, discretionary monies made available under Part C, EHA, have provided innovative, high quality educational programs for severely handicapped children. Such services have demonstrated innovative approaches, greater cost efficiency in service delivery systems, specialization in teacher compentencies, and meaningful parent intervention assistance and counseling for the ultimate benefit of severely handicapped children and youth.

Regional Vocational, Adult, and Postsecondary Education Program

The Regional Education Program demonstrates methods of providing adult vocational and post-secondary education to handicapped young adults. In the past, the program focused primarily on deaf individuals but has recently been expanded to include other handicapped populations as well.

Summary

These four Part C focus on special populations (preschool, young adult, and deaf-blind children) as well as special topics (individualized educational programs). All are designed to develop, demonstrate, and stimulate higher quality educational programs for handicapped children. These programs have proven beneficial to States in their implementation of Part B.

Occupational, Vocational, and Adult Education

STATEMENT OF CHARLES BUZZELL, ACTING DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION

ACCOMPANIED BY:

HOWARD F. HJELM, DIRECTOR, DIVISION OF RESEARCH AND DEMONSTRATION

PAUL V. DELKER, DIRECTOR, DIVISION OF ADULT EDUCATION

LEROY A. CORNELSEN, PLANNING OFFICER FOR VOCATIONAL EDUCATION

DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION

DR. ERNEST L. BOYER, COMMISSIONER OF EDUCATION

BUDGET REQUEST

Senator Brooke. All right. Next we will consider the request for occupational, vocational, and adult education. The administration proposes a budget of $725.9 million for fiscal year 1979 compared to $732.9 million in fiscal year 1978. No increases are proposed. Consumer and homemaking education would be reduced by $7 million.

Dr. Berry, Dr. Boyer, again, will you introduce the distinguished panel and explain the rationale for this request so that we can proceed.

I was scheduled to leave in 4 minutes, but I will have to run over on that. I just can't cut short vocational and adult education that much.

INTRODUCTION OF ASSOCIATES

Dr. Berry. We have with us Charles Buzzell, Howard Hjelm, Paul Delker, and Leroy Cornelsen, and Commissioner Boyer.

PREPARED STATEMENT

Dr. Boyer. I will refer you to the chart which summarizes the budget with just a few editorial comments, and submit a more detailed statement for the record.

[The statement follows:]

27-001 O - 78 - 23

OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

(In Thousands of Dollars)

	1978 ESTIMATE	1979 PRESIDENT'S BUDGET	NET CHANGE
1. Vocational Education:			
(A) State Programs:			
(1) Basic Grants	430,266	430,266	---
(2) Program Improvement and Supportive Services	107,567	107,567	---
(3) Special Programs for Disadvantaged	20,000	20,000	---
(4) Consumer and Homemaking Education	40,994	33,994	-7,000
(5) State Advisory Councils	5,066	5,066	---
(B) Programs of National Significance	28,307	28,307	---
(C) Bilingual Vocational Training	2,800	2,800	---
(D) Permanent Appropriation	7,161	7,161	---
(E) Special Studies	---	---	---
Subtotal - Vocational Education	642,161	635,161	-7,000
2. Adult Education	90,750	90,750	---
3. Indochinese Refugee Assistance	---	---	---
TOTAL	732,911	725,911	-7,000

STATEMENT OF DR. ERNEST LEROY BOYER

Thank you for the opportunity to present our fiscal year 1979 request of $725,911,455 for Occupational, Vocational, and Adult Education. This includes a permanent appropriation of $7,161,455 made available under the Smith-Hughes Act. This request supports the Office of Education's two principal goals--to promote access to education, training, and remedial instruction for persons desiring or needing employment to enable them to compete successfully in the labor market, and to improve the quality of vocational education through research, development and dissemination.

Vocational State Grants

We are requesting $633,161,455 to assist States in providing and improving vocational education opportunities for 22 million secondary, postsecondary and adult students. In accordance with the Vocational Amendments of 1976, more vocational education dollars are being directed toward:

(1) assuring equal access to vocational education opportunities for disadvantaged and minority populations including the handicapped, Indians, persons of limited English-speaking ability, and females;

(2) ensuring the quality and relevance of vocational education programs by improving planning, evaluation and data capabilities at both the State and Federal levels; and,

(3) exploring new program initiatives, e.g., elimination of sex bias, development of energy vocational programs, and identification of emerging occupations..

Among the State grant programs are the basic grant program, program improvement and supportive services, special programs for the disadvantaged, consumer and homemaking, and State advisory councils. We are requesting the same funding in fiscal year 1979, as the Congress provided in fiscal year 1978 for all programs except Consumer and homemaking education. State and local efforts in Consumer and homemaking education, which have increased

consistently over the past 10 years are expected to grow and overmatch Federal funds in the range of 8 to 1.

National Programs

In fiscal year 1979, we are also requesting the level provided by the Congress in fiscal year 1978 for our National programs. These funds will concentrate on improving access to, or quality of vocational education programs through support of five priority areas: equal access for disadvantaged and minorities, handicapped, and women; instructional improvement; and State administration. In addition, the National programs will fund training fellowships, a National Center for Research in Vocational Education and a National and State network for occupational information. Continued funding of $2.8 million also is requested for the bilingual vocational training program which will provide educational training to 700 students as well as instructor training to 60 persons to reduce the critical shortage of instructors possessing both technical and language capabilities for the instruction of persons of limited English-speaking ability. In addition, approximately $5 million will be set aside for contracts with Indian tribal organizations. By focusing both the discretionary dollars and State dollars on equal access and quality during fiscal year 1979, we are trying to utilize vocational education as an effective means of reaching persons who are in need of developing employability skills, who need assistance in seeking employment or who are underemployed.

Adult Education

For adult education programs we are requesting $90,750,000 to assist the States in providing access to educational services for 2 million educationally disadvantaged adults. In this area, Federal funds provide approximately 67 percent of the total funds expended on adult education. The percentage of Federal dollars to total adult expenditures run all the way from 10 percent in some States to 90 percent in others; in the majority of States, however, the Federal share usually exceeds 75 percent. Federal funds have been an important incentive in generating State interest, as demonstrated by the fact that State contributions in adult education have

increased to 33 percent of total expenditure as reported by the States during 1975 even though the required matching is only 10 percent. Without these Federal funds many educationally disadvantaged adults might not have basic education services available to them.

We are also proposing new authorizing legislation for adult education. This fiscal year 1979 request, which advance funds fiscal year 1980, is proposed to cover the transition period until the new legislation takes effect in fiscal year 1981.

I will be glad to answer any questions at this time.

1979 BUDGET REQUEST

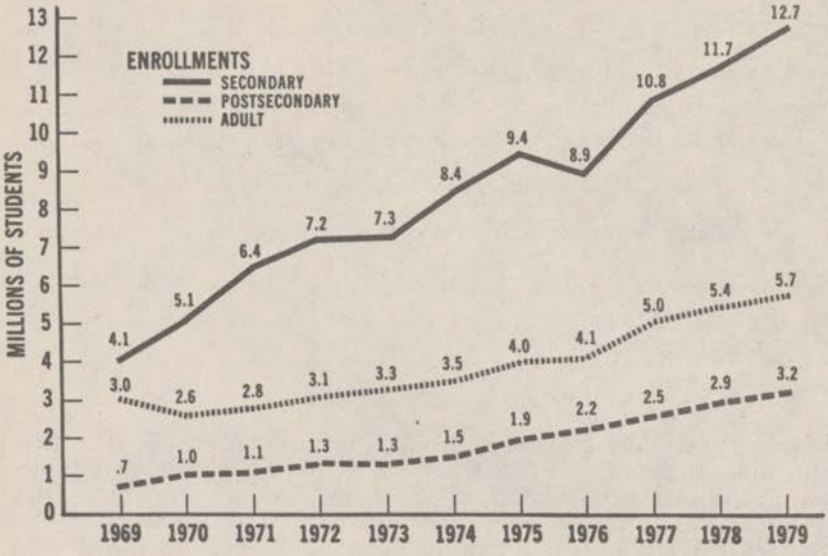
Dr. BOYER. This budget is broken into two parts: A vocational education section which, as you know very well, primarily supplies grants to State departments of education. We estimate that these grants serve 22 million vocational education students with 65 percent of these students being in high schools, 24 percent in the adult program, and 11 at postsecondary.

The second section is the adult education program which seeks to bring literacy to those defined as illiterate, and the definition most frequently used is those with less than an 8th grade education, which means we are talking about a population of approximately 23 million adults.

TOTAL EXPENDITURES

The interesting part of this program is to compare the State contribution. In order to put this in context I have a chart that will be interesting to you.

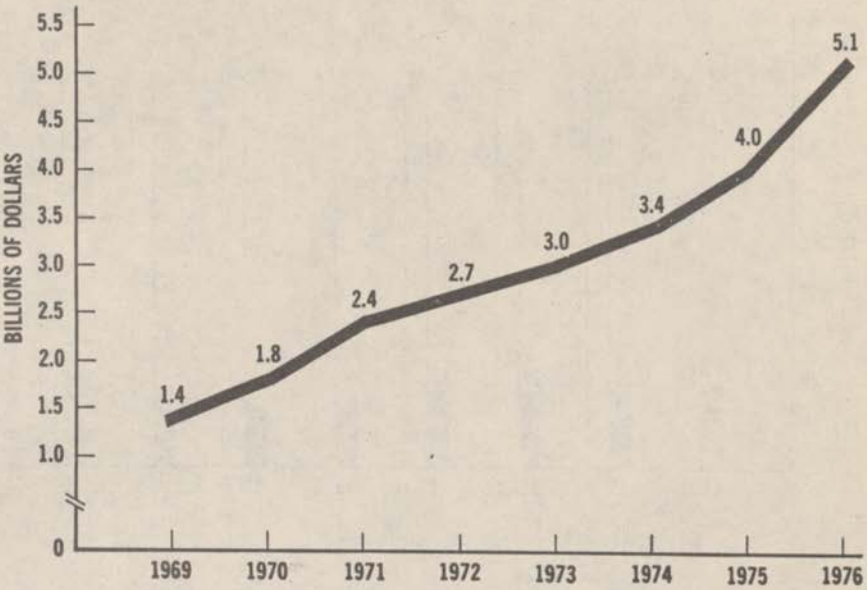
Number of Students Enrolled in Vocational Education



This represents the total number of students in vocational education. And the secondary, postsecondary, and the adult are indicated by the different lines. There has been a dramatic increase in enrollment when compared to just 10 years ago.

It has gone from 8 million to 22 million during that decade. That is for all three levels.

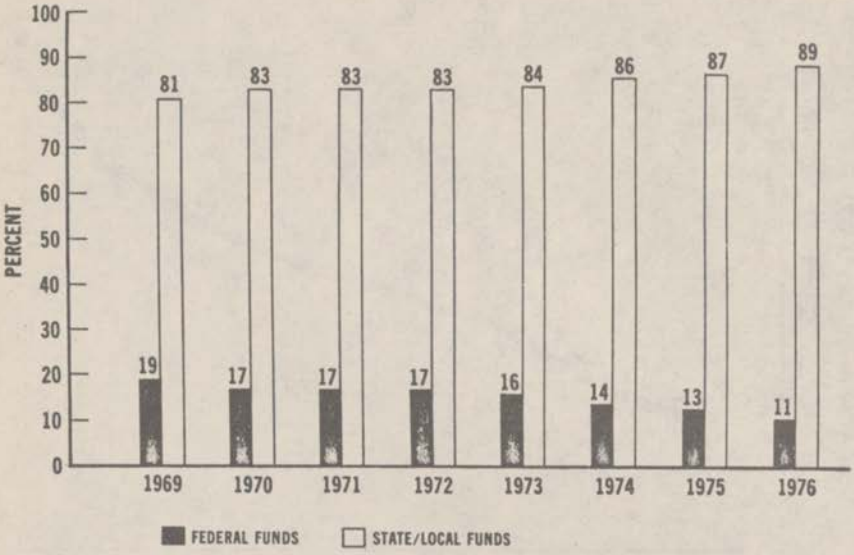
Total Expenditures for Vocational Education



It is also useful to see the chart on total expenditures.

Again, this represents the overall expenditure. It clearly shows the increase in total vocational education expenditures and indicates that the percentage of Federal to State share has been drifting toward the State. That is shown in the chart Cora is trying to get up. That is Cora's dream of a nice chart. More State action, less percentage of Federal money. [Laughter.]

Federal/State Share of Total Vocational Education Expenditures



I need to point out that that is a percentage figure. The Federal percentage has gone down simply because total growth has gone up.

RELATION BETWEEN EDUCATION AND WORK

Senator BROOKE. How do you account for that?

Dr. BOYER. Well, I think the States and locals have seen that this is an increasingly attractive program. I think the trend in this country, and I would applaud it, is to find a balance between what one could describe as general education, that is the well-educated person, which desperately is needed if we are going to make wise judgments, and vocational education which provides training and preparation to engage in productive work.

I think we have made a terrible error in depicting these as contradictory. We are all working people. And in a way, the nature of our work really defines who we are. The adult world is also a working world. Those in education are also workers in the broadest sense.

So what I see here is a healthy recognition by the States that education and vocation have always been hand in glove commitments. We prepare not only for our own self-betterment, we prepare in order to use our lives in a productive way.

LABELING UNDER VOCATIONAL EDUCATION

Senator BROOKE. It hasn't always worked that way. In the past, there has been a sort of elitist view of education which stressed only the degree. That was a great tragedy for the country. We have suffered for it.

There used to be a sort of a stigma, almost, as I remember, attached to vocational schools. The kids were left with an inferiority complex.

Dr. BOYER. They are labeled as not interested in education.

Senator BROOKE. Or not having the intellectual capacity which really hurt the country as well as the individuals.

I know in my own State we have done a great job. We have some excellent vocational schools.

But there are so many applicants it's hard to get into them. They are really giving some excellent training, unlike the earlier period that we went through which was, I think, sort of like the Dark Ages.

Dr. BOYER. Schools have been partly responsible, colleges especially, where they have given occupations a rank order: If you were going into one kind of work that was good, another wasn't.

I have often found it curious that some faculty thought it beneath their dignity to talk to students about future vocation, while they were scrambling all over themselves to make sure they got tenure.

CONTINUING EDUCATION

Senator BROOKE. Are guidance counselors now doing a better job?

Dr. BOYER. I think there is a much more realistic and open attitude at the counselor level, and even at the collegiate level. The data now show that almost 20 percent of those who are leaving so-called vocational programs in high school are now moving on to higher education. In the past, vocational education programs were almost thought of as a dead end as far as continuing education went. You went to vocational school, and that was a cul-de-sac.

Senator BROOKE. They have improved curriculum, I know.

When I went to school, vocational training was limited to the sheet metal shop. Now the students can study electronics, restauranting, all sorts of things. I am really impressed by the improvement.

CATALYST FOR STATE DOLLARS

Dr. BOYER. You asked what this chart means. It means at the local level and State level, they are recognizing this need to relate education and work. Now, the ratio is about 1 to 6.5, I believe, between Federal dollars and State dollars.

So, in effect, we are watching major growth. Our money is an important factor, and that raises the question of to what extent do we continue to be additive, or might it be possible that our new policies should look for still greater experimental ways to change, and in effect, interrelate.

I simply remind you that the money we have provided as a base has in fact, helped trigger a continued expansion at the State level, which I think is good public policy.

Dr. BERRY. Senator, I would like to interject a comment.

With regards to your discussion of the growth and improvement in vocational education, along with the growing student interest and improvements in the curriculum, I just wanted to point out that I, too, feel the praise of the program is well justified. However,

there is evidence which indicates that there are still serious problems in vocational education. In particular, there are serious problems regarding unequal access and stereotyping of minorities and women.

I want to emphasize that many minorities and women do not have access to those wonderful programs we have just been talking about, and that there remains a real job to be done.

PROBLEM IN MASSACHUSETTS

Senator BROOKE. Thank you. Now, before we get into other matters I do have a matter of concern I want to raise with you, Commissioner, which affects a number of communities in my own State. It is not a national problem, but one I do want to get a response to.

As you know, in January, I wrote a letter to Secretary Califano about a serious problem involving funding for the construction of vocational educational facilities.

I just received word in response to my letter, prepared by the Office of Education. I won't go into all the details. I would just like to be sure of one point. My understanding of the response to one of my suggested alternatives to solve the problem—to summarize the report—is that Federal guidelines do not prohibit the State from using its Federal vocational educational allotment to support currently operating vocational education programs, and that by so using these funds, State and/or local funds could thereby be freed up to amortize the debt, if State and local laws and policies do not prohibit this. Is that the essence of your response?

Dr. BUZZELL. I know personally of the basic problem that confronts Bedford and the determination made by the general counsel.

Senator BROOKE. Yes. As I recall, you are a former associate commissioner of occupational education in my State.

Dr. BUZZELL. That is correct. At the time, an opinion was rendered by general counsel that it would violate the statute to use current fiscal year vocational funds to pay for construction that has already been completed, but that there were opportunities or options whereby Federal resources could resolve the problem of returning about $2 million, I believe, to the taxpayers of the Bedford area.

During my tenure that agreement was made. The State board subsequently changed its position.

Senator BROOKE. Yes; I understand.

Dr. BUZZELL. They have the prerogative of doing that by terms of the Federal agreement on the statute.

Senator BROOKE. Even after the fact?

Dr. BUZZELL. The Office of General Counsel has told us we can't step in and tell the board that they are right or wrong in this decision. We did try to show a way to reach resolution of the difficulty by a statement which you have just read which would provide the $2 million to amortize this debt.

Whether or not the State board would accept that, Senator, I have no information. I would hope the position would be presented to the State board for their consideration, and it may be that when it is, or if it is presented, they may find this an equitable way to reaching a resolution.

Senator BROOKE. I certainly hope so. I take it, then, that you're saying there is a possible way for the State to resolve this.

Dr. BUZZELL. Yes; there is.

Senator BROOKE. The only question is, whether State or local laws and policies permit such a use of their own funds.

Dr. BUZZELL. That is correct, Senator.

Senator BROOKE. Well, I plan to discuss this matter with our State education officials. Can I ask you, Commissioner, to have your people work with the appropriate Massachusetts State education officials to assist them in finding a way to settle this matter? Because as I reviewed this matter, it just seemed to me that there was a contract, an agreement, made.

Then, after the fact, there was a sort of breach of the contract, a change in policy. And that, to me, seems to be inequitable.

Dr. BUZZELL. Sure.

Dr. BERRY. Our understanding is that OE does have the capacity to resolve the problem.

Senator BROOKE. Good.

Dr. BOYER. The initiatives, of course, lie with the State. Therefore, I will ask Charlie Buzzell to be in touch with the superintendent. As I understand he created the problem. [Laughter.]

Dr. BUZZELL. For the record, we had solved it, Senator, if you remember.

Senator BROOKE. Yes; we thought it had been solved.

Dr. BUZZELL. That's right.

STATE PLAN REQUIREMENT

Senator BROOKE. All right. Fine. Thank you very much.

Now, for our next question. You can see what is coming.

Dr. BOYER. State plans.

Senator BROOKE. As you know, the increasing paperwork requirements have been frequent discussion points between this committee and your offices. Senator Magnuson asked me to call this to your attention.

He recently received a copy of Washington's latest State plan for vocational education. States were apparently told that the new guidelines were streamlined, and were more efficient. Now, Mr. Hunt has put on the table a copy of the 1973 5-year plan, on my left and your right, and on my right and your left is the 1978 5-year plan.

Dr. BUZZELL. Yes.

Senator BROOKE. Now, as you can see, rather than a decrease in paperwork, the 1978 plan is obviously an increase. I would say at least a 50-percent increase.

Dr. BERRY. That one weighs less.

Senator BROOKE. Let the record show they are using thinner paper, but more of it.

Now, how can you justify requiring such a greatly increased 5-year plan? Specifically, what types of new information does this new report require?

Dr. BOYER. Mr. Chairman, I have to say there is a variable between those two stacks and the difference is the Vocational Education Act of 1976. I must tell you that I don't know of any piece of legislation we are administering that is more complicated,

intricate, and more mandating in particulars in terms of information than that particular piece of legislation.

I think the record will show that the information you find in that document is driven solely by the mandates of the legislation. It is extremely complicated, I would even say unusual—I defer on other adjectives—in terms of what is expected from the States in order for them to qualify for vocational education funds.

Now, Charlie, who happens to have the legislation here, can comment on the particulars. You asked what are——

Senator BROOKE. I won't ask you to go into that detail. What you are saying, in effect, is that Congress is totally responsible.

Dr. BOYER. I do have to make that point because it is an extremely complicated piece of legislation. It now mandates unusual materials. I would add, and I will ask Charlie to confirm this, that if there is anything that is being requested of the States that goes beyond the legislative expectations, we will deal with that. In connection with this, I have been trying to get a ground rule established internally, that we don't call for information or extend regulations beyond what the particulars of the law mandate. That is what we should do. We shouldn't be extending.

PAPERWORK BURDEN

Senator BROOKE. That is encouraging, and I hope you will. Obviously, we are trying to cut back in paperwork, you know, throughout the government. I think it is important that you do look at it very closely to see that only that which you absolutely need is asked for, because paperwork just increases costs all along the way. It puts a burden upon the State systems to come up with this. I hope you will look into that.

Dr. BERRY. Senator, I would point out, that when we were writing the regulations for the appropriate amendments, we found that the statute was so detailed, that, in many cases we would simply repeat what was in the statute.

The regulations are of course, driven by the statutes. The paperwork requirements are driven by both statutes and regulations. Therefore, it being a very detailed piece of legislation, it generates very specific regulations and, therefore, very specific requirements.

Dr. BOYER. I believe you are so right. It troubles me very much because I sense a crisis of confidence. People are so frustrated by the mechanisms involved that they begin to wonder is it worth the effort. Then that spills over, as to whether we care about the outcome or whether we are concerned more about paper than classrooms.

I believe it is a matter of high urgency. We have made a number of moves to deal with reports, to cut back. I won't trouble you with that now, but I share the concern, because I believe it gets back to the confidence people have in government and in the public activities carried on in their behalf.

Senator BROOKE. You know, I own a little piece of property in the West Indies. And this alien property, or whatever it is called in the Commerce Department, requires forms to be filled out. I am not exaggerating—they are as thick as your stack. It is not even worth ownership of the property. I am going to talk to them about this.

Dr. BOYER. I know. I have said——

Senator BROOKE. They have no idea what the value of the property is. The value of the paper may be greater than that of the property. I understand there is a need for some recordkeeping, but it seems to me that the government requires too much paper.

Dr. BOYER. Yes. Even the wording we send out is not clear and simple. We have a problem of even how we phrase our questions in some of this. So it is a great issue; I share that.

Senator BROOKE. I would like to see a position created in each agency and department of the Federal government that does nothing at all but review and see where wordage can be cut back.

Dr. BERRY. That is what Operation Common Sense does.

STATE ALLOCATIONS

Senator BROOKE. Is it true some States have not yet received their vocational education allocations for 1977–1978?

Dr. BOYER. It is true in three States: Connecticut, Rhode Island, and Texas, I believe as well as some of the trust territories.

Senator BROOKE. Is there a reason you can give us?

Mr. BUZZELL. Yes, Senator. Their State plans have not yet met the Federal guidelines as laid out by Congress, although I understand that Rhode Island was resolved yesterday afternoon. Now it is a case of Rhode Island putting the information required into the State plan. Connecticut has also agreed to make the changes required by the statute. Their problem dealt with the formula and the distribution of funds. Theirs will be ready by next week, and we believe Texas will also. So, for the three States, there should be resolution within a 2-week period.

The trust territories are a different problem altogether. They are probably going to take another month because they have an extremely difficult problem by virtue of their status.

I should say, for the record, that the first-quarter allocation went to all States based on a revision of last year's plan; it is only the remaining funds that have been withheld from the other States.

Senator BROOKE. Senator Magnuson would like to know how you can expect the States to come close to predicting fiscal year 1978 allocations for some of the States such as Washington, which apparently have not received their 1977–1978 school-year allocations.

Dr. BUZZELL. Washington received its first-quarter allocation along with all the other States and the Washington plan has been approved.

Senator BROOKE. It has been approved?

Dr. BUZZELL. Yes.

Dr. BOYER. We did agree to provide first quarter funding for all. That was a decision I had to make in order to continue the flow, especially in the absence of State plans from some of the States.

I do think all but the three allocations were made. And those will be processed within 2 weeks, as soon as the State plans are approved.

NEW INITIATIVE

Senator BROOKE. Dr. Boyer, in many cases, you have said that you believe strongly that it is the responsibility of schools to pre-

pare students for the job market. You have discussed both career and vocational education across the country.

Still, there are no new any initiatives in the education budget aimed at better preparing the students for the job market. Do you believe the Federal Government is doing an adequate job in this area?

Dr. BOYER. There are three issues I would like to touch on in just as many minutes perhaps.

First, I do think it is significant that the program that was started many years ago has been a resounding success, and not just in terms of how the State partnership has been stimulated. That is point one, although I agree with Dr. Berry that that isn't to say there aren't educational improvements needed.

No. 2 we are not—I am not clear, what new initiative the Federal Government might take that would stimulate a greater connection between general education and the job market.

I don't in any way, wish to diminish the state grant program now on line. I have a feeling that any new initiatives should take us in directions that might better interrelate the so-called career education movement and the vocational education movement. While I could give you some wording that might suggest the compatibility, I still think conceptually and operationally they are not as well related as they should be.

Our new initiatives should begin to make the connection in at least two ways:

First, we should find a way for the career education division, which is an exciting one, to somehow come closer to the traditional vocational education structure.

And second, I believe our new initiative, should somehow connect us a little better with the movements that are occurring in the labor department and the CETA program where an entirely new approach to the work education issue is emerging. I say this rather straightforwardly that having put enormous effort and time in the Reauthorization of the Elementary, and Secondary Education Act, and in trying to meet the handicapped needs, we have not yet designed the best way for us to deal with these unresolved questions.

A third aspect is the one Dr. Berry mentioned—the extent to which these moneys can, in fact, be moved into new vocations, as well as new populations. I say this as supportively of this program as I possibly could. I hope these cautions are not seen as equivocations regarding what we have done.

CAREER EDUCATION

Senator BROOKE. But take career education. The President signed the Career Education Act reluctantly, that authorized $50 million this year, but requested no funds for it, as you well know.

Dr. BOYER. Yes.

Senator BROOKE. It is my understanding, that per the new law, if funds are not provided for it this year, the authorization will be dead.

Dr. BOYER. Well, that particular fact I did not know.

I accept your statement on it. We feel that the $10 million assigned to career education is adequate for a demonstration pro-

gram at the present time. And in the absence of any well developed plan as to how career education can in fact begin to interrelate programmatically with vocational education, the level of funding is a defensible move. We think it is large enough to demonstrate new approaches to career education. I am not clear as to how the dramatically expanded career education could be converted into a service program and done in a way that would interrelate and reinforce our interests.

It is in that context that we feel we are dealing fairly and responsibly with what, in our view, is an essential field.

I hope my opening comments made clear how much we respect Congressional interest in career education as absolutely vital in terms of human interest and social need. I have to say our judgment was that the amount of money we have can sustain that movement.

I have no satisfactory comments as to the reality of the signed bill, that it does, in fact, become not operational, if not funded. I can only note that.

Senator BROOKE. Well, that is our understanding, that it will be dead if it isn't funded this year.

The President gave a speech in Maine last month in which he had high praise for the career bill and its goals. Of course, that was when the President was there campaigning for Senator Hathaway who was sponsor of the bill, which may explain his remarks. Obviously, we may be in trouble with that bill.

Dr. BOYER. I just wanted to say, that this is an important point that I just don't know. I was hoping we would be able to do some staff work and would be able to present to you a thoughtful plan of relating education and work that would deal with the career and vocational education, and that we would have some time for that.

The quick death aspect of that legislation is something——

Senator BROOKE. As I said, it is our understanding that unless we fund it for fiscal year 1979 it is dead.

CETA LEGISLATION

Dr. BERRY. I would like to comment on the CETA provision that the Commissioner mentioned when he was discussing jobs and education. I think the most helpful thing someone could do for us, would be to replace the hollow provision that we merely consult with the Labor Department on the relationship between youth employment bill and education with some kind of solid funding authority. This authority could provide for educational components to go along with the job training provisions in the bill.

In the past few months, many of us from the Education Division have been in consultation with the Labor Department. Except for a small amount of money that was transferred to NIE for related research the Education Division has not gotten any funding to formerly participate in the program. Many school systems are complaining that while they are required to take on the expensive task of educating the kids targeted by the CETA program, they simply don't have the additional funds required to do so.

We find that we can't assist them, simply because the funds are all in the Labor Department. I point that out as only one of the problems we have in relating education to jobs.

Senator BROOKE. Are you making some specific proposals?

Dr. BERRY. We are. We are now commenting on the CETA bill. We are also preparing specific proposals that address that issue.

CONSUMER AND HOMEMAKING EDUCATION

Senator BROOKE. Thank you. I will only ask two more questions. Then I will ask other questions for the record, because I know you have a commitment at 1 o'clock. One has to do with consumer and homemaking education. Consumer and homemaking education has been one of the most popular programs, as I am sure you are well aware, in the vocation education field.

It generates $8 in State and local funds for each Federal dollar. The budget request for fiscal year 1979 recommends a cut of $7 million, from $41 million to $34 million. Why do you request this cut?

Nobody is hurrying to answer.

Dr. BOYER. I am the most courteous person at the table.

Dr. BERRY. I would be happy to answer that. The reason why we recommend the cut is because of the fact you just mentioned. The State matching for that program is overmatched. Our understanding was that there already were sufficient funds, in the States for these programs, and that they would continue to operate without injury at the level we have recommended. That is why we requested a small cut in the program.

Senator BROOKE. Small cut. You requested zero at one time, didn't you? It can't get any smaller than that.

Dr. BERRY. We have officially requested $34 million for the consumer and homemaking education program.

Senator BROOKE. Unofficially, you requested zero. This program supports parenthood education, child development education, and the like. I really can't understand why the administration didn't recommend an increase in funding so these programs could be expanded. Can you tell me what it is that caused you to recommend zero? Certainly, at the budget level you would not be able to expand the program. You wouldn't even be able to keep it at the same level, as I look at it.

You are at $41 million. You propose to go down to $34 million.

Dr. BOYER. Dr. Berry's point was correct; the ratio of State to Federal funds was taken into consideration. In fact, this State match is more generous than other matching and that has been accepted as indicating that the program is a State priority, and that to continue Federal funding at the previous level may not be needed.

I think, however, candor requires that we note that there has been a debate as to whether that program was, in fact, moving into new directions, or whether it was maintaining some traditional education programs and structures that were not defensible.

That is a debate that has been around a long time, and it was a part of our discussion. There were those who felt that maybe it was not sharply focused on the current needs, especially of the urban young women, as it should be.

There was also a time when the department thought some of the programs that are now in consumer and homemaking education might, in fact, appear as another part of HEW. There was some

talk about some new initiatives in OHD that would take over some of the functions.

Senator BROOKE. Secretary Califano sort of advocated an increased emphasis on these programs.

Dr. BOYER. Yes; and it came back in when some of the initiatives that he was thinking about—and I will be as careful as I can in recalling this—there was some thought we might have a new initiative that would focus upon urban young people especially young women, that would be a departmentwide initiative. Some of the goals that are now in Consumer and Homemaking Education would have been converted to a department initiative. That initiative did not materialize and explains, in large part, this curious gap.

Dr. BERRY. It was at that point, the point when the program was being phased into the youth-families initiative that it appeared as being zero. When that didn't take place, it was changed to the request you have before you.

ADULT EDUCATION PARTICIPATION

Senator BROOKE. On the subject of adult education participation, the National Advisory Council on Adult Education has estimated that as many as 57 million Americans have less than a high school diploma. Yet the program serves less than 2 million.

Why is the ratio in terms of those served to those eligible to receive services so low—2 million as compared to a potential of 57 million?

Dr. BOYER. Cora has another chart—she's good with all sorts of things, like red lines.

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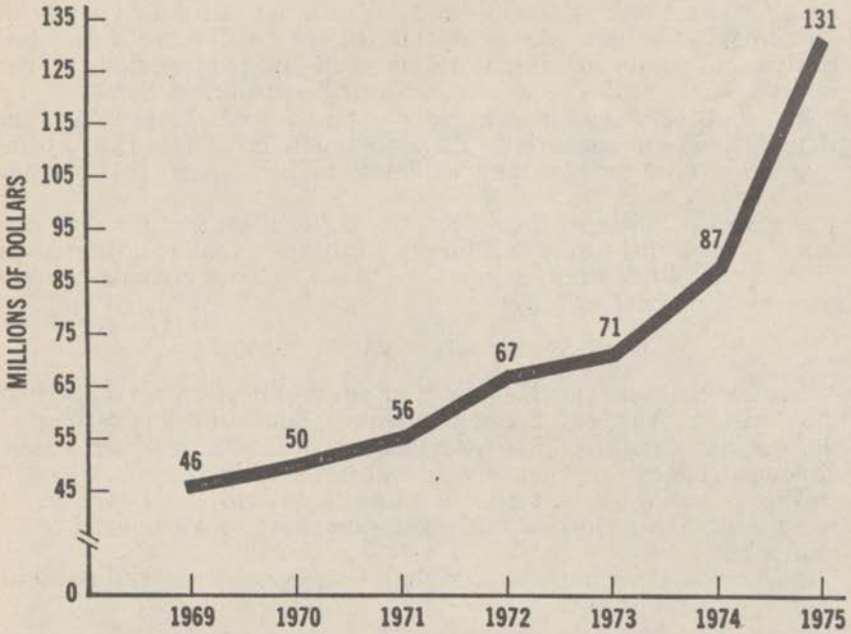
Total Expenditures for Adult Education as Reported by the States



Senator BROOKE. I know what it means in housing.

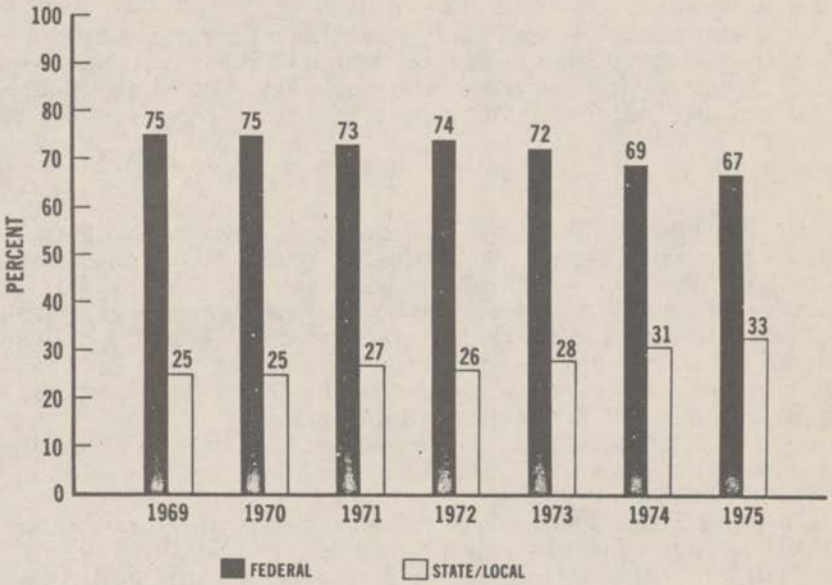
Dr. BOYER. No, no, nothing like that. I just thought it might be interesting, Mr. Chairman, to give you the same visual background in adult education as we did in vocational education.

Senator BROOKE. You are trying to show that things are getting better? We are spending less? Is that the intent of your chart?

Dr. BOYER. That doesn't come through.

Senator BROOKE. Less government involvement is better?

Federal/State Share of Total Adult Education Expenditures



Dr. BOYER. In this chart, the Federal share seems to be crowding a bit higher. I think it is fair to say the States do not hold adult education as a high priority. I think, to be quite candid, that makes our budget here not as well driven by the data as the other.

But I think it was just an interesting comparison here. I would say——

Senator BROOKE. Does your data show how much adult education participation has increased?

Dr. BOYER. Show the first chart again.

Senator BROOKE. What is the result of increased funds provided by the Congress? Has that been an incentive?

Dr. BOYER. I think, to be quite frank with you, that the Federal share here is more crucial than in some of the other programs because, State departments do not see this as a top priority.

Education funds are slowing down, and when tight funds come along, this one is going to suffer.

Senator BROOKE. Put on the back burner, so to speak?

Dr. BOYER. Absolutely. Here, again, I think the need is enormous. Although I note your figures, I would not necessarily begin with the population of the high school diploma or less, although without a high school diploma, you are in bad shape in this country.

Senator BROOKE. Now, I was speaking only of those with less than a high school diploma — 57 million. Not those with a high school diploma or less.

Dr. BOYER. I think those with less than an eighth-grade education are 2 million.

Dr. BUZZELL. Those are totally enrolled.

Dr. BOYER. I am sorry. The 2 million figure represents those enrolled in what I would call basic education—less than eighth grade. These figures deal mostly with the critically deficient adult population about 10 percent of the pool.

Dr. BERRY. Senator, we believe that this program has a serious problem of not reaching the people who need the service the most. That is why we are reorienting the whole program, in our reauthorization decision, for greater outreach to reach those people who need the service.

EXPANSION OF ADULT SERVICES

Senator BROOKE. What are you doing, if anything, to get the States somewhat excited about this program? I can understand they have their own priorities. But when you still find that large a number of adults in the country, with less than a high school education, it seems to me that it would be to the States' benefit to get behind this program, because the more people there are in the work force the better. A lot of these people obviously are not going to get into the work force without a diploma.

A lot of these are women who are, or children who are not, able to get a decent job without a high school education.

Dr. BOYER. Would you want to comment?

Mr. DELKER. I think first, in terms of perspective, Senator, we shouldn't forget that this program is only about 12 years old. And there is an indication of funding increasing for the States and locals. So, I think the chart is beginning to show the pattern that is emerging in adult education.

But in particular, the new amendments recently proposed by the administration will propose an expansion of the program. A larger role of responsibility for the State agency, more comprehensive planning, the involvement of other providers, as Mary said, who may be able to provide educational access for much of the population are being proposed.

On behalf of the States, it is one of the best buys the Federal Government gets. The Federal participant rate is $41 per participant. If we can simply get the critical masses back——

Senator BROOKE. What is the total cost?

Mr. DELKER. The total cost is around $89. The Federal share is $41.

Senator BROOKE. $41.

Dr. BOYER. We deferred any proposed increase believing that we needed our reauthorization in which we would make much more explicit the State role, and reshape our regulations along that line.

I—and my staff people cringe when I start down this road—but since I am not captive in the OE building at the moment, I will say that I taught briefly to help me get through graduate school, in an adult education program. And I was greatly impressed by the need, and the people I met, I thought were some of God's most attractive people.

Senator BROOKE. Very serious students, too.

Dr. BOYER. Absolutely. They were struggling to break out of a tragedy that they didn't create. But I was not always impressed with the way the school handled it. It was late at night. It got low priority on all counts. The way these programs are handled are often not as responsible as day programs, and I was uncomfortable for us to continue to expand this money without having a little better control over what I call the delivery mechanism, kind of a bureaucratic label.

But I think as we sharpen the structures that will reach out, identify and deliver for the adult education population, who often shouldn't be thought of as late night, high school attenders, there must be new and better ways to reach the population.

Because to have it at a high school at 8 o'clock at night, people at work all day have to find their way in. And often, even coming to the high school is not the way they wish to think of themselves. So, I think there are some serious problems between our hopes and the delivery structure we have out there, to get on with the job.

Senator BROOKE. It is important; there is no question about that.

Dr. BERRY. That is why we are changing it.

Senator BROOKE. I think you have got to look at that if you want good results.

Dr. BOYER. I would hope a year from now, we would match our new authorization with some new plans and new dollars to let you know that we are moving ahead. This is not to criticize our staff. It is that, at the outside level, there we are relating to a very uneven, sometimes crude, structure of reaching them.

Senator BROOKE. I liken it a little bit to the GI bill after World War II. A lot of us coming back from the war took advantage of that. We were really very, very serious students. Without that provision, many of them would not have been able to complete their professional education.

I am convinced that the Federal Government made a lot of money off that program. They spent money on the GI bill of rights, but they made a lot off it, too, in tax returns on veterans' wages.

Dr. BOYER. The biggest investment in human resources ever made.

Senator BROOKE. No question about it. I am sure there is a great resource here, really not being tapped, by virtue of the fact that there really is not an adequate adult education program yet. I am sure a lot of people would take advantage of it if we had a good program to start with. And I agree with you, if we don't have the right programs, it is a waste of dollars, and a waste of time. But if we have the proper mechanism in place, then Congress ought to look closely to authorization and have some help on that.

Dr. BERRY. We have made a proposal and hope that will help a great deal.

Senator BROOKE. We have gone far over my available time. We could talk forever on education. You are the experts, and I am also eager to learn. But we do have some additional questions, as I said. We will submit them to you, and I want to again thank Dr. Berry, Dr. Boyer, and all of you for your attendance. You have been very helpful.

All right. The subcommittee will stand in recess until 2:30 this afternoon, when we will cover the budget request for higher education. Will you be back?

Dr. BOYER. Yes, we will.

Dr. BERRY. We will both be here.

Dr. BOYER. Let me say what a pleasure it is to share this with you today.

Senator BROOKE. Thank you very much.

JUSTIFICATION

[CLERK'S NOTE.—The justification material for this account appears in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing records.]

SUBMITTED QUESTIONS

Senator BROOKE. We will give you additional questions for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

COMPLETION RATE

Question: The total enrollment in vocational education programs in fiscal year 1976 was over 15 million, yet less than 2 million completed these programs. Why is the completion rate for vocational education programs so low?

Answer: The completion rate is not low when an analysis of the enrollment is made. The 15 million total enrollment includes 2 million students enrolled in special programs such as prevocational, remedial, industrial arts, and volunteer firefighters; over 3½ million in consumer and homemaking; and over 3 million in adult supplementary programs which are not subject to completions for vocational education purposes. Further, the remaining 7 million enrollment includes secondary students in one-, two-, and even three-year programs. Accordingly, significantly less than 50 percent of persons enrolled in programs designed to impart entry level employment skills are available for completions each year. It is also assumed that those not completing specified requirements of programs will have acquired some knowledge and skills of value in further education and future employment.

HANDICAPPED TRAINING

Question: The most recent Annual Evalution Report by the Office of Education reported that vocational education teachers were reluctant to accept handicapped students into their regular classes. It also reported that two-thirds of the vocational education training which handicapped students did receive was not intended to prepare them to compete in the open labor market in any given skill, craft, or trade. Now, the Vocational Education Act requires that ten percent of the State's grant for vocational education programs must be set aside and matched by the State for vocational education programs for the handicapped. What is your office doing to see that these students receive vocational education which is applicable to gainful employment?

Answer: The most recent assessment of vocational education for the handicapped was performed in 1972 and 1973 by Olympus Research Corporation. The report was published in 1974. The findings of this report were used extensively in establishing priorities for the Bureau.

That 75% of students being served with monies from the set-aside for the handicapped were enrolled in prevocational programs was of major concern to the Bureau. Unfortunately, there was nothing in the old legislation which forbid using the funds for this purpose. The Vocational Education Act of 1976 has helped this situation by narrowing the definition for vocational education; under that definition handicapped students must be served in programs that will prepare them for employment. Efforts are also being made to ensure that handicapped students now being served by Special Education will be prepared to enter into vocational education programs by the time they

are eligible by reason of age or grade level.

Other priorities identified by the Assessment have or are being responded to in the following manner:

-- Reluctance of teachers to accept handicapped students in regular vocational education programs. A national effort to provide vocational education instructors with the knowledge and skills necessary for them to effectively serve handicapped students has been carried out under Federal funding for the past three years. States have also been providing inservice training to assist regular vocational instructors in developing the necessary competencies. Two projects with the University of Illinois and the University of Nebraska are supported to provide inservice and preservice training.

-- To ensure that handicapped students receive vocational education related to employment. The Council for Exceptional Children is developing a Vocational Education Administrative manual which will contain policies related to the requirement that vocational education be specifically for training for employment in an occupation or in related occupations.

In addition, research priorities for the Bureau relating to vocational education for the handicapped have been established and proposed in the Commerce Business Daily on October 31, 1977. The following topics were listed:

Individual Education Plans for Handicapped Students in Vocational Education

Assessibility to Vocational Education Programs and Facilities for the Handicapped

Media Presentations on Mainstreaming Handicapped Persons

Modifying Vocational Education Curriculum for Handicapped Persons

Personnel Training Requirements to Serve Special Needs Populations

State Planning of the Delivery of Vocational Education to Special Needs Populations

Further efforts to ensure the relevancy of vocational education programs for the handicapped include the required State evaluation of all programs over a five year period.

CIVIL RIGHTS TASK FORCE

Question: I understand that the Department recently established an internal task force on civil rights issues in vocational education. Can you tell us briefly what the function of the task force is? And what is its timetable for developing recommendations on compliance enforcement?

Answer: The task force on Civil Rights issues in vocational education, established by Secretary Califano in November 1977, was

asked to undertake the following activities:

-- analyze the existing sources of information on the vocational education delivery system as it serves women, minorities, and the handicapped;
-- develop recommendations for changes in the vocational education delivery system to make it more responsive to minorities, women and the handicapped;
-- identify Title VI, Title IX, and 504 compliance issues in vocational education;
-- define the responsibilities of Education line personnel in securing voluntary compliance with the Department's Civil Rights policies;
-- describe the process by which compliance problems which are identified by Education staff will be handled by the Office for Civil Rights; and
-- make recommendations for enforcement strategies to be carried out by OCR.

The task force is now completing its final draft report. Included in the report is a work plan which sets forth major compliance objectives, supporting tasks, areas of coordination between the Office of Civil Rights and the Bureau of Occupational and Adult Education, as well as incremental levels of compliance monitoring activity. The work plan will be implemented immediately upon publication of the report.

TEACHER TRAINING

Question: The Vocational Education Act includes provisions related to the provision of both inservice and pre-service vocational education teacher training. Why is the completion rate for these programs so low?

Answer: In fact, preservice vocational education teacher training has a very high completion rate. Since the preservice programs approximate three years in length, only one-third of the students can be expected to complete in any one year. The enrollment for 1974, which provided the program completers in 1976, was 61,711 persons. Distributing these persons throughout the years a potential graduating class of 20,570 could be expected. In 1976, 19,124 persons did complete the program or 93% of those who could reasonably be expected to graduate did so. (These data are estimated as the data collection system in use does not allow for year by year breakout of enrollments and completions.)

For the vocational education leadership program which has been carried out for the last eight years as a full-time advanced degree level, the replacement rate is 3 percent or the completion rate 97 percent. Inservice training programs vary widely in length. In cases such as Trades and Industrial Education they may extend for several years. Because of the mixture of long and short term courses it is impossible to arrive at an actual completion rate without

dividing apples by oranges. Where the training program is short, such as a weekly preparatory program, the completion rate is almost certainly close to 100 percent. Where the program extends over a period of years there is no data available for computation. Again, the data collection system used does not permit the collection of a level of detail which will permit a direct answer to the question.

EXCESS COSTS

Question: We are getting complaints about the reduction of allowable payments for vocational handicapped programs from 100% to 50%. Some States say it will be very difficult to suddenly acquire 50% of the cost of educating these students with State and local funds. Please explain why you are making this funding change. Have you consulted with State and local education agencies to see what impact such a change will have on their programs?

Answer: The funding change, reducing allowable payments for vocational handicapped programs from 100 percent to 50 percent, was made to comply with the new Act. Section 110 provides that at least 10 percent of the State's allotment under section 102(a) be used to pay up to 50 percent of the cost of programs, services, and activities for the handicapped.

Comments have been received from the field regarding the burden of carrying these costs. The Commissioner is now preparing an issue to be published in the Federal Register which will relieve this problem somewhat. All special costs will be eligible to be funded under this set-aside; the matching requirements will still hold, however.

SEX DISCRIMINATION AMENDMENTS

Question: The Education Amendments of 1976 (P.L. 94-482) added several provisions to the Vocational Education Act (VEA) which related specifically to equal access for women and eliminating sex discrimination in vocational education programs. These amendments are scheduled to take effect in fiscal year 1978. What policies have been developed to assist States in carrying out these requirements?

Answer: Actions taken by the Bureau of Occupational and Adult Education to overcome sex bias and to assist States to carry out sex-equity requirements in the 1976 Vocational Education Legislation for 1977-1978 are as follows:

Internal Policies and Programs

- Designated a full-time staff member as Special Advisor on Women's issues.
- Incorporated specific objectives to eliminate sex-bias into all aspects of the Operational Planning System.
- Developed and in the process of refining a procedure for the formulation of research that is structurally sensitive to civil rights issues.

Funded fifteen projects dealing with sex-bias and stereotyping in fiscal year 1977 for a total of $766,138.

Direct assistance to States in implementation of 1976 legislation

Evaluation

-- Sex-equity review components incorporated into our monitoring of State vocational education programs that reflect the requirements of the 1976 legislation.
-- Revised and expanded Title IX review component of the above monitoring system.
-- Developed a procedure by which the evaluation instruments for sex-equity issues formulated by one State will be disseminated to other States.
-- Reviewed and in the process of analyzing State plans for sex-equity mandated by the 1976 legislation.

Research

-- Developed a policy paper on displaced homemakers.
-- Developed a resource bibliography specifically oriented to implement and evaluate sex-equity.
-- Funded and will shortly disseminate "Training Manual for Eliminating Sex-bias from Vocational Education," which includes valuable resources for counselors, students, parents, teachers, administrators, as well as a training package to conduct sex-equity workshops in vocational education.
-- Monitoring national vocational research projects for adequacy of research and programs developed for sex-equity issues.

Coordination and Dissemination

-- Completion of a packet of resource material including list of key contact personnel, a description of available clearinghouses, resources and a bibliography, designed to facilitate activities of sex-equity coordinators.
-- Funded and participated in conference of 15 sex-equity coordinators, aimed at the development of 5 year action plans.
-- Funded and will participate in 5 regional conferences designed to train sex-equity coordinators.
-- Information requests filled and assistance provided for approximately 15 persons per week, including full-time coordinators and other State personnel activity engaged in sex-equity issues.
-- Convene regularly scheduled meetings with women's organizations and representatives.

TRAINING COSTS

Question: Is cost analysis data available showing the number of students who complete vocational education programs? Does this data include cost per student, acceptance of training by employers, and the need for such training? If not, why?

Answer: At best, the cost estimates are inconclusive. Students are accounted for by instructional program and dollars by legislative purpose. This accounting of expenditures by legislative purpose is required by law and, therefore, the current situation will continue. The new Vocational Education Data System will provide the capability of producing far more refined estimates within the next five years by instituting program cost accounting. However, there are still substantive technical barriers to the implementation of this data system.

DATA COLLECTION

Question: The Education Amendments of 1976 require new data collection and accounting systems to take effect beginning in fiscal year 1979. What policies have been developed to implement these systems?

Answer: There now exists a list of standard definitions for all data elements to be collected. Such definitions were essential to insure that all data collected by the several States were nationally aggregable. Data flow has been identified, legislation analyzed, schedules established, and nine feasibility studies instituted. Record keeping will be in place in the States on or before the data required by law and formal reporting requirements will be established during fiscal year 1979.

CAREER EDUCATION

Question: Since 1973, $8 million has been expended annually to support career education projects under Part D--Exemplary Programs and Projects of the Vocational Education Act. What comprehensive studies and evaluations have been produced to justify these discretionary expenditures? Please be specific.

Answer: Five studies have been conducted which have demonstrated the need to support career education projects studies. These studies are:

- In March 1975 a comprehensive evaluation was reported by Development Associates, Inc., Washington, D.C. (ED 109475). The basic rationale for the study was that an evaluation of the first three years of the Part D program would lead to improved implementation during subsequent years and would contribute to the replication of successful program aspects by local school districts.

-- In April 1975 Rand Corporation reported on a "Study of Change Agent Programs" in the U.S. Office of Education. The portion of this study which focused on the Part D program is accessible under the title, Federal Programs Supporting Change, Volume III, The Process of Change, Appendix D Innovations in Career Education, April 1975, (ED108328)

-- The General Accounting Office (Comptroller General of the United States) reported their study of career education on January 26, 1976. The major aspects of their study were directed at two programs: that program supported under Part D and that program supported by the National Institute of Education. At the time the GAO study was actually initiated and carried out, the Office of Career Education in the U.S. Office of Education had not yet been established.

-- The National Academy of Science's Committee on Research and Development (COVERD) reviewed and assessed the Part D program along with several other vocational education R&D programs.

-- The Center for Vocational Education, The Ohio State University, under the sponsorship of Part C of the Vocational Education Act studied those attributes of Part D projects which appeared to correlate with the continuation of project activities by local districts after their direct Federal support ceased. Entitled "The Influence of Selected Organizational and Administrative Variables on Continued and Extended Use of Exemplary Projects in Vocational Education," this report was completed in 1977 and may be accessed under ED 138114.

VOCATIONAL EDUCATION RESEARCH

Question: The National Academy of Sciences has reported that the $250 million spent by the Office of Education over the last ten years on vocational education research and development did not have a widespread documented impact. Furthermore, the report stated that priorities in vocational education research have been based more on political and bureaucratic considerations than on the results of previous research. The report concluded that priorities have changed so frequently that research projects often do not continue long enough to yield results. What response do you have to the findings of this report?

Answer: We concur with the NAS report that the impact of vocational R&D has not been adequately documented in any systematic and comprehensive manner. There are, however, scores of products from individual R&D projects that have had a significant impact on vocational education practices. This certainly leads us to the conclusion that vocational education R&D has had an important impact and is a vital component of our vocational education programs.

For example, the new biomedical equipment technicians curriculum has been installed in 49 postsecondary institutions in 21 States across the nation and has significantly contributed toward the establishment of the examination standards of the Association for the Advancement of Medical Instrumentation for certifying biomedical equipment technicians; the career education projects supported with Part D exemplary program funds were instrumental and key elements in the career education movement across the nation and its establishment as a national priority; the World of Construction and the World of Manufacturing are now utilized by approximately 420,000 students in 2,200 schools in every State; the aviation mechanics project reorganized an entire curriculum and led to the Federal Aviation Administration revising its licensing requirements, (today 150 certified aviation schools in the U.S. are using the new curriculum with 16,000 graduates); the OTIS system developed by Oklahoma State University has been adopted by 12 States, the new nuclear medical technicians curriculum has been installed in 26 postsecondary schools in 17 States; the MBO system developed by the Oklahoma State agency has been adopted by 27 States; the State management information system developed at Ohio State University has been adopted by several States; the new electro-mechanical technicians curriculum has been installed in 75 postsecondary schools in 35 States; the CVIS program developed with the support of the Illinois RCU is one of the most effective computerized guidance systems now being used in education; and the Kingdom-of-Could-Be-You films aired on Captain Kangaroo's program received a national film award. Again, it seems to be primarily a matter of documentation.

Regarding the question of priorities, it is true that R&D projects have often reflected the changing concerns of Congress, HEW and OE. However, had the Academy looked a little more closely at the titles of the projects funded, they would have found a continuing emphasis in the areas of: disadvantaged; curriculum development; instruction; personnel development; and administration.

In addition, the Academy in a sense only looked at Part C priority areas and not at the demonstration or curriculum programs. If they had looked at these functional areas they would have found a continuity in curriculum development as a function and in career education in the Part D--Demonstration program. In addition, the Academy did not look at the projects supported by the States under parts C and D for priority purposes.

BILINGUAL VOCATIONAL TRAINING

Question: The Bureau of Census conducted a "Survey of Languages" for the National Center of Education Statistics in July 1975. Among other findings, the study found that:

--for the total population 19 years or older, 9 percent have completed only the eighth grade or less;

--for those whose usual language is not English, 58 percent reported completing only the eighth grade or less; and
--those from Spanish-speaking backgrounds, as a group, have an unemployment rate more than 5 percent greater than those persons who are from English-speaking backgrounds.

Why has Congress not been asked to increase appropriations for this program in view of (1) the foregoing findings, and (2) the seemingly good placement record established by projects funded under the program?

Answer: In light of the limited resources for education programs and other sources of funds for bilingual education programs, the Department has not requested increased funding for the bilingual vocational training program.

VOCATIONAL EDUCATION STAFF

Question: Last year you received only half your requested new positions for Vocational Education due to the large number of vacancies among existing positions. How many vacancies do you now have among the 236 positions currently authorized? Precisely what duties were assigned to the new staff added last year? What do you intend to do with the 17 additional positions you are requesting this year?

Answer: Thirty three new positions were made available to the Bureau in fiscal year 1978. Of the 236 positions authorized in 1978, including 58 transferred regional positions, and the new 33 positions, there are 26 vacancies of the new 33 positions. We are unable to estimate how many vacancies will result from the regional transfer. 26 of the 33 new positions will be professional and will be filled in fiscal year 1978 in the following areas:

Management Evaluation Review for Compliance
Management Evaluation Review for Quality
Department of Defense Liaison
Youth Unemployment
Indian Program
Handicapped
Sex Fairness
State Plan Review
Data (NCES/OE)
Planning and Evaluation
Research
Curriculum
National Center for Research Vocation Education
Bilingual Education
Coordinating Committee for Research in Vocational Education

The 17 additional positions requested for 1979 will be filled in the following Areas:

Indian Program
Energy
Incarcerated
Disadvantaged
Data
Handicapped
National Center for Research in Vocational Education
Fellowship Program
Bilingual Education

DEFINITIONS OF CAREER EDUCATION, VOCATIONAL EDUCATION, AND LIFELONG LEARNING

Question: With the passage of the new Career Education Incentive Act, many people are saying that career education is now the main thrust in preparing people for the world of work. Some people are also saying that vocational education programs have become stagnant. Now, we also have a request for a new lifelong learning program. Can you define vocational education, career education, and lifelong learning?

Answer: Vocational education is an educational curriculum aimed at equipping students with specific vocational skills necessary to enter an occupation. Career education is a concept aimed at refocusing the entire education system in a joint effort with the business/labor/ industry community to equip all students with employability skills necessary to motivate them to work and cope with change in the occupational society. It is not an employment training program. Lifelong learning is a concept aimed at emphasizing and furthering the development and availability of adult, recurring, and continuing education throughout the life span. Knowledge and skills acquired may or may not relate to an individual's job or vocation.

Question: What are the basic differences and similarities among these programs?

Answer: Similarities between career education, vocational education, and lifelong learning center on the areas of overlap between them. Lifelong learning includes all forms of education--academic, vocational, career--but focuses most strongly on the period of life after early elementary and secondary school and initial higher education experiences. Career education's main thrust is on providing students with decision-making and job-finding skills and developing good work habits and work values. It is threaded into all educational areas rather then being taught as a specific course. It also focuses on the entire world of work--professional as well as non-professional careers.

Vocational education is a specific course of instruction designed to provide students with skills to enter particular occupations not requiring a baccalaureate degree. It includes career education as part of its content and may be provided as part of a lifelong learning program later in life.

All three focus either partly or wholly on the work world but are separate programs or concepts that attend to different educational needs of students. All are needed to provide comprehensive education for today's complex and changing society.

FUNDS FROM VOCATIONAL EDUCATION INTO
NEW CAREER EDUCATION PROGRAM

Question: Would you favor taking some of the funds in vocational education programs and placing them into the new Career Education Program?

Answer: No. Career education and vocational education are both parts of the total effort of education to prepare students for work. If you strengthen the career education effort by taking funds away from, and so weakening, the Federal effort in vocational education, progress toward meeting the total goal of education as preparation for work will be diminished.

Question: Do you agree with the claim that the vocational education program has become stagnant?

Answer: Any program which actively equips individuals to enter and advance in the rapidly changing technological world of today cannot be stagnant. Vocational education is currently on the cutting edge of technology in space, environmental education, production, distribution and information facilitating functions of the national economy.

Under the new Vocational Education legislation, Congress has expanded the focus of the program by emphasizing the elimination of sex bias and stereotyping, provision of educational and remedial services to disadvantaged and handicapped, support of the civil rights legislation, and development of new programs.

PUBLICATION OF NEWSLETTER

Question: The Committee recently received a copy of the NATIONAL NEWSLETTER of the Industry-Education Councils of America. The newsletter contained a disclimer that the material in the newsletter was prepared pursuant to a grant from the Office of Education. Can you explain why this newsletter was published with Federal funds.

Answer: In Section 406(b)(2) of Public Law 93-380, the Congress stated that "It is the purpose of this section to assist in achieving the policies set forth in subsection (a) by promoting a national dialogue on career education designed to encourage each State and local educational agency to determine and adopt the approach to career education best suited to the needs of the children served by them." The newsletter is designed "to establish direct communications between leading business and industry executives, educators, and school board members in the community and their counterparts in 16 other metropolitan areas." The newsletter thus represents part of the efforts of U.S.O.E. and this particular project to promote dialogue on career education.

Question: How many newsletters are published with Office of Education funds? Do you believe that this is a justifiable expenditure of Federal funds?

Answer: In the Career Education program it is believed that at least 50 or 60 of the demonstration projects supported by the Office of Career Education produce and distribute various kinds of newsletters, brochures, and other informational material about their project activities. There are other programs throughout the Office of Education that provide information materials relating to specific projects. The following are some examples:

ESEA - Title I	Dissemination requirement in Legislation such as newsletters to Parent Advisory Councils.
Follow Through	Dissemination requirement in Legislation such as Newsletters for Parents - also brochures.
Environmental Education	Flyers or newsletters - minigrants brochures - College Courses or Seminars.
Emergency School Aid	Limited to desegregation efforts newsletters.
Metric Education	Metric education Technical Support bulletin--provides information to grantees, consultants, and Regional Commissioners on services available.
Cooperative Education	Announcements for workshops on topics related to planning, establishing, and operating cooperative education programs.
Strengthening Developing Institutions	Newsletters for the ACCTION Consortium and the Council for the Advancement of Small Colleges.
Libraries and Instructional Resources	Dissemination requirements in Legislation State Department of Education Publish Newsletter.
Public Libraries	Dissemination requirements in Legislation State Library Agency can use money.

Of Student Assistance funds administered through institutions, up to 4 percent of the funds may be retained by the institutions for information dissemination activities. The information to be disseminated is described in the law (HEA, section 493A). Funds for these purposes are available under the Supplemental Educational Opportunity grants program, Direct Loan program and Work-study program.

The method of disseminating the information might be by newsletter, inclusion of information within college catalog, etc. Some 8,000 institutions might participate.

ADULT COMPETENCY

Question: A study of adult functional competency, often referred to as the "Northcutt Study," recommended changing the curriculum of most adult education programs. It recommended an emphasis on competency levels in specific areas as opposed to grade levels which ignore an adult's varied experiences. Have you taken any steps to implement these recommendations?

Answer: Since the completion of the APL study the U.S. Office of Education has taken various steps to assure that State Departments of Education and other agencies become knowledgeable about the APL recommendations and are aware of methods for implementing Adult Competency Education:

--USOE has sponsored two national conferences for State administrators and planners concerning APL-related program strategies (Feb. 1976 and Feb. 1978)
--the American College Testing Program (ACT) has been granted authority to revise the APL survey items and objectives, and is currently making available to agencies two survey instruments and five diagnostic instruments for assessing adult and high school level competencies
--the Division of Adult Education has maintained a full-time position to provide technical assistance to the Adult Education field in the development of competency programs
--the USOE National Diffusion Network has funded the University of Texas to provide direct assistance to 23 adoptor sites in nine States for the development of adult competency education programs
--in response to the APL recommendations, the U.S. Commissioner of Education has recommended APL-based program development as a national priority. States have responded to this priority by funding over 140 special programs with an approximate investment of over $7 million of Federal, State and local funds in the current fiscal year.

GAO REPORT ON ADULT EDUCATION

Question: A recent GAO report on the Adult Education program recommended several changes including better planning of cooperative arrangements between adult education programs and related anti-poverty programs, and also better accounting and reporting on expenditures by States to the U.S. Office of Education. What steps have you taken to implement these recommended changes?

Answer: At the time the GAO draft audit report was received and the HEW response was submitted, the Division of Adult Education, in cooperation with HEW, Office of General Counsel, was in the process of preparing revised regulations for the Adult Education programs. These regulations were published in the Federal Register on April 23, 1975. Therefore corrective actions for better program management were taken through improved regulations which included

requirements to assist in implementing the GAO recommendations, prior to the issuance of the final GAO report.

Improved guidelines for the preparation of State applications were published in the Federal Register on May 21, 1975 which provided many recommendations and suggestions for improved program management. These included: program monitoring, evaluation, and planning, as well as program coordination with other related programs.

The program fiscal and statistical data forms were revised and new directions provided to State agencies beginning in fiscal year 1976 reporting. GAO recommendations were incorporated in these forms. Technical assistance regarding data management is provided through meetings and consultation with OE regional and State agency personnel and has resulted in the improvement of the accuracy and timeliness of data reported.

As a result of the GAO audit reports on the Adult Education program and the Vocational and Technical Education program, the Bureau of Occupational and Adult Education initiated a project entitled "Management Evaluation Review for Compliance/Quality" (MERC). These team visits include Federal, Regional, and State personnel and have resulted in better relationship between State and Federal Adult and Vocational Education personnel and better program management at the State and local levels. Approximately one State or Territory is visited each month which will result in all States and Territories being visited within each five-year period.

INDOCHINESE REFUGEES

Question: For fiscal year 1977, $10,250,000 was appropriated to support adult education programs for Indochina refugees. What adult education programs were carried out with these monies?

Answer: Sixty-five grants totaling $10,029,327 were awarded to State and local educational agencies under this one-year discretionary program. These ranged from $8,330 for a small local program in New York to $925,584 for a statewide program in Pennsylvania.

The applications for these 65 projects projected that approximately 30,000 adult Indochina refugees would be served. The following types of activities were funded:

- Programs of instruction (including administrative costs of planning and operating these programs) for adult Indochina refugees in English as a Second Language, basic reading, mathematics, and promotion of language and literacy skills in English, and the development and enhancement of necessary skills (such as consumer, social, survival, occupational, and communication skills) for the purpose of enabling the adult refugees to become employable and productive members of the American society;

-- Adult education programs designed to operate in conjunction with existing Federal and non-Federal programs and activities to develop occupational and related skills for adult Indochina refugees, particularly programs authorized under the Comprehensive Employment and Training Act of 1973 or under the Vocational Education Act of 1963, as amended.

-- Where occupational skills programs are otherwise unavailable or insufficient, combined occupational-adult education programs to provide adult Indochina refugees with skills necessary to their obtaining employment; and

-- Programs providing educational support services which meet the needs of adult refugees, including but not limited to (1) tutoring (in the case of geographically isolated refugees) and (2) guidance and counseling with regard to educational, career, and employment opportunities, such as job placement and job follow-up serivces.

The duration of each approved project was from October 1, 1977, to September 30, 1978.

SUBCOMMITTEE RECESS

[Whereupon, at 12:45 p.m., Thursday, March 2, the subcommittee was recessed, to reconvene at 2:30 p.m., the same day.]

(AFTERNOON SESSION, 2:50 P.M., THURSDAY, MARCH 2, 1978)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

STUDENT ASSISTANCE

STATEMENT OF LEO L. KORNFELD, DEPUTY COMMISSIONER, BUREAU OF STUDENT FINANCIAL ASSISTANCE

ACCOMPANIED BY:

PETER K. U. VOIGT, ACTING DIRECTOR, DIVISION OF POLICY AND PROGRAM DEVELOPMENT
CORA P. BEEBE, DIRECTOR OF PLANNING AND BUDGETING
DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
DR. ERNEST BOYER, COMMISSIONER OF EDUCATION

INTRODUCTIONS

Senator BURDICK [presiding]. The first witness will be Dr. John Ellis, Executive Deputy Commissioner for Educational Programs. Joining Dr. Ellis is the Commissioner of Education, Dr. Ernest Boyer and Assistant Secretary of Education, Dr. Mary Berry. Dr. Ellis is here to explain the student assistance budget request for fiscal year 1979. The budget request is $4.4 billion, reflecting a $1.2 billion increase over the 1978 appropriation for student assistance programs.

The major part of the increase is to finance the administration's alternative to tuition tax credit programs. Thus, the major thrust of the increase will be in assisting students from middle-income families. Student assistance includes basic educational opportunity grants, which is the largest student assistance program. Other programs are supplemental education opportunity grants to provide assistance to specially needy students, college work study, student incentive grants, a program funded jointly by States and the Federal Government and the national direct student loan program.

Please introduce those seated at the table and proceed with your statement in such manner as you wish.

Dr. ELLIS. Thank you. On my right is Commissioner Ernest Boyer, my boss, always a great person to introduce.

On my left is Assistant Secretary Mary Berry, who will probably wish to introduce the people from her office.

On my right, Mr. Leo Kornfeld, Deputy Commissioner for the Student Financial Assistance Bureau.

We have Peter Voigt and Dave Bayer from that bureau to assist us.

Dr. Berry?

Dr. BERRY. I would like to introduce Bill Dingeldein, Director of Education, Division of Budget Analysis and Ken Levine, Deputy Assistant Secretary for Legislation.

Senator BURDICK. Welcome to the committee.

PREPARED STATEMENT

Dr. ELLIS. Mr. Chairman, with your permission, I would like to enter the opening statement into the record and summarize the budget request for purposes of discussion and then respond to questions.

Senator BURDICK. Without objection, they will be received with great appreciation.

[The statement follows:]

STATEMENT OF JOHN ELLIS

The 1979 Student Assistance budget request, takes a dramatic step forward in providing financial support to those who aspire to further their education on the postsecondary level. This budget request underscores this Administration's commitment to postsecondary education by assigning a high priority to those programs which assist students in gaining access to this postsecondary education. The request is unprecedented in terms of the increase in the dollar level for Student Assistance, and includes funds for each of the five student aid programs. This approach will insure that there is a balanced array of loans, grants and work-study jobs available.

Our 1979 budget request represents a $1.164 billion increase over the 1978 appropriation for a total of $4.4 billion. This is a 36% increase over 1978. It will provide 7,862,000 awards, which is 3.1 million more awards than in 1978. When added to the request of $820 million for the Guaranteed Student Loan Program, which is projected to support 1,553,000 new loans, our 1979 budget will provide a dramatic increase in aid available for promoting access to education by helping students meet their postsecondary costs.

Aid to Middle Income Families

This budget presents a major new initiative of the Administration to consciously provide for the expansion of aid to help those middle income families experiencing difficulty in meeting the rising costs of a postsecondary education.

The Basic Grants, Work-study, and Guaranteed Student Loan programs are proposed for increases totaling $1.2 billion to provide for this new initiative. The Basic Grant program will now cover all students from families whose net income is $25,000 or less. Work-study is requested at its maximum authorized level of $600 million. The Guaranteed Student Loan program will provide interest subsidies on loans to students whose families have adjusted incomes of $40,000 or less. Altogether, this new initiative will provide for over 3.6 million awards. We can implement all of these new initiatives in this appropriation except for the $250 guaranteed grant under Basic Grants and increasing the family income level for the Guaranteed Student Loan program to $40,000, which require new legislation.

Basic Grants

The Basic Grant program remains the foundation of our Student Assistance strategy. The 1979 budget request of $3.167 billion will provide awards to 5.2 million students. The Basic Grant request reflects full funding with the authorized maximum award of $1,800, $200 above the 1978 level. To target aid on the middle income families, the following changes are proposed:

--A guaranteed $250 award to students from families whose incomes are $25,000 or less (which will require new legislation, and cost $664,000,000)

--An increase in the family asset reserve to $25,000 for dependent students

--An exclusion of $750 in the discretionary family income when calculating the expected family contribution

To correct inequities in the treatment of the independent student:

--A family asset reserve of $25,000 for independent students who have dependents

--An increase in the family size offset for the single independent student to $3,400, an increase of $2,300 above the 1978 level

Institutional Allowance

An integral part of the Basic Grant program in 1979 will be the implementation of the institutional allowance which will provide payments to schools on the basis of the number of enrolled Basic Grant recipients. We anticipate that the increased demands upon the institutions imposed by the changes in the Basic Grant program, the information dissemination activities which the Office of Education now requires, and the validation activities expected of institutions, necessitate a contribution by the Federal government for the associated administrative costs incurred by institutions.

Other Student Assistance Programs

In order to supplement the coverage of the Basic Grant program, we are requesting support for four additional Student Assistance programs. These programs, Supplemental Educational Opportunity Grants, State Student Incentive Grants, Work-study, and Direct Loans, have traditionally both supplemented the Basic Grant program and provided for a more flexible response to students with special needs.

In 1979 we are requesting $1.25 billion for these four programs which is a 14% increase or $156 million over the 1978 level. These programs will provide a total of 2,696,000 awards, 328,000 more than were provided in 1978. These programs make a unique contribution to meeting the goal of access.

In 1979 we are requesting $270 million for Supplemental Educational

Opportunity grants, the same level as appropriated in 1978. This will provide average awards of $570 to 456,000 students.

We are asking for an increase for State Student Incentive Grants which will bring the 1979 funding level to $77 million, the highest amount ever requested for this program. This increase of $13 million over the 1978 appropriation will provide awards averaging $500 to over 307,000 students. This program strengthens the joint Federal/State responsibility to provide the financial means to encourage access to postsecondary education. Since every Federal dollar must be matched by a State dollar, this has an impact beyond its Federal appropriation.

For the Work-study program a 38 percent increase above the 1978 appropriation is requested for a total of $600 million, the maximum authorized level under the existing legislation. Over one million students will receive earnings averaging $610 annually. The increase not only expands the number of recipients in the program but will assist in meeting salary increases due to the implementation of the new minimum wage levels. This program has an impact beyond the Federal appropriation due to the 20 percent institutional matching requirement.

In 1979 we are requesting $286 million for the Direct Loan Federal Capital Contribution. This is the funding required to maintain the program at its current operating level. As you know, the Direct Loan program is funded by both appropriations and repayments from prior year loans. In 1979, as in future years, we will be able to maintain a constant loan volume while reducing the Federal Capital Contribution since repayments from prior year loans will continue to increase. In 1979 this program will provide 853,000 loans averaging $710.

Conclusion

This combination of grants, loans, and work-study, coupled with a recognition of State, local, private and institutional efforts, provides a balanced response to opening the doors of postsecondary education to all who would wish to enter as well as providing some relief from the burden which the rising costs of postsecondary education have placed upon our middle income families.

I would be pleased to answer any questions you might have.

Dr. ELLIS. The budget request, as you noted, is for a $1.164 billion increase over the 1978 appropriation for a total of $4.4 billion. This is a 36-percent increase over 1978 and will provide 7,862,000 awards, which is 3.1 million more awards than in 1978. It reflects dramatic attention to the need to insure that students have access to higher education. It is an unprecedented increase in the area of student assistance and demonstrates a sincere commitment on the part of the administration to increase dramatically this appropriation.

It includes aid to middle-income families, who are experiencing difficulties meeting the rising costs of postsecondary education.

STUDENT FINANCIAL ASSISTANCE
(In Thousands of Dollars)

	1978 ESTIMATE	1979 PRESIDENT'S BUDGET	NET CHANGE
1. Basic Educational Opportunity Grants (HEA IV-A-I)			
(A) Grants	2,140,000	3,130,600	+990,600
(B) Administration	20,000	26,900	+6,900
(C) Institutional Grants	---	9,500	+9,500
Subtotal	2,160,000	3,167,000	+1,007,000
2. Supplemental Educational Opportunity Grants	270,093	270,093	---
3. Work-Study (HEA IV-C)	435,000	600,000	+165,000
4. Direct Loans (HEA IV-E)			
(A) Federal Capital Contributions	310,500	286,000	−24,500
(B) Loans to Institutions	---	---	---
(C) Teacher Cancellations	15,160	18,400	+3,240
Subtotal	325,660	304,400	−21,260
5. Incentive Grants for State Scholarships (HEA IV-A-3)	63,750	76,750	+13,000
TOTAL	3,254,503	4,418,243	+1,163,740

STUDENT LOAN INSURANCE FUND

1. Interest Subsidies (HEA IV-B)	281,198	602,313	+321,115
2. Student Loan Insurance	208,965	193,501	−15,464
3. Borrowing Authority	40,000	25,000	−15,000
TOTAL	530,163	820,814	+290,651

HEALTH PROFESSIONS GRADUATE STUDENT LOAN INSURANCE FUND

1. Student Loan Insurance	---	1,500	+1,500
2. Borrowing Authority	---	5,000	+5,000
TOTAL	---	6,500	+6,500

Dr. ELLIS. Mr. Chairman, I would call to your attention on your far right, a chart which summarizes the basic proposals. I would like to refer to those. The foundation of the student assistance program is the basic grant program, the one listed first. You will note that we are requesting a budget of $3.167 billion for this particular program, an increase of approximately $1 billion. The largest part of this increase provides for a middle-income strategy.

First of all, our request will provide for full funding for the authorized maximum of $1,800, $200 above the 1978 level.

To target aid on middle-income families, the following changes are proposed: first, a guaranteed $250 award to students from families whose incomes are $25,000 or less, which will cost some $664 million and will provide grants to an additional 2.7 million students.

Another part of the proposal is to increase the family asset reserve to $25,000 for dependent students. There would also be an exclusion of $750 in the discretionary family income when calculating the family contribution.

There are several inequities in the treatment of the independent student, and to correct those inequities, there is a proposal to increase the family asset reserve to $25,000 for independent students who have dependents and to increase the family size offset for a single independent student to $3,400, rather than the current $1,100.

Second, line B, the administration costs are increasing by $6.9 million. Another part of the approach is to improve the dissemination of information and to assist the institutions with the costs that they have in insuring that students participate.

That calls for a $9.5-million increase which would provide $4 per student to the institutions.

The supplemental educational opportunity grants is proposed to be level funded. This would provide an average award of $570 to approximately 456,000 students.

That is a slight decrease of 8,000 in the number of students aided.

Work study is also an important part of the strategy to insure that we have a balanced aid program.

Work study is requested at $600 million, an increase of $165 million. That is a 38-percent increase and would provide work study opportunities for over 1 million students.

For several years the administration's policy in direct loans has been not to recommend funds for this program. You will note that we are recommending $286 million which is a decrease of $24 million from the previous year.

However, it does provide for the same level of loan volume, that is, 853,000 loans averaging $710. With the collections we are expecting this year, of $605 million will be available for distribution.

This provides a level funding operation, although there is a slight decrease in the Federal capital contribution.

In the area of the State student incentive grants program we are requesting the highest amount ever recommended by the administration—$76,750,000. This provides for an average of $500 to over 307,000 students.

The total requested appropriation for student assistance is $4.4 billion or an increase, as stated at the outset, of $1.164 billion.

This combination of grants, loans and work study, coupled with the recognition of State, local and private institutional efforts, provides a balanced approach to assisting students and parents in meeting the costs of postsecondary education.

I would underscore that, Mr. Chairman.

We believe it is essential that a balanced approach be provided to open the doors of postsecondary education to all who would wish to enter, as well as to provide some relief from the burden which the rising costs of postsecondary education have placed upon our middle-income families.

That is a very quick summary, sir,

We have a very talented array of people who work with the program on a daily basis, and I am certain if you have technical questions or detailed questions, we have the personnel that will be able to respond.

MIDDLE INCOME PROPOSAL

Senator BURDICK. The concerns over alleviating the burden of middle-income families of college costs have been around for some time. The administration's position on this seems to have been rather hastily developed. Why? Why was there no mention of the specifics of the middle-income aid package in the President's budget? When do you expect to submit an amendment to this committee?

How was the Office of Education involved in the formation of this proposal? Is that too much for you in one question?

Dr. ELLIS. No, sir. I believe Commissioner Boyer would be the best person to speak. Pardon me. Dr. Berry?

Dr. BERRY. I would like to comment on it first.

I would simply comment on one part of it, which is why we did not mention it earlier in the budget.

There was a footnote in the budget which indicated there was an allowance for contingencies which would be made available to us by the President to be used for this purpose.

We have been aware of the problem of the burden on middle-income families, of course, for some time.

And we did start to work early on this problem, but we have not completely formulated proposals, and that is why we have not submitted the specifics.

But we knew well in advance of submitting the budget that we would have a proposal, and that is why we asked the President for contingencies, which is footnoted in the Budget.

Commissioner Boyer?

Dr. BOYER. Well, that is true. Also we had made certain moves in the budget. The liberalizing of the family asset allowance under basic grants was to accommodate more of the middle income, and also we went to full funding of the Basic Grants to $1,800.

There were moves such as our original suggestion to add more money to work study. This has now, of course, been expanded, but the first submission did extend the work study money, which has been demonstrated over the years to be targeted to middle income students.

We were showing in our basic budget, additional money for the middle income proposal. We just didn't have our details in line as we were devoting our time to elementary and secondary reauthorization. We were holding that as a reserve, hoping that by the time of your consideration we would have a new package in place.

That has since been formulated, and it is extended beyond the 700 million. That was, frankly, a plug figure, until we saw how we would shape the basic grants. We found that that wasn't high enough to deal with the level we wanted to hit of a $25,000 family income.

STUDENT LOANS

Senator BURDICK. In response to a question submitted to you during the 1978 Labor-HEW appropriation hearings, it was stated that the Office of Education was conducting a study addressing the issue of cost effectiveness of loan versus grants.

What has been learned from that study? What has been learned from another study also being conducted by OE on the effectiveness of loans in reducing barriers to post secondary educational entry? Who wants to field that one?

Mr. KORNFELD. I don't know about the study, Senator, but a few general comments might be appropriate.

DEFAULT RATE

First, the loan program is probably the least expensive program we have in government today for providing institutional aid to students. For example, in fiscal year 1979, we are estimating something in the order of magnitude of about $2 billion worth of loans will be out there. The actual cost, even with the high default rate we are now experiencing——

Senator BURDICK. What is that rate?

Mr. KORNFELD. The rate now is about 12½ percent. Even at that rate the cost to the Federal Government for that program will be about $800 million.

That will provide almost 1.6 million loans to students. So that is an effective way to provide assistance to those persons who still need additional sources of funds to attend postsecondary institutions.

Senator BURDICK. But you can't tell us, well, as you say, the loans are probably better because in the end it costs less even though there are defaults.

Mr. KORNFELD. Yes, sir.

Senator BURDICK. What has been done about the defaults?

Dr. BOYER. Well, there has been very vigorous activity. I would like Mr. Kornfeld to speak to that.

First we have created a new bureau, the Bureau of Student Financial Assistance, in which we brought all of these programs together. They had been subsumed under a general bureau called Post Secondary Education.

Mr. Kornfeld has been brought in to head that bureau. His experience has been very distinguished in the management of institutions and in the consultation regarding management. He most

recently served as vice president of one of the largest computer services companies in the United States.

He brings clearly to that very complicated $6 billion enterprise the kind of management skill that was urgently needed. Having given you that introduction, I would like him to outline for you some of the key steps taken in the 5 months since he's been here to get on top of what I think will be one of our most central administrative problems in the Office of Education, managing well and prudently a highly important but very complicated program.

Mr. KORNFELD. We have taken a number of steps, Senator.

First, one of the basic problems in the default area is that after the default claim has been presented to the government from the commercial lender, nothing has been done for years in trying to collect from the students.

The defaults have just been left to sit. Right now, every student who is in default has received a billing letter from the Office of Education.

In addition to the billing letter, we have now developed a computerized billing system which is now in 8 of the 10 HEW regions. Under this system each student, each month, will get the same kind of bill one gets when he makes a commercial purchase showing how much the person owes, how much is principal, how much is interest and how much is due.

If a person misses a payment, he will get a followup notice stating the fact that a payment has been missed.

Furthermore, in trying to prevent the defaults from happening, which is the other side of the coin, we are going to require all commercial lenders, before they submit the claim to the Federal Government, to utilize preclaims assistance. In this way, we would at least assist the commercial lender in locating the student. Then the lender could make every attempt to get the student to pay the commercial institution before he or she is in default with the Federal Government.

We are going to be conducting a series of program reviews at institutions. As you know, another problem is that some institutions have not been treating students equitably and this is another factor that helps to increase the problem of defaults.

We are now putting in place a system where every institution will have to be certified to be eligible to participate in these programs. If they don't have the records in place that they ought to have, if they don't provide the proper consumer information to students, including telling them what their obligations and responsibilities are, if they don't have the necessary financial means to conduct these programs, we have, under the Education Amendment Act of 1976, authority to limit, suspend or terminate these institutions from participation in the programs.

In addition, through the Education Amendments of 1976 we have developed regulations which are being processed right now in HEW and which will be published shortly. Certain obligations are required both on the part of the student and the institution. We will also require the commercial lenders to keep better track of where the student can be located because one of the major problems we have in this area is trying to locate the student after they leave the institution.

Those are some of the key things we have done. We are optimistic that when we come before this committee next year that we will be able to show a reduction in the default rate. One must keep in mind, however, that the default rate, as now indicated and presented, is actually the rate of the defaults that the commercial lenders have presented to the Office of Education.

Since so few students actually have been put into repayment, in the future what we intend to show are two default rates. One is the default rate that shows the rate that came to us from the lenders and, second, what we have done from the Office of Education perspective.

COLLECTIONS

Senator BURDICK. Will it show the real amount of collections?

Mr. KORNFELD. Yes, sir. We are now estimating for next year, for example, collections of the order of $30 million.

Dr. BOYER. Two other points.

First, we began at home as you may have noticed. We did investigate to see whether there were any employees at HEW and found 317 of our own employees who had defaulted on student loans. We immediately moved to collect these, and to date 205 of these are now in repayment. The balance are in a variety of circumstances, such as bankruptcy. Seven have been turned over to the Justice Department for refusal to pay.

We found also 6,700 defaulters were on the Federal payroll. We are moving to collect from the people on that list. I might say that for the first time now we have aggressively pursued those who are in nonpayment status. Those who were in nonpayment and refused to pay, even after our approach, are being referred to the Justice Department. I believe that number is 1,500.

And I believe prior to that through the entire history of the program only 150. So we are determined, not because we are zealots, but because the credibility of this program is pivoted on this.

The banks aren't going to enter a program with high default and the Government shouldn't be expected to continue investing in a program that is not well managed.

So we are doing it to protect the program and help the students, not to in any way be punitive or insensitive.

Senator BURDICK. I share the same view. I am not a steely eyed lawyer, although I am a lawyer. You have to do this in order to protect the credibility of the program.

Dr. BOYER. Absolutely.

BASIC GRANTS

Senator BURDICK. The General Accounting Office on September 21, 1977, report of the Office of Education Basic grant program to be approved concluded:

> The Office of Education has not established adequate controls to guarantee the information supplied from applicants and parents is accurate. As much as $24.3 million may have been awarded to ineligible students. As much as $117.9 million were awarded without resolving conflicts in information.

What steps have you taken to respond to the GAO criticism of the eligibility problems?

Dr. BOYER. We agree entirely with that conclusion. These awards of the basic grant have been made on the strength of the application which has not been validated. We think that has been an error and we believe that there has been an abuse of the program by those who were in some instances frankly manipulating the applications.

We have evidence that in some instances they submitted three and four applications until they found the right number and the right combination. We have in the past few months gotten approval from the Secretary to introduce a sampling system. First of all, 10 percent of all applicants will be cross-checked against IRS forms and on the basis of that initial 10 percent sampling, determine the accuracy of the application.

Also we are requiring an institutional obligation to see that there is validation before the awards are in.

We will have that procedure in place also.

Mr. KORNFELD. It is already in place and we are already doing that now.

Senator BURDICK. Will that also help reduce defaults?

Dr. BOYER. Absolutely.

Not only because of the collecting but because word will get around that somebody is checking.

Senator BURDICK. What steps have you taken to respond to the criticism, what have you done?

Dr. BOYER. In relation to the basic grant?

Senator BURDICK. The eligibility determination process. Do you want to add anything to that?

Dr. BOYER. No, I would simply say we are mindful of the criticism, we are putting in place these procedures and we think it will substantially relieve the problem.

COLLECTIONS

Senator BURDICK. On August 12, 1977, Department of HEW cited, "Severe staffing restraints," as a factor contributing to problems identified by the GAO study.

What steps are you proposing in fiscal year 1979 budget to solve this staffing problem?

Dr. BOYER. That has been the highest priority in terms of expansion of our staff. I believe over 1 year ago we had 200 additional positions. Is that correct?

Mr. KORNFELD. About 200.

Dr. BOYER. In addition we have reorganized regionally and have separated out the student financial programs in each of the 10 regions. We have arrangements so that those staff people report directly to Mr. Kornfeld. The old arrangement of having those people under the regional commissioner has been changed so that Mr. Kornfeld will be able to control personally their work in each of the regions.

Also we are hiring some short-term people who are going to assist us in several of the followup enforcement programs.

Mr. KORNFELD. We are now working on a proposal requesting that we be allowed to recruit about 350 short-term people to assist us in the collection effort in the regional offices.

As Secretary Califano identified a few weeks ago, we will have a collections contract in two regions, San Francisco and Atlanta. In the other regions we will use Federal employees, 350 people we call "term employees." We feel that in the next 3 to 4 years this default backlog could be completely eliminated and we would not need these people on a permanent basis.

Dr. BERRY. The Secretary regards recruiting staff to decrease the rate of defaults and to step up collections on existing defaults as one of the highest priorities in the Department.

Mr. DINGELDEIN. I wanted to make one point with regard to the 300-and-some positions Mr. Kornfeld mentioned. We are in the process of discussing that within.

The administration does not have a request before the Congress at this time for additional positions.

Dr. BERRY. This proposal is still within the Department.

NATIONAL COLLECTION

Senator BURDICK. Aren't you late in the staffing of the contract to improve collections? Earlier you said you could collect $12 million. This year you say you will only collect $2 million.

Mr. KORNFELD. Our original fiscal year 1978 estimate, the $12 million Senator, was based on the fact that we at one time had seriously thought about having a national private contractor for collections. What we were going to do was use the national contract to reduce the Federal collection effort and just anticipate more collections on the part of the private collection contractor.

After a lot of discussion and deliberation on the subject, there was serious concern about the potential privacy problem, and potential harassment problems on the part of the students. With these concerns in mind, we decided to use the two-region pilot study and see if we can in fact manage and monitor a private collection effort effectively, rather than go forward with a national contract at this time.

Senator BURDICK. Have you crossed out $9 million then, just forgotten about it?

Dr. BOYER. No; it is a phasing. Rather than go immediately to a national collection, the Secretary felt strongly and we concurred since this is giving Federal authority to private collections, that it was better to separate it to two regions on a pilot basis.

So, we have had to slow down our estimates on impact of that, but certainly we haven't crossed it off.

Mr. KORNFELD. As a matter of fact, for fiscal year 1979 we are anticipating $30 million in collections for both programs, of which $9.5 million relates to the Federal collections contract.

TUITION INCREASE

Senator BURDICK. T. Edward Hollander, New Jersey Commissioner of Higher Education and former New York deputy commissioner has said:

> I would guess that in New York, the tuition assistance program coupled with the BEOG half cost provision was a major factor in the decision to charge tuition at the City University of New York. Otherwise, that move would not have been politically feasible.

Do you respond to the claims that basic grants and other Federal aid may help drive tuitions up?

Dr. BERRY. We have done a study on that issue in my office. I think that all the evidence is that we cannot conclude that institutions do in fact respond in particular to increases by automatically raising their tuition.

There are a number of factors that go into whether an institution raises its tuition. One of them is what the market will bear, what market it has, and what kind of institution it is. We found no cause and effect relationship between a rise in BEOGS and a rise in tuition. We would certainly be concerned if the evidence showed that institutions responded to every increase in student aid by simply raising the cost of tuition. If this happened, it would obviously wipe out any advantage the student was getting through an increase in student assistance.

Senator BURDICK. Where is this competition you talk about? Don't all schools get the benefits of the grants?

Dr. BERRY. No; it depends on where their tuition is to start with and how high or low it is in whatever market they are competing. That is a factor, whether they raise or lower or reraise BEOGS. So the evidence I have seen says there is no absolute one-to-one cause and effect relationship, that every time you increase BEOGS, every single place raises tuition.

Dr. BOYER. There is another point I would like to make and that is one of the major hazards of the automatic tax credit irrespective of need. To me, there is a temptation to raise the tuition.

The recommendation we strongly endorse is to meet the need. As long as that drives policy, the temptation I think to simply up the cost is sharply reduced.

So, I would simply insert that as an important consideration in trying to present a counterproposal to what we think is an automatic largesse irrespective of personal need.

Senator BURDICK. What you are saying then is the finance committee plans to have more to do with this than you would.

Dr. BOYER. I think it is absolutely true. It is a temptation. It is a ready made temptation to some administrators.

SUPPLEMENTAL GRANTS

Senator BURDICK. Funding for supplemental educational opportunity grants has not kept pace with the growth in other Federal student aid programs, especially with the basic grants or with the increases in institutional grants. Does this mean that supplemental grants are becoming a negligible facet of the Federal student aid effort?

Dr. BOYER. No, I don't think so. We are now entering our reauthorization phase. We will be submitting to the appropriate committees a new higher education assistance package. We felt that we would hold steady several of these student assistance areas—the supplemental grant being one, until we put together a more rational combination of grants, work-study and loans.

What we have done is mark time on the supplemental grant until we have put together our new reauthorization package.

Mr. KORNFELD. Another reason that the administration chose not to add any money to the supplement grant program right now is

that that program has major inequities built into it. There are some institutions that are getting a much larger share of the money than we think they ought to be getting.

Dr. BOYER. It is distributed now through the regional offices who use committees to decide how it is to be funded. I don't have confidence in the way those dollars are being distributed to institutions.

I think we need to change the procedures by which those dollars are made available.

Senator BURDICK. Maybe you have answered my next question, but we will try it.

By continuing it are we establishing those few students who are lucky enough to enroll in schools with supplemental grant funds as an elite group of students favored by the Federal Government with sizable amounts of assistance?

Dr. BOYER. I think the answer is to some extent, yes. I have named a special committee to help us formulate a new strategy of distribution. That group is looking at the State allotment formula, and at the committees, that are secondarily removed from us, who decide how the funds are going to be distributed.

I have looked into some of the States and the institutional distribution doesn't give me confidence we are doing it as effectively as we should.

WORK-STUDY

Senator BURDICK. I have a three-part question on college work study. The authorizing statute states that students with great financial need will be the primary focus of the college work study program.

How many students receive support under the program who do not have great financial need? How much money do they receive? How will the additional $150 million you are requesting as part of the tuition tax credit alternative affect the program's primary focus? If you don't have the facts you can supply them for the record.

Dr. BOYER. We do have the work-study program broken down based on income levels, Senator, which I do think speaks to the question you have raised.

Mr. KORNFELD. It is a need based program.

Dr. BOYER. It is based on need, but it falls out on the basis of family income.

Dr. ELLIS. 19.2 percent of the dependent students have a family income of less than $6,000. I have other data which if you wish, I can recount now, or submit for the record.

Senator BURDICK. Why don't you submit it for the record.

[The information follows:]

DISTRIBUTION OF STUDENTS AIDED BY FAMILY INCOME, COLLEGE WORK-STUDY PROGRAM

Family income	Number of students	
	Fiscal year 1979 budget request	Middle income alternative [1]
$0 to $5,300	143,000	163,000
$5,301 to $10,000	202,000	229,000
$10,001 to $16,000	261,000	308,000
$16,001 to $20,000	166,000	272,000
$20,000 +	38,000	108,000
Total	810,000	1,080,000

[1] Assumes upward shift in students aided by income level because of additional funding and of the significant increase in basic grant funds.

Dr. BOYER. About 11.5 percent of dependent students are from families above $15,000 family income.

Senator BURDICK. I presume they are all below 25, though.

Dr. BOYER. I would think that would be true, except in exceptional circumstances——

Mr. KORNFELD. Size of family.

Dr. BOYER. Or large health problems.

Mr. KORNFELD. It is strictly a need program.

Senator BURDICK. The figure of $25,000 seems to be the magic number you have in this legislation.

Dr. BOYER. Yes, sir, that is the trip-over point on the basis of grants.

Dr. ELLIS. The second part of your question, it is anticipated that the extra money would make awards of an additional 284,000 students who would participate in the program.

STATE STUDENT INCENTIVE GRANTS

Senator BURDICK. The State student incentive grant program called SSIG with its matching requirement generates considerably more student aid per Federal dollar than any other student aid program. Yet, you have included only a small increase for SSIG in the 1979 budget request, and no additional funds in the middle income package.

Two questions: Why is this? What is the anticipated State match in fiscal year 1979?

Dr. BOYER. The circumstances are not as tidy as the law intends. Many States have been investing in scholarship programs beyond what the dollars generated would justify. Then when our matching money comes along, they could credit it to past scholarship aid that they have already given. Therefore, we are not sure that matches 1-to-1.

It may be that our investment of $1 may drive as little as 28 percent. It is a problem here of catchup. We are now giving them money which they might simply credit toward past investments. We may not be getting the bang for the buck that the 1-to-1 ratio suggests.

We need to be assured that we are. We need to work our way back to congressional intention. Maybe this is simply speculating,

but if we could somehow put a hold harmless, and then insure that one Federal dollar would drive one State dollar, that would do it.

Mr. KORNFELD. One of the things we are looking at, and the House bill dealt with this whole subject, provides that any new SSIG money should only match new money the States put in.

Dr. BOYER. We hope our reauthorization that comes before the committee will speak to that.

DIRECT LOANS

Senator BURDICK. The committee stated in its 1978 Senate report, it expects every possible consideration be given to participating institutions that have schools in the health professions. Would you please explain what action has been taken in response to this directive? Next question, how many participating institutions with schools in the health professions will receive increases? National direct student loans. Do you understand the question?

Mr. KORNFELD. No, I do not. I am sorry, Senator.

Senator BURDICK. The committee stated in its 1978 Senate report that we expect every possible consideration be given to allowing increase in allocations to every participating institution with schools of health profession in the national student loan program. Will you please explain what action has been taken in response to this directive?

Dr. BOYER. I am sorry, Senator, I am not familiar with that expectation.

Senator BURDICK. I am not familiar either.

Dr. BOYER. I feel slightly better.

Senator BURDICK. When you find an answer, put it in the record. Let's hope we understand the next one.

SUBMITTED QUESTIONS

The report goes on to state—the same thing? I think we will submit these then. We have some additional questions together with this one, that we will submit for the record. You can respond within the limit.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing.]

NATIONAL DIRECT STUDENT LOAN AND HEALTH PROFESSIONS STUDENTS

Question: The Committee stated in its 1978 Senate Report that it would expect that every possible consideration be given to allowing increases in allocations to be made to participanting institutions that have schools in the health professions.

Would you please explain what actions have been taken in response to this directive?

Answer: We have deferred action in this particular area in order to develop a process for more effectively distributing funds among institutions in all of the campus-based programs including NDSL. As you may be aware, until this previous application cycle, institutions submitted requests for funding which were reviewed by regional panels of other financial aid officers. These regional panels reviewed institutional requests with very little--if any--data available to verify the need reflected on the applications. As a result, the application process became more complicated and lengthy and less objective and verifiable. In response to the concerns and criticisms expressed by the financial aid community--concerns we certainly shared--a panel of experts was brought together to study the problem thoroughly and develop a new process for distributing these funds. Therefore, for the 1978-79 cycle, we adopted a "hold-harmless" process based on prior year expenditures in reviewing institutional requests. During this interim process, we did not feel it advisable to introduce any additional complicating factors into this area.

Question: How many participating institutions with schools in the health professions will receive increases?

Answer: We do not have data on this since we do not collect information on programs of study offered by institutions as part of the funding process.

NATIONAL DIRECT STUDENT LOAN

Question: The Senate Report goes on to state, "The Committee hopes that the administration will, in the future, recommend the growth and continuation of the Direct Loan Program." The 1979 budget request reflects a decrease of $24.5 million below last year's level.

Will this level of funding allow for any growth of the Direct Loan Program?

Answer: The level of funding requested will provide the same amount of loan funds available in academic year 1979-80 as is available in academic year 1978-79.

Question: Why didn't you recommend any increases in the Direct Loan Program as part of the new alternative to the Tuition Credit proposal?

Answer: We are reviewing all of the student aid programs in the Office of Education as part of our reauthorization activity. Given the high delinquency rates in NDSL and other serious questions we have on its effectiveness, we did not want to increase the funding level at this time.

NATIONAL DIRECT STUDENT LOANS

Question: The default rates in student loans have been a constant problem in recent years. What is the default rate in the National Direct Student Loan Program (NDSL)?

Answer: The default rate in the NDSL program is about 17 percent nationally.

Question: What is the rate at which Direct Loans are discharged in Bankruptcy?

Answer: Based on the most recently available data - 1976-77- NDSL's are discharged in bankruptcy at a rate of about 0.5 percent.

Question: Do you want the Guaranteed Loan prohibition against such discharge extended to Direct Loans?

Answer: We believe that such a provision would be desirable.

WORK-STUDY

Question: Although minimum wages are increasing by 15 percent a year for the next few years, you have projected only limited increases in Work-Study earnings by students.

Why is this--Are work-study jobs unaffected by minimum wage standards? If earnings aren't keeping pace with the rising wage standard does this mean the average work-study student is limited to working less hours?

Answer: The controlling factor in determining the amount of work-study aid a student receives is the student's financial need. Work-study earnings are intended to meet a protion of that need. For example, a student with financial need of $1500 might receive a grant of $500, a loan of $500 and a work-study job which could provide earnings of $500. Therefore, if the salary paid the students per hour increases, the student earns the work-study portion of his or her student aid package at a faster rate. The total amount of work-study awarded the student does not change.

Question: What exactly is the basis for your estimates of the number of students aided under Work-Study and their average earnings.

Answer: In estimating the number of students to be aided and projected average awards, we use the most recently available data reported by institutions on past activity.

BOG ADMINISTRATIVE COSTS

Question: What is the reason for the 25 percent increase in the Basic Grant administrative allowance from the current year?

Answer: The projected increase in costs for contractual administrative support for the Basic Grant Program results from several factors, the most important of which revolve around our efforts to improve the management of the program and reduce fraud and abuse. For example, the additional costs anticipated for application processing, systems development, and ADP will allow us to substantially improve our student tracking capability as well as our ability to better control institutional funding. The cost of training and training materials is increased to reflect more intensive efforts to assist institutions in effectively managing Federal student aid programs.

Question: Why, specifically, is there a 7 percent increase in application processing costs when your budget level projects a 9 percent decrease in recipients?

Answer: The costs for application processing are not solely dependent on the number of recipients. While it is true that the original Fiscal Year 1979 budget submission showed a decrease in recipients, we did not project a correspondent decrease in applicants--which is the more valid measurement of costs.

In addition, overall cost increases -- salaries, supplies and other related costs to the contractor -- are reflected in the projected increase.

Question: What do you plan to do with the $2.5 million for contractual quality control in Basic Grant administration?

Answer: The Request for Proposals (RFP) for the quality control study is currently being developed. However, basically what we will be doing is identifying a representative sample of students and following them through the entire Basic Grant process from submission of applications through the final reporting on their payments by the institutions in which they enroll. This project will include interviews with students and parents and actual on-site reviews at institutions. The primary purpose of the study is to identify problem areas so corrective action can be taken before the problems get out of hand.

CARRY-OVER OF FY 1977 FUNDS

Question: Why was there a carry-over of fiscal year '77 administrative funds into the current year?

Answer: These carry-over funds were actually used to meet FY 1977 obligations. However, the initial obligations of funds were not sufficient to meet the full costs of these items. Because carry-over authority was provided in the FY 1977 appropriation language, we decided to carry-over the unused money to meet the balance of these

obligations rather than have the administrative funds transferred and used for making payments to students.

ADDITIONAL FUNDS

Question: How much more would be required for BOG administrative costs if the additional funds in your contingency account for BOGs were provided?

Answer: We do not anticipate any increased administrative costs to result from the President's middle-income proposal.

INDEPENDENT STUDENTS

Question: What are your current thoughts on possible changes in the definition of an independent student? Please outline for us the efforts you made last year to change the definition.

Answer: We are continuing to review the definition of independent student. As you may know, last year the Office of Education published proposed regulations which made it more difficult for students to declare themselves independent. The public comment on those proposed regulations was wide-ranging, to say the least. The one point that became increasingly clear to us is that concensus on a single definition is almost impossible to achieve. This area is certainly one of the most controversial in the financial aid community. As a result of the public comments we received, as well as the concerns expressed by the Congress, we decided not to publish those proposed rules as final regulations.

In the meantime, of course, the President has proposed major changes in the treatment of independent students which requires us to consider further the definition problems.

Question: Does the Basic Grant program have a problem with students declaring their independence just to qualify for more aid?

Answer: Approximately 35 percent of the Basic Grant applicants file as independent students. However, of this number, approximately two-thirds are over the age of 22 and about one-third of the total independent applicants are over the age of 27. Therefore, the number of students who are most likely to declare themselves independent simply to qualify for aid is relatively small. We are planning to look at the under 22-year old independent applicants to see if a serious problem exists or if these students are in fact truely independent of their parents.

STUDENT INFORMATION

Question: The institutional allowance which you are proposing is partly in response to the recognition of the need of students for better information on postsecondary educational opportunities.

Is there any control over how much of the allowance an institution must spend on information rather than on administrative expenses?

Answer: There is no limitation on how much of the allowance must be used to provide student consumer information. Rather, the law sets out exactly the types of information which must be provided and requires all schools receiving these funds to conform with those requirements.

Question: Are there any standards on the quality of information provided by the institution, which the Federal Government is subsidizing?

Answer: The specific information required to be provided by institutions must be accurate or the school could be subject to a limit, suspend, or terminate action on the basis of misrepresentation.

Question: Is there any coordination between institutions required in terms of information dissemination--or does this just pay for institutional advertising?

Answer: The information required to be supplied by institutions to students is related to the types and amounts of financial aid available at the institutions, the method of application and awarding of aid, cost of attendance, refund policy, retention rates and other information designed to ensure that students, as consumers have sufficient information to make reasonable decisions regarding their choice of schools. Therefore, advertising, per se, is not covered by the information provisions or the payment of the allowances.

EDUCATIONAL INFORMATION CENTERS

Question: Why have you proposed terminating the Educational Information Centers, which Congress just funded and which have not even had an opportunity to prove themselves? Isn't there an important coordination role to be played in disseminating information to prospective students?

Answer: We have proposed to terminate the Educational Information Centers because we believe they are duplicative of other programs for which we are requesting funds, such as Educational Opportunity Centers, Talent Search, and the set-asides in the campus based student financial aid programs. These programs provide guidance, counseling, referral services, and information on the availability of student financial assistance.

INSTITUTIONAL ALLOWANCE

Question: What is the total amount allocated under the various student aid program set-asides for the student information and administrative allowance?

Answer: For the three campus-based programs -- Direct Loans (NDSL), Work-study (WS), and Supplemental Educational Opportunity grants (SEOG) -- the amount available to each school is four percent of the institutions' expenditures for SEOG plus four percent of their expenditures under WS plus four percent of the principal amount of loans made under NDSL. However, the aggregate amount at any one school cannot exceed $325,000.

Under the Basic Grant program, schools are entitled to as much as $10 per Basic Grant recipient and under Guaranteed Student Loans it is also up to $10 per recipient. In both Basic Grants and Guaranteed Student Loans, the actual per student payment is dependent on the funds appropriated for these purposes. The FY 1979 budget request provides a $4 payment for Basic Grant recipients and a $10 payment for GSL recipients.

Question: What do you expect institutions to accomplish with the allowance? Are there specific services required or is the allowance spent at the institution's discretion?

Answer: The first purpose for which institutions must use this allowance is to meet the student information requirements of the law. Funds not needed for this purpose may be used for the general administration of the Federal financial aid programs at the institution.

Question: How much would the "average" institution receive under the several program set-aside?

Answer: The total amount each school would receive is dependent on the level of activity under each of the campus-based programs, the number of Basic Grant and/or Guaranteed Student Loan recipients at the school, and the amount of funds appropriated for this purpose for Basic Grants and the Guaranteed Student Loan Programs. Therefore, it is not possible at this time to say what the "average" institution will receive.

Question: Are there maintenance of effort provisions attached to the allowance so that institutions would be prohibited from supplanting their own funds with Federal funds?

Answer: The law does not include a maintenance of effort requirement for these allowances.

REORGANIZATION - THE BUREAU OF STUDENT FINANCIAL ASSISTANCE

Question: You have recently created a Bureau of Student Financial Assistance within the Office of Education.

Please describe what changes have occurred which might improve your ability to dispense student aid and monitor how it is used.

Answer: The new Bureau is organized in a functional manner with seven Divisions. These Divisions are: Policy and Program Development; Program Operations; Certification and Program Review; Training and Dissemination; Quality Control; Systems; and Compliance. Two of the Divisions, Policy and Operations are structured on a programmatic basis so that each program in the Bureau is identifiable. The other Divisions are completely functional and cover all of the Programs. We believe that this structure will provide more effective coordination in the development of policy, funding and monitoring of the student aid programs in BSFA. For example the audit resolution, certification for participation, program review and limit, suspend, and termination functions for all programs are in the Division of Certification and Program Review. This allows us to establish and maintain much more effective monitoring of institutions and control over the expenditure of funds than was possible when each program area was responsible for its own activities.

Question: What roles did the Assistant Secretary of Education and the Commissioner of Education have in setting up and carrying our this reorganization?

Answer: Both the Assistant Secretary and the Commissioner were consulted and involved throughout this process.

Question: What further reorganization involving the student aid programs are you considering?

Answer: At this point we are not contemplating any further major reorganizations. However, the Presidents' commitment to establish a Department of Education and the upcoming reauthorization effort may result in additional reorganization of programs and activities.

STUDENT LOAN INSURANCE FUND AND HEALTH PROFESSIONS STUDENT LOAN INSURANCE FUND

Question: Why didn't you include the Student Loan Insurance Fund and the Health Professions Graduate Student Loan Insurance Fund in this Bureau?

Answer: Both of these programs are included under the new Bureau of Student Financial Assistance.

STUDENT AID RECIPIENTS

Question: In past years the Office of Education has had difficulty coming up with an unduplicated count of students aided under all of its student assistance programs. Do you have such a count this year?

Answer: As a result of a recent sample survey of students receiving assistance under the various Office of Education programs, we are in a better position to make estimates of the unduplicated number of students who will be receiving assistance during academic year 1979. Under the original budget request, it is estimated that approximately 3.2 million unduplicated students will be aided while under the Administration's Middle Income Alternative the unduplicated number of students receiving financial assistance will increase to over 5.2 million students.

Question: Can you provide a breakdown, by income level, of the number of students aided under each of the student assistance programs at the budget level and as you have proposed it under the contingency account?

Answer: The attached tables provide the distribution of students aided under the various programs for both the original FY 1979 budget request and the amended proposal for the middle-income alternative.

DISTRIBUTION OF STUDENTS AIDED BY FAMILY INCOME
BASIC GRANT PROGRAM

Family Income	Number of Students FY79 Budget Request 1/	Middle Income Alt. 2/
0-5,300	460,000	477,000
5,301-10,000	731,000	950,000
10,001-16,000	746,000	1,386,000
16,001-20,000	242,000	1,110,000
20,000+	44,000	1,243,000
TOTAL	2,223,000	5,166,000

1/ Estimate based on 1st quarter projection model updated since budget submitted.

2/ Assumes: $1800 maximum Basic Grant
$750 exclusion from discretionary income
Independent student changes
$250 guarantee for students with family incomes below $25,000

DISTRIBUTION OF STUDENTS AIDED BY FAMILY INCOME
SEOG PROGRAM

Family Income	Number of Students FY79 Budget Request	Middle Income Alt*
0-5,300	92,000	73,000
5,301-10,000	146,000	138,000
10,001-16,000	139,000	131,000
16,001-20,000	55,000	78,000
20,000+	24,000	36,000
TOTAL	456,000	456,000

*Assumes upward shift in students aided by income level because of the significant increase in Basic Grant funds.

DISTRIBUTION OF STUDENTS AIDED BY FAMILY INCOME
NATIONAL DIRECT STUDENT LOAN PROGRAM

Family Income	Number of Students FY79 Budget	Middle Income Alt*
0-5,300	124,000	104,000
5,301-10,000	190,000	176,000
10,001-16,000	290,000	276,000
16,001-20,000	171,000	188,000
20,000+	78,000	109,000
TOTAL	853,000 1/	853,000

*Assumes upward shift in students aided by income level because of the significant increase in Basic Grant funds.

1/ Students aided as result of budget request for Federal Capital Contribution and revolving funds available for loans.

DISTRIBUTION OF STUDENTS AIDED BY FAMILY INCOME
COLLEGE WORK-STUDY PROGRAM

Family Income	Number of Students FY79 Budget Request	Middle Income Alt*
0-5,300	143,000	163,000
5,301-10,000	202,000	229,000
10,001-16,000	261,000	308,000
16,001-20,000	166,000	272,000
20,000+	38,000	108,000
TOTAL	810,000	1,080,000

*Assumes upward shift in students aided by income level because of additional funding and of the significant increase in Basic Grant funds.

DISTRIBUTION OF STUDENTS AIDED BY FAMILY INCOME
GUARANTEED STUDENT LOAN PROGRAM

Family Income	Number of Students FY79 Budget Request	Middle Income Alt*
0-5,300	97,000	99,000
5,301-10,000	208,000	239,000
10,001-16,000	455,000	575,000
16,001-20,000	242,000	388,000
20,000+	148,000	252,000
TOTAL	1,150,000	1,553,000

*Assumes an upward shift in students aided by income level because of additional loan volume and the availability of other sources of student assistance.

JOB LOCATION AND DEVELOPMENT CENTERS

Question: What do you expect colleges and universities to do with the funds available to them for Job Location and Development Centers under the Work-Study program?

Answer: The colleges may use those funds in either of two ways. They may choose to retain them in their regular Work-study (WS) allocations and use them in the usual way to pay 80 percent of the earnings of students eligible to be employed under the WS program. Alternatively, they may choose to use those funds for the Job Location and Development Program. We anticipate that many institutions will make the former choice. Those institutions which make the latter choice will probably use the funds to find jobs in their general localities for both needy and non-needy students.

Question: What controls do you have over how an institution uses its funds for such purposes?

Answer: An institution may not divert funds from its regular WS program to its Job Location and Development Program unless there is satisfactory assurance that the funds so diverted will result in student earnings at least equal to the amount diverted. We plan to check on the success of this effort on a post-audit basis.

SUMMER JOBS

Question: We are aware that earlier this year there was some concern that regulations governing the portion of earnings from a summer College Work-Study job which a student could use to meet living expenses were overly restrictive.
Have you changed those regulations?

Answer: We are also aware of the concerns expressed by a number of institutional financial aid officers and are reviewing those regulations prior to final publication in light of those concerns.

MIDDLE-INCOME COLLEGE BURDEN

Question: There has been considerable dispute over whether the burden of college costs for middle income families has been increasing over the years. Some authorities say that costs have not risen as quickly as family income. What is the position of the Office of Education?

Answer: This is an area which is extremely sensitive. We are aware that at least one recent study indicates that middle-income families are not in as difficult position as might be thought. However, in terms of middle-income participation in Federal student aid programs, we see the following problems surfacing.

First, the need-analyses systems used to determine eligibility for Federal support--especially grant and work aid--have not adequately reflected the demands made on incomes. As a result, higher

contributions are expected from discretionary income than may, in fact, be available.

In addition, the level of Federal grant support was relatively low until very recently. Since there were limited funds available, stringent eligibility requirements were accepted as reasonable. Given the current amount of funds available--over $2 billion in the orginal FY 1979 budget request--middle income families see themselves as carrying the tax burdens which provide these funds and expect that their children should also receive the benefits of these tax dollars.

For higher-income families, the problem is somewhat different. These families have liquidity problems and are simply seeking relief from having to pay out thousands of dollars in very short time-frames to educate their children.

The Office of Education is aware of and sympathetic to these concerns and we believe that relief should be provided to these families.

Question: What is the source of information on this?

Answer: We do not have any hard statistical data to support the concerns expressed by middle-income families. However, it would be impossible to ignore the massive public reaction to this problem. We have received thousands of letters and phone calls on this subject and we know that the Congress has as well. The fact that there are several major bills before Congress right now to provide relief to middle-income families would seem to indicate that this is a very serious problem.

SINGLE APPLICATION FORM

Question: Is there going to be a single form which aid applicants can use to apply for all Federal student aid as well as State and institutional aid?

Answer: We are making major advances in this area. As you may know, we have initiated a new process for the 1978-79 academic year which permits students who use certain aid applications to apply for Basic Grants on the same form. Through this process we expect that up to 2.5 million students will not have to file a seperate Basic Grant application form. We are continuing to work with States and institutions to further simplify this process and have adopted the development of a single application form as one of our highest priorities.

STATE STUDENT INCENTIVE GRANT PROGRAM

Question: Is it true that the Basic Grant Program may be causing States to direct their student aid programs, including those receiving State Student Incentive Grant funding, to higher income students?

Answer: Recent data indicate that aid from State grant programs is being made available to more middle-income students as a result of the Basic Grant Program.

FEDERAL/STATE RELATIONSHIPS

Question: Please share with us your thinking on what the proper relationship should be between Federal and State student aid programs.

Answer: We see the ideal Federal/State relationship as a partnership achieving mutually desireable goals. Federal aid programs should be designed to meet national objectives and State aid should both complement these national objectives as well as meet specific State goals and priorities.

Question: Are we at the Federal level acting in such a way as to have the desired effects on programs administered by other levels of government?

Answer: We believe that the Federal/State relationship is critical to making student aid programs administered at all levels of government as effective as possible. In this regard we are planning to establish a State coordination Branch in the Bureau of Student Financial Assistance which will include both the Guarantee Agency activities and the State Student Incentive Grant program. We believe that this structure will emphasize our commitment to developing and enhancing the Federal/State partnership concept we believe is so necessary.

COORDINATION OF STUDENT AID PROGRAMS

Question: Is there any formal interagency coordination of student aid programs?

Answer: The Federal Interagency Committee on Education (FICE) represents a mechanism where questions with respect to student aid and other aspects of higher education are coordinated. The Assistant Secretary for Education, who chairs FICE, maintains close working relationships with key officials in the 34 Federal agencies represented on FICE as well as with leaders in the higher education community. FICE staff members also deal informally with specific issues as they arise.

Question: Is the Federal Interagency Committee on Education (FICE) playing an active role in coordinating Student Aid Programs on an interagency level?

Answer: FICE has been actively involved in coordinating student aid programs since 1966. Between 1966 and 1974 the FICE Student Support Study Group (SSSG) obtained information on and coordinated activities on graduate fellowship and traineeship programs throughout the Federal government. This group became the Subcommittee on Graduate Education in 1975 and issued the report Federal Policy and Graduate Education in June, 1975. FICE has also maintained an active role in assuring protection of the consumer of education. The FICE Subcommittee on Educational Consumer Protection produced a report, Toward a Federal Strategy for the Protection of the Consumer of Education in 1975. The Subcommittee also cooperated with the Education Commission of the States (ESC) in sponsoring two national con-

ferences bringing together Federal State and private groups concerned with preventing abuses of student financial aid programs. One result of this Subcommittee's effort was the pamphlet, Helpful Hints for Selecting a School or College, Look Out for Yourself issued by the Office of the Assistant Secretary for Education, and widely disseminated. The Subcommittee also initiated an informal interagency complaint review mechanism to deal cooperatively with student complaints and is now considering a recommendation to FICE to formally establish an interagency Complaint Review Board.

FICE is now working with the academic community to prepare a guide to aid institutions in complying with Federal laws and regulations in preparing school catalogs and other informational materials. This guide is now in publication and should be available in early spring.

FICE is involved through its work groups on Indian education and Hispanic education in reviewing higher education needs of these minorities with a view toward facilitating program coordination and developing recommendations for improved aid to students and other needed changes. FICE also collects and analyses data from Federal agencies on program support for Black Colleges.

The Assistant Secretary as Chairperson of FICE was instrumental in establishing this year, the program supporting graduate and professional opportunities for the underrepresented now administered in OE's Bureau of Higher and Continuing Education.

FICE has the capability for interagency coordination of student aid programs and will continue to be employed in such efforts as necessary.

PROPRIETARY SCHOOLS

Question: The Education Amendments of 1976 granted the Commissioner the authority to let public and private nonprofit school (not proprietary schools) participate in the Higher Education Act programs even if they enrolled some individuals who did not have high school diplomas, or the equivalent, provided they were beyond the compulsory school attendance age.

It was learned that the Office of Education was already extending such permission to proprietary schools, at least one of which was enrolling substantial numbers of these "special" students.

Will your capacity to monitor institutional activity under the student aid programs improve with this reorganization?

Answer: It is believed that the reorganization will provide a more efficient management procedure.

Question: What steps are you taking to deal with those proprietary schools found to be enrolling students who have neither a high school diploma nor the equivalent?

Answer: We have been devoting a great deal of attention to this area. However, we have not yet finalized our policy.

Question: How are you planning to guarantee that this sort of thing won't happen again?

Answer: When the final policy is developed on this issue, we will insure that specific steps dealing with this issue are outlined.

STATEMENT OF JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

ACCOMPANIED BY:

DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
LEONARD H. O. SPEARMAN, ACTING DEPUTY COMMISSIONER OF HIGHER AND CONTINUING EDUCATION
ROBERT C. LESSTMA, ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT AND INTERNATIONAL EDUCATION
RICHARD J. ROWE, ACTING DIRECTOR, DIVISION OF TRAINING AND FACILITIES
ANITA ALLEN, CHIEF, ADVANCED INSTITUTIONAL DEVELOPMENT BRANCH, DIVISION OF INSTITUTIONAL DEVELOPMENT
THOMAS F. MC ANALLEN, CHIEF, ACADEMIC FACILITIES BRANCH, DIVISION OF TRAINING AND FACILITIES
CORA P. BEEBE, DIRECTOR OF PLANNING AND BUDGETING

Senator BURDICK. Dr. Ellis.

Dr. ELLIS. Yes, Mr. Chairman. If we could change the individuals who will be joining me at the table, please.

INTRODUCTION OF ASSOCIATES

Dr. ELLIS. I would like to introduce Leonard Spearman, Acting Deputy Commissioner, Bureau of Higher and Continuing Education, on my right, Tom McAnallen, Richard Rowe, Anita Allen and Robert Leestma from that Bureau. Also Albert Moyé is in the audience. He is the Deputy Commissioner-designate, not yet confirmed, so he cannot participate today.

Senator BURDICK. We are now going over requests for the higher and continuing education programs. This part of the budget includes the institutional assistance program for higher education, a program other than student assistance.

PREPARED STATEMENT

Dr. ELLIS. Mr. Chairman, again if I may submit the opening statement for the record and turn to the chart on your right, and summarize the data.

[The statement follows:]

STATEMENT OF JOHN ELLIS

I am pleased to appear before you to present our Higher and Continuing Education Appropriation request. The 1979 request totals $366.7 million, an increase of $25.5 million over the 1978 estimated level.

We have divided the former Higher Education Appropriation into two new Appropriation accounts--one for Student Financial Assistance and one for Higher and Continuing Education. This change reflects the reorganization of these programs into two bureaus within the Office of Education.

The principal goals of the programs funded by the Higher and Continuing Education Appropriation are to promote access to postsecondary education and to improve the ability of institutions to provide quality education for all students. In pursuit of these goals, we are requesting funds for programs which fall into three broad categories: student services; institutional support; and international and graduate education.

Student Services

Access to education is promoted not only through the provision of financial aid but also through supporting services. Included in the Student Services category are Special Programs for the Disadvantaged (also known as TRIO) and Veterans' Cost of Instruction. The TRIO programs are designed to expand access opportunities for disadvantaged students by preparing and encouraging them to enroll in postsecondary education programs. These programs also encourage retention of disadvantaged postsecondary students through tutoring, counseling and other supportive services that will assist them in successfully completing their postsecondary education. We are requesting $115 million for these programs, the same level as in fiscal year 1978.

For the Veterans' Cost of Instruction program, we are requesting $19 million, a decrease of $4.7 million from the fiscal year 1978 level, in order to assist colleges and universities in meeting the special needs of Vietnam-era veterans. The decrease reflects a decline in the number of veterans eligible for assistance. Services to students will be retained at the same level as 1978.

Institutional Support

The category of Institutional Support includes Strengthening Developing Institutions; the Land-Grant College permanent appropriation; Cooperative Education; and two Construction programs--Renovation Grants and Interest Subsidy Grants.

The Strengthening Developing Institutions program is another key element in our strategy to promote access to education. This program provides a vital source of financial support to a segment of the higher education community which has long devoted itself to meeting the special needs of disadvantaged and minority students. Disadvantaged students frequently find the supporting environments of these institutions a prerequisite to their successful completion of a collegiate program. We are requesting $120 million for the Developing Institutions program, the same as in fiscal year 1978.

The Higher and Continuing Education Appropriation now contains only one Land-Grant College program, the Morrill-Nelson program for which there is a permanent appropriation of $2.7 million. The Bankhead-Jones program, which was formerly in the Higher Education Appropriation, has been transferred to the Department of Agriculture pursuant to a recently passed Act of Congress.

We are seeking an appropriation of $4 million for Cooperative Education, $11 million less than in 1978. The program has largely accomplished its original objective as demonstrated by the increase in the number of cooperative education programs at institutions from 187 to more than 1,000 since the program's inception.

We are requesting $50 million for a program of construction grants in order to assist institutions in removing architectural barriers to physically handicapped students which will help them to comply with Section 504 of the Rehabilitation Act of 1973. This program promotes access of the physically handicapped to postsecondary educational opportunities.

In order to meet our statutory commitment to make continuation payments for interest subsidies on construction loans approved in prior years, we are asking for $29 million for Interest Subsidy Grants. This is an increase of $25 million over the 1978 level and reflects the fact that all carry-over

funds from prior years will be exhausted in 1978 so that the total subsidy commitment will have to be met with new money in 1979.

International and Graduate Education

The category of International and Graduate Education includes Language Training and Area Studies; Graduate and Professional Educational Opportunities; and Legal Training for the Disadvantaged, otherwise known as CLEO.

Two programs address Language Training and Area Studies. We are requesting $15 million for the Centers, Fellowships and Research program under Title VI of the National Defense Education Act and $3 million for the Fulbright-Hays program. Both of these amounts are the same as in 1978. In addition to support for our ongoing international activities, the budget proposal before you provides flexibility for launching some new initiatives. These initiatives will help to support the development of a national awareness of the nature and importance of international issues, assist faculty members to undertake advanced research in international studies on priority problems of transnational concern, and assist American higher education institutions to develop educational research and training linkages with institutions in other countries.

A total of $8 million is being requested for the Graduate and Professional Education Opportunities program, an increase of $4.7 million above the 1978 level. This program recognizes the lack of access in the past to graduate/professional education for women and minorities. Consequently, institutional grants and fellowships are awarded for academic and other professional careers in fields of high national priority where they are underrepresented. We also are proposing to continue the current funding level of $1 million for CLEO which provides assistance to disadvantaged students seeking to train for the legal profession.

Summary

We believe that the proposed appropriation for Higher and Continuing Education effectively complements the appropriation requested for Student Financial Assistance by helping to promote access and retention as well as by providing support for the improvement of the quality of higher education.

Our total appropriation request for all higher education programs, including student financial assistance programs, comes to $5.6 billion, an increase of $1.7 billion over the funds appropriated in fiscal year 1978.

This massive effort affirms our commitment to bring high quality postsecondary education within the reach of all Americans, particularly those Americans previously denied the opportunity for higher education.

That concludes my opening statement.

HIGHER AND CONTINUING EDUCATION
(In Thousands of Dollars)

	1978 ESTIMATE	1979 PRESIDENT'S BUDGET	NET CHANGE
1. Special Program for the Disadvantaged (HEA IV-A-4)			
(A) Talent Search	11,000	11,000	---
(B) Upward Bound	44,000	44,000	---
(C) Special Services in College	53,000	53,000	---
(D) Educational Opportunity Centers	5,000	5,000	---
(E) Staff Training	2,000	2,000	---
Subtotal	115,000	115,000	---
2. Educational Information Centers (HEA I-A-5)	2,000	---	-2,000
3. Institutional Assistance			
(A) Strengthening Developing Inst. (HEA III)			
(1) Basic Program	52,000	52,000	---
(2) Advanced Program	68,000	68,000	---
Subtotal	120,000	120,000	---
(B) Language Training & Area Studies			
(1) Centers Fellowships and Research (NDEA VI)	15,000	15,000	---
(2) Fulbright-Hays Fellowships (MCEA of 1961)	3,000	3,000	---
Subtotal	18,000	18,000	---
(C) University Community Services (HEA I-A)	18,000	---	-18,000
(D) Aid to Land-Grant Colleges--Permanent Approp. (Sec. Morrill Act)	2,700	2,700	---
Subtotal	2,700	2,700	---

HIGHER AND CONTINUING EDUCATION (CONT.)
(In Thousands of Dollars)

	1978 ESTIMATE	1979 PRESIDENT'S BUDGET	NET CHANGE
(E) State Postsecondary Education Commissions (HEA Section 1203)	3,500	---	−3,500
(F) Veterans' Cost of Instruction (HEA IV-A-5 Section 420)	23,750	19,000	−4,750
(G) Cooperative Education	15,000	4,000	−11,000
(H) Construction (HEA VII)			
(1) Interest Subsidy Grants	4,000	29,000	+25,000
(2) Model Intercultural Centers	5,000	---	−5,000
(3) Renovation Grants	---	50,000	+50,000
Subtotal	209,950	242,700	+32,750
4. Personnel Development:			
(A) Graduate/Prof. Ed. Opp. (HEA IX)	3,250	8,000	+4,750
(B) Legal Training for Disadvantaged (HEA IX-D)	1,000	1,000	---
(C) Law School Clinical Exper. (HEA XI)	1,000	---	−1,000
(D) Public Service Fellowships (HEA IX A & C)	4,000	---	−4,000
(E) Mining Fellowships (HEA IX-D)	4,500	---	−4,500
(F) College Teacher Fellowships (HEA IX-B)	---	---	---
Subtotal	13,750	9,000	−4,750
5. Wayne Morse Chair of Law & Politics	500	---	−500
TOTAL	341,200	366,700	+25,500

HIGHER ED. FACILITIES LOAN AND INSURANCE FUND

1. Annual Appropriation	1,847	2,204	+357
2. Permanent Appropriation	1,166	1,136	− 30
3. Use of Unobligated Balances	(37,200)	---	(−37,200)
TOTAL	3,013	3,340	+327

SPECIAL PROGRAMS FOR THE DISADVANTAGED

Senator BURDICK. Proceed.

Dr. ELLIS. On the far right, you will note that in the special programs for the disadvantaged, which includes talent search, upward bound, special services in college, educational opportunity centers and staff training, we are requesting level funding of $115 million. That is up from our 1978 request of $70 million, so it represents a substantial commitment.

EDUCATIONAL INFORMATION CENTERS

We are requesting that the educational information centers not be funded. There is always a difficulty when you turn to reductions to justify them. We all like to propose increases, but proposing reductions is difficult.

In this particular case, we believe that the educational information centers are duplicative of other activities that exist, and it would not be prudent to continue this program.

STRENGTHENING DEVELOPING INSTITUTIONS

In the strengthening developing institutions program, we have both the basic and advanced programs. This program supports developing colleges, essentially colleges that enroll a high percentage of minority students. We are asking that this program be continued at the $120 million level.

LANGUAGE TRAINING AND AREA STUDIES

Similarly we are requesting level funding of $15 million for centers, fellowships, and research and $3 million for Fulbright-Hays fellowships.

Although the request for centers, fellowships, and research is continued at the same $15 million level as last year, the Commissioner of Education intends to suggest some new initiatives in the field of international education which might mean a reallocation within that particular sum, and he has submitted it as such in the budget.

UNIVERSITY COMMUNITY SERVICES

University community services is one program we are not recommending for continuation this year. It is believed that these programs have been institutionalized within the colleges and universities. We believe it is a State and local responsibility, and that this program should be discontinued.

Senator BURDICK. In a sentence, tell me what they do.

Dr. ELLIS. They provide services—at the university level to work with community problems, and provide in-service training continuing education programs at the college level to help solve problems at the community level.

STATE POSTSECONDARY EDUCATION COMMISSIONS

Going to the next chart, and again, I would say that it is always difficult to propose reductions, but you will note that we are recom-

mending that the State postsecondary education commissions not be funded.

These commissions are primarily responsible for carrying out statewide planning for higher education. Again, we feel this is essentially a State function, and not one that we should continue to support with Federal dollars.

VETERANS' COST OF INSTRUCTION

The next line on the chart shows veterans' cost of instruction, a reduction of $4,750,000. Our request will maintain the same level of services for veterans at those institutions which remain eligible to participate in the veterans' cost of instruction program.

We know that the number of veterans receiving VA benefits in colleges is decreasing. I would add this by way of explanation. The law currently requires participating colleges and universities to maintain their veteran enrollment at 100 percent of the number attending the preceding year. If they drop below that level, they are no longer eligible for funding.

There are some institutions that will drop out of the program because they no longer meet the requirements of the law. But this request provides funding for those institutions who still remain eligible and continue to provide the same level of services.

COOPERATIVE EDUCATION

In the area of cooperative education, again we are talking about a reduction from $15 million to $4 million. Cooperative education is a program where students work part-time and go to school part-time. Their work is intended to be part of their training. It is not work solely to earn a living.

We found that in 1970, when the program was started, only 187 schools had cooperative education. Today there are 1,100 schools. We feel the program has served essentially its basic purpose.

Currently, an institution can remain in the program for only 5 years. There are 300 schools in the program at the present time, and we would anticipate that this funding would enable 100 schools to continue in the program.

CONSTRUCTION

We have in the area of construction a $25 million increase to pay interest subsidies on prior year loans. The model intercultural centers is an item that was introduced by the Congress. It provides a one-time appropriation in fiscal year 1978 for centers at both Tufts and Georgetown.

I would call to your attention the renovation grants program for which we are requesting $50 million to assist colleges and universities to meet the 504 regulations for eliminating architectural barriers to the physically handicapped.

It does not begin to meet the total demand, but it does reflect our recognition that we have a law that requires the barriers to be removed, and that this law places a substantial financial burden on institutions.

GRADUATE/PROFESSIONAL EDUCATIONAL OPPORTUNITIES

In the area of personnel development, graduate/professional educational opportunities would be increased by $4,750,000. This is a program that provides graduate training in areas of national need, in which women and minorities are currently underrepresented.

There is great flexibility in this particular program, and we think it provides an excellent means of increasing educational opportunities at the graduate level.

Senator BURDICK. Give me an example of a national need.

Dr. ELLIS. Two areas of national need are in the biological sciences and nutrition.

Dr. BERRY. Engineering and, business would be examples of two fields in the "harder" sciences. Generally, it would include all that are designated and judged as having an underrepresentation of minority students.

This program is our attempt to try to do something about the lack of supply of minority students who have been educated in these fields. Simultaneously in addressing this problem we would also like to marry that with the notion that there is an impact on the apparent national need in some of these same professional fields.

Dr. ELLIS. We require the universities to cite what they believe to be the national needs. We don't start with a list and say, these are the national needs. We will bring together about 60 educators from around the country, and have them review proposals to determine the greatest national needs.

We think that this is a responsive approach that will enable us to keep abreast of the latest developments as opposed to just starting with a narrow list for which they must apply.

Senator BURDICK. Would you include health services for rural areas?

Dr. BERRY. Some of the health services can be included under the definition, Senator.

LEGAL TRAINING

Dr. ELLIS. Legal training for the disadvantaged is a program that will be continued. We currently have about 538 people that are in this program. This is an attempt to recruit minority youth into the legal profession. We have had a good track record with that, with excellent response. Students are graduating from law school and are participating fully.

The law school clinical experience program is a one-time demonstration program that will provide funds for about 20 to 30 schools to bring their legal training up to date.

There has been a lot of criticism recently that some practicing attorneys have not had sufficient courtroom experience, and we believe that, based on what the legal profession itself is saying, supporting clinical experience in law school is appropriate, but this is a one-time demonstration program, and we are not recommending it be continued.

Senator BURDICK. Do you know the best way to do that?

Dr. ELLIS. I am sure as a lawyer, you have a good——

Senator BURDICK. You go to court and get licked a few times, then you are well trained.

Dr. ELLIS. On-the-job experience is a good teacher, but sometimes a very expensive one.

Senator BURDICK. Go ahead.

FELLOWSHIPS

Dr. ELLIS. In items D and E, we are not recommending the continuation of public service fellowships and the mining fellowships. Public service fellowships are fellowships for people going into government work, into fields of public service.

We feel there are plenty of candidates at the present time, and that no special incentives are needed to induce students to prepare for careers in public service.

Regarding mining fellowships, we are finding that there is an enormous market for students who have mining skills, and therefore, fellowships are not needed to attract students into the mining occupations.

WAYNE MORSE CHAIR

And finally, the Wayne Morse Chair of Law and Politics was a one-time appropriation of $500,000 to the University of Oregon to help endow a chair to honor Wayne Morse. No further funding is necessary.

So, Mr. Chairman, that was a quick run-through of the proposals in the field of higher and continuing education. I have an array of people who operate these programs, and I am certain if there are questions about their operation, they will be able to speak to them.

MINING FELLOWSHIPS

Senator BURDICK. The 1979 budget recommends no funds for the mining fellowship program that you just referred to. This request comes while we are in the midst of the longest coal strike in the Nation's history. The number of applicants each year significantly exceed the number of fellowships to be awarded.

Graduates of the program report a minimum of four employment offers. We missed our national goal of 800 million tons of coal by 130 million tons.

The depressed state of the mining and mineral industry has been attributed to the U.S. industries' obsolescence. This also assists foreign competition.

Given such information, why are you recommending termination of the program, other than you have already explained?

Doesn't the fact that the Department of Energy and Interior do not fund a comparable scholarship program, place an even higher priority on this program?

Three, wouldn't the need for this type of program increase over the next 10 years?

Dr. ELLIS. I don't dispute the data you cite. But one can draw different conclusions from it.

In this case, it was felt that, given all the priorities that exist, and no one likes to propose a reduction in a program that is as

solid and meaningful as this one is, that the marketplace will be the primary driving force.

The data you cite does indicate that the job offers are there. In addition, we are requesting a major increase in loans and work-study funds that are available to graduate students.

The number of jobs in mining occupations will increase over the coming years, and that should be a sufficient incentive to induce students to prepare for this profession.

That assumption may not prove to be correct, but the market mechanism is certainly an essential one here.

COOPERATIVE EDUCATION EVALUATION

Senator BURDICK. Is it my understanding that the long-awaited evaluation of the cooperative education program mandated by Congress has finally been completed? Can you briefly summarize the findings of that study, and specifically, did the evaluators recommend phasing out the program as you now propose?

Dr. ELLIS. The study was complimentary. We would say that the program was effective. That it did permit students to work in a practical job setting and receive work experience. It did not recommend a discontinuation of the program, as we are recommending today.

Dr. SPEARMAN. However, Mr. Chairman, while the study does not recommend as phasing out of the program, one of the key things about the cooperative education program to call to your attention is the fact that it has been around since 1970.

While we only fund about 300 institutions today, there are at least 1,000 institutions in the country that are operating cooperative education programs, 700 without the infusion of Federal support.

Furthermore, in the Education Amendments of 1976, Congress adopted a legislative change which theoretically reduces the amount of new Federal capital going to these institutions from 100 percent in the first year of participation to 30 percent in the fifth and final year of participation in the program.

The average amount of the awards to the institutions comes to about $40,000. So what we are doing is, we are providing about $40,000 on an average to approximately 300 institutions whereas there are 1,000 or more institutions with cooperative education programs.

It is a very effective program. We are not disputing its effectiveness.

Dr. BERRY. Senator, we found the evidence that Dr. Spearman just gave you as being very persuasive in making our recommendation for the funding cut. We were particularly impressed by the fact that most places either are going to institute cooperative education programs, or have done so.

They are all working well and are well under way. Therefore, we felt that the evidence showed that there was no longer a need for us to continue funding at the same level.

Dr. ELLIS. Mr. Chairman, I might add, that the study states that while the co-op program appears to be in a very healthy state, and is generally expanding, no evidence exists that there is an unmet demand for cooperative education from any of the three groups,

students, employers, or institutions, that can't be satisfied with the current rate of growth.

Further, it is stated that virtually all the co-op directors and senior academic officials interviewed, feel that these programs will be continued after the title VIII funding has ended. In other words, our goal of institutionalizing a very valuable program has been highly successful.

Senator BURDICK. Has the evaluation found that a program has to reach a substantial size before it can operate independently? Many fledgling programs are now aided, presumably would fold up without continued Federal assistance.

Do you know how many of the programs you are now aiding would be able to continue without additional help?

Dr. ELLIS. In which field, sir?

Senator BURDICK. Cooperative education.

Dr. SPEARMAN. Yes. In fiscal year 1979, with the $4 million we requested, we will be able to fund 100 institutions that have indicated a strong commitment to continue their cooperative education programs.

Dr. ELLIS. 300 are now in the program. I would point out that the program is one of 5 years duration at most. It is one of the programs where you apply annually, and there is a maximum number of years in which you can participate. That maximum number is five. So it is an in-and-out program. It is one designed to generate enthusiasm for, and demonstrate the ability to offer such a program.

The program provides a relatively small sum of money to each institution, approximately $40,000. Since it is a demonstration program, it is not the total dollars needed to operate the program that is important.

SUBMITTED QUESTIONS

Senator BURDICK. I will likewise ask you additional questions you may respond to in due time.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

SPECIAL PROGRAMS FOR THE DISADVANTAGED

Question: Have you taken a look at the Department of Labor's High School Equivalency Program (HEP) and College Assistance Program (CAMP) as models for how to serve disadvantaged students?

Answer: These two programs were initiated in the Office of Economic Opportunity in the same era in which Upward Bound was started. They were subsequently transferred to the Department of Labor. TRIO program staff have through the years been in contact with program and project staff from time to time. The Director of the Division in which the TRIO programs are administered has met recently with the national advisory group of HEP and CAMP. None of the projects have been visited by TRIO program staff within the past four or five years.

Question: Are not the experiences of these two programs particularly, that of CAMP, which was so highly rated by the recent study supported by the Fund for the Improvement of Postsecondary Education, applicable to the students being served by the TRIO programs?

Answer: HEP provides the opportunity for individuals from migrant families to obtain a high school diploma. The goal of Upward Bound is to generate skills and motivation necessary for success in postsecondary education for students from low-income families with inadequate high school preparation. The task, therefore, of Upward Bound is somewhat broader. A recent study of Upward Bound indicates that the program model is successful. Both programs emphasize close personal attention and quality education experiences for students whose prior educational encounters have been less than adequate. There are 328 Upward Bound projects funded this year while HEP has 14.

The four CAMP projects are designed to provide a carefully structured first college year for their participants, including financial support and a separate curriculum. The Special Services legislation specifies that the 340 projects are to provide tutoring, counseling and other supportive services for students enrolled or accepted for enrollment at the institution receiving the grant. The CAMP design is more intense, shorter in duration and far more costly. Special Services allows the recipient institution to design the project around its perception of student need, taking into consideration other resources available at the institution.

Question: Evaluation of the Special Services for Disadvantaged Students has found that the program may have no impact on the academic achievement of the students served. Why should we continue this particular one of the so-called TRIO programs?

Answer: The findings of the study refer to programs from a variety of funding sources, not the Federal effort alone. The study was undertaken in 1971 during the second year of the Special Services for Disadvantaged Students program. This was at a time of a major expansion of the program from an initial funding of $10 million to $15 million and during the period of the regionaliza-

tion of the Special Programs. We believe that the Special Services for Disadvantaged Students was too new for this type of indepth study. Projects were starting up; they were without major technical assistance from the central office staff in the midst of moving to the regional offices; there was little expertise available on how to devise programs that focused so thoroughly on counseling and tutoring.

Since the inception of the program, students have left the program for a variety of reasons including graduation, transfer, death, health reasons, administrative dismissal, inadequate financial aid, and personal reasons. Less than 1,860 or 2% of the students were dismissed for academic reasons. We believe this to be far below the national average in attrition and evidence that the program is a major factor in student retention.

Question: Would you please tell us how you decide which organizations to fund under the Education Opportunity Centers Program?

Answer: Applications are received by the Office of Education and each is evaluated by a panel of three non-Federal field readers in accordance with criteria published in the Federal Register. The applications are ranked by score and funded in rank order. Applications may be funded out of rank order only if the Commissioner determines that there is a greater need for a lower ranked application than there is for one of higher rank. That need must be documented in writing and forwarded iwth all applications to the Office of Grants and Procurement Management where the grant negotiation and funding takes place.

Question: Should we assume that if an Opportunity Center loses its funding, it failed to do a good job?

Answer: Applicants which are funded for one year must compete each year with other new applicants and others who also have had a one year grant. It is possible that a grantee might not compete successfully in the competition against grantees proposing to serve an area of greater need. However, if a grantee has been successful, it would usually compete successfully in the funding process. Those who do not receive funding in the second or third year usually have not made reasonable progress toward achieving the goals stated in their application.

Question: Is not a major factor in the success of these centers their continuity?

Answer: Continuity is indeed important. It makes little sense to put a large grant such as an EOC in a community for one year or even two. However, it makes equally little sense to continue to fund the grantee if it is obvious after working with it for one or two years that it is not likely to be successful. The Office of Education has discontinued four centers. Each had two years to prove its viability.

Question: Should we fund them for more than one year at a time?

Answer: The average EOC grant is approximately $250,000. The first year's operation is a "start-up" year and, for a variety of reasons, a grantee usually needs three to five months to get the center developed and operative. Some need more technical assistance than others. However, it is possible to make judgements about future success during that first year. The Office of Education prefers to make a one year grant for the first year and then, if success looks likely, make a multiple year commitment after that.

ADVANCED INSTITUTIONAL DEVELOPMENT PROGRAM

Question: Last year you said you planned to fund a number of continuation awards for schools getting grants under the Advanced Institutional Development Program. This year you make no mention of plans to repeat this. Have you decided not to fund additional second-time AIDP awards? Are you still planning to make such awards from the 78 appropriation?

Answer: The continuation grants last year were considered to be a stopgap effort to continue the AIDP initiatives. We plan in 1978 to allow institutions whose AIDP funds are expiring to reapply competitively for a second full grant. This step has been taken in recognition of the continuing needs of special purpose institutions and of their inability to sustain their progress at this time without additional Federal assistance under Title III.

UNIVERSITY COMMUNITY SERVICES

You are not requesting any funds for the University Community Services Program. Many colleges and universities tell us that this program is a vital component to their community and continuing education programs.

Question: What are the specific reasons that caused you to recommend the termination of funds for this program?

Answer: The idea of community services has been institutionalized after 11 years of Federal support. Most institutions of higher education have now established some form of assistance to their community for problem solving. This combination of institutional and local resources is now adequate to meet the requirements of communities for this kind of need.

Question: What impact would the elimination of these funds have upon the institutions that participate in the program?

Answer: It is believed that the resources are available locally or within the State to complete most of these projects and programs supported by Federal funds in the current fiscal year. While the number of projects (778) might be reduced, we believe that essential services would be continued.

CONTINUING EDUCATION

Although much attention has been placed on the Federal role in assuring equal access to postsecondary education, there has not been a similar degree of concern for equal access to continuing education.

According to recent press accounts, the participation rate in continuing education for blacks is only half that of whites -- and the gap is increasing rather than decreasing.

Question: What is your view of the proper Federal role in this area of education?

Answer: The highest priority has been and continues to be equal access to postsecondary education. To some degree this capital investment has served also the older adult who is able to attend classes on at least a half-time basis. Beyond present Federal support for degree-seeking students, the Federal role is to encourage business and industry to support continuing education for those already employed.

One of the few programs which does address itself to expanding participation in continuing education is the University Community Services Program -- which you are now proposing to terminate.

Question: Why?

Answer: There is every indication that continuing education is now integrated into a majority of postsecondary institutions. Thus the need for further Federal support appears unwarranted.

Question: Do you have data to show that the States and localities are capable of assuming this burden?

Answer: While specific data is not available for States and localities, our experience is that States and institutions of higher education have generally provided more funds than are required to meet the matching ratio of one-third of program costs.

CONTINUING EDUCATION STUDY

The National Advisory Council on Extension and Continuing Education has recommended a national study of continuing education and life-long learning needs and resources.

Question: Do you agree with the need for such a study?

Answer: Yes. We anticipate that such studies will be undertaken through the Lifelong Learning Program (Title I-B of the Higher Education Act).

ADMINISTRATIVE STRUCTURE

The Advisory Council also recommends development of a more rational structure for administration of all the existing authorities in continuing education, life-long learning, educational information, and related areas.

Question: Do you concur?

Answer: Yes. We are currently reviewing all such authorities within the Office of Education with the objective of more effective service to individuals and institutions.

STATE COMMISSIONS

Question: With the new emphasis on Federal Aid for Reconstruction of Higher Education Facilities, you have identified an important new State Planning role in the proper allocation of these funds. Why then do you propose to terminate funding for the State "1202" Commissions--the most logical state agencies to play this role? What evidence do you have that all States will be able to continue to operate their 1202 Commissions without Federal funds? If 1202 Commissions were disbanded as a result of a cut-off of Federal funds, what other state agency could logically play this planning role?

Answer: Since the inception of the program, the 1202 State Commissions have received $12 million in Federal funds to conduct a wide variety of comprehensive postsecondary educational planning activities. We feel Federal support has provided that "seed money" for the States to develop comprehensive planning and they should now be able to assume this responsibility on their own. The States now realize the value of comprehensive postsecondary educational planning as a result of the Federal funds provided. In some instances they have provided matching funds. Further, some of the 1202 Commissions also serve as the coordinating board for higher education. Consequently, we anticipate that, realizing the value of such planning, the States will make every effort to continue it with State funds. If the 1202 State Commissions were disbanded as a result of a cut-off of Federal funds, the State coordinating board for public higher education could probably assume the planning role.

VETERANS COST-OF-INSTURCTION PAYMENTS PROGRAM

Question: What is the status of your plans to transfer operation of the VCIP program to the Veterans' Administration?

Answer: This issue is being discussed in the Department. We expect a decision on it soon.

COOPERATIVE EDUCATION PROGRAM

Question: It is my understanding that the long-awaited evaluation of the Cooperative Education Program, mandated by Congress, has finally been completed. Can you briefly summarize the findings of that study? Specifically, did the evaluators recommend phasing out the program, as you now propose?

Answer: The A.M.S. study, begun in 1975, was completed in December 1977. Among its findings are the following:

1. In strictly financial terms, the rates of return to cooperative education students outweigh the costs, even when an additional year is required to complete a baccalaureate degree.

2. The rates of financial return were greater for students in four-year than for those in two-year institutions, and were greater in fields such as architecture, business administration, and engineering, than they were in the health professions and liberal arts.

3. Cooperative education has been a valuable source of financial aid, and is a more cost-effective means of providing such aid than loans, even where government funds are used to initiate cooperative education programs.

4. Cooperative education has been effective as a career education mechanism, although there is room for improvement in existing programs.

5. Comparison of data on cost benefits to employers clearly shows that hiring cooperative education students is cost beneficial to employers.

6. There is a considerable potential for the expansion of co-op nation-wide. At the present time only a third of eligible higher education institutions have on-going programs. Half of the existing co-op employers plan expansion of their programs, as do three-quarters of the higher education institutions with programs.

7. The Federal program of grants under Title IV-D and Title VIII have been effective in increasing the number of collegiate programs, particularly in the liberal arts. The report does not recommend phasing out the Federal program.

Question: Since the evaluation found that a program has to reach a substantial size before it can operate independently, many fledgling programs you are now aiding presumably would fold up without continued Federal assistance. Do you know how many of the programs you are now aiding would be able to continue without additional help?

Answer: A number of the participating institutions will be completing second, third, and fifth year funding during fiscal year 1979, and a very large group of them will be completing fourth year funding. These schools have all given assurances that they intend to continue their programs after Federal funding has terminated. Those at the advanced levels of funding are already assuming 50% to 70% of their program costs. A budget of $4,000,000 will allow us to fund about 100 of these programs for another year.

HIGHER EDUCATION CONSTRUCTION

Question: Your request for FY 1978 supplemental obligational authority of $30 million under Title VII-E of the Higher Education Act includes reconstruction and renovation projects in the areas of energy conservation, barrier removal, compliance with health, safety, and environmental protection standards. How do you plan to prioritize applications, since the needs in any one of these areas undoubtedly far exceed the $30 million available? Have you estimated total need?

Answer: We do not plan to prioritize applications by the type of work to be performed since we feel that all of the areas are important. At the present time we do not have estimates of the need other than those estimates made by several of the education associations, but we know that the needs far exceed the amount of loan authority requested.

Question: Have you made any estimates of how much you expect to allocate to each type of project?

Answer: We do not plan to divide the funds among the 3 activities. All are considered important areas and we believe that many projects will be a combination of the various activities since most loan applicants will probably want to have all required work in a given facility performed at the same time under a single contract to minimize disruption caused by the construction.

Question: What sorts of criteria do you plan to establish for the national competition for these funds?

Answer: Because of the wide variety of projects we anticipate receiving we are attempting to design criteria which can be used regardless of the type or size of the project. For this reason, final project selection will probably be based on factors which measure the degree of efficiency with which the applicant institutions are utilizing their present facilities. The details of this, however, are still under study.

Question: How would State Commissions participate in the application review process?

Answer: The State Commissions would not recommend approval or disapproval of any application. Their function would primarily be to review the application for the accuracy of the data concerning the applicant institution and render comments when appropriate concerning the future of the institution with regard to finances, enrollments, accreditation, or higher education planning in the State.

Question: What is the source of the unobligated funds from which you plan to support these projects?

Answer: These funds are what remains of $142 million in appropriations which were frozen in 1969. Since that time these funds have been used to pay interest to the Treasury Department on appropriated capital loaned out by the fund. As a result, the $142

million has diminished to approximately $70 million.

Question: Is the $72 million in planned obligations the maximum amount available in the Title VII-E revolving fund?

Answer: No; there will still be about $29 million in the fund at the end of fiscal year 1978. This will be held to pay interest to the Treasury during future fiscal years.

CONSTRUCTION AND RENOVATION GRANTS

Question: The fiscal 1979 budget is recommending that $50 million be appropriated for construction and renovation grants. These funds will provide grants to colleges, universities, public community colleges and public technical institutes, so that they may begin to make their institutions accessible to the physically handicapped. There is a 50 per cent matching requirement for a grant. How many institutions will receive assistance in FY 79?

Answer: It is expected that about 200 to 300 institutions will receive grants from these funds.

Question: How much money will be needed to assist institutions in their programs to make facilities accessible to the handicapped as required by Section 504 of the Rehabilitation Act?

Answer: At the present time we do not have a reliable figure. The Office of Civil Rights is sponsoring, through the National Center for Educational Statistics, an in-depth survey to obtain a reliable estimate of the needs in this area. However, it will be some time yet before the results of such a survey will be known.

Question: Could this initial $50 million best be characterized as "Getting the camel's nose under the Tent?"

Answer: A decision as to whether or not to request additional funds for this program in future fiscal years will depend on the collection and analyses of reliable data concerning the total need in this area and a determination of the degree to which institutions can meet this need from their own resources.

GRADUATE/PROFESSIONAL EDUCATIONAL OPPORTUNITIES

Last year we provided $3.25 million for the new minorities in the professions program. This year you have changed the name to Graduate/Professional Educational Opportunities Program and are asking for an additional $4.75 million increase to a total of $8 million.

Question: What will you do with the additional funds you are requesting?

Answer: The Graduate and Professional Opportunities Program was so named in the Secretary's press release of October 6, 1976 at which time the program was publicly announced for the first time. Applications for this program are due on April 21, 1978, and with $3.25 million for FY 1978 we expect to allocate some 350 fellowships to between 30 and 40 institutions for graduate and professional study in as many as 60 or 70 different areas. Additionally, institutional funds (totalling $500,000) will make it possible to help recruitment and placement efforts as well as to provide additional supportive services as needed.

The additional funds required for FY 1979 will permit us to more than double the number of institutions involved, to continue support of the original 350 fellows, and to award an additional 500 new fellowships, all of which may be renewed for as many as a total of four years. The $8 million will also more than double the amount of institutional funds available ($1,370,000) for such related activities as recruitment and placement.

Question: Why is this program such a high priority with the Administration?

Answer: Access to graduate and professional schools is the top of the pyramid that the Federal government has been building in its attempt to improve educational opportunities. Many minorities, women and other students are seeking to enter graduate and professional education. The Graduate and Professional Opportunities Program will provide the impetus for a nationwide talent search to seek out especially qualified students from those groups that have been underrepresented and will provide the opportunity for entry into the highest levels of the professions, industry, academic and government. This new program represents a major effort on the part of this Administration to increase access to graduate and professional education for minorities. In contrast to individual efforts in a particular area (such as medicine) this program will provide fellowships for all academic and professional areas in which minorities and women are underrepresented and for which there is a national need.

Question: Why are the funding needs of this program so much greater than those of the Mining Fellowships or Public Service Fellowships Programs?

Answer: As we have cited elsewhere the needs in the Graduate and Professional Opportunities Program are so much greater than

those of the Mining or Public Service Fellowship Programs because this program reaches a wider audience than a single categorical area such as Public Service or Mining, many candidates for which, of course, can apply under the broader Graduate and Professional Opportunities Program. But this program is another step in the Administration's efforts to encourage affirmative action programs to ensure equal access to opportunity at all levels of work. And, this program will provide fellowships in those academic and professional areas of high national priority and in which minorities and women are underrepresented.

Question: Is there not a critical need for the people trained by each of these programs?

Answer: While there is a need for people trained in Public Service and in Mining, we no longer feel that Federal assistance is necessary. As noted elsewhere, there is no dearth of qualified people available to enter the Public Service. With regard to Mining, the marketplace appears to be sufficient incentive to encourage students to enter mining related fields. Students interested in pursuing advanced study in Public Service and Mining can apply for Guaranteed Student Loans or other campus based financial assistance programs.

PUBLIC SERVICE FELLOWSHIPS

In these times when we hear of the needs for better trained and more efficient personnel in Public Service jobs, such as city administration and management, you request no funds for the Public Service Fellowships Program.

Question: What are the specific reasons that led you to recommend this cut?

Answer: There is no dearth of trained personnel in the public service jobs and, increasingly, there are more part-time students receiving training for which full-time graduate fellowships are inappropriate. Additionally, the Office of Education is attempting to minimize small categorical programs in favor of broader programs that serve wider audiences. To this end we have more than doubled our request for fellowships that provide access to graduate and professional schools for those individuals historically by-passed, including minorities, women and others who have been underrepresented. Public Service will be one of the eligible areas among the wide range of appropriate activities under the new Graduate and Professional Opportunities Program for which $8 million is being requested in FY '79.

Question: Could programs funded under this activity realistically be funded through the Guaranteed Student Loan Program and other student assistance programs.

Answer: Realistically, it is possible for graduate students in Public Service and other such programs to apply for loans and other student assistance programs. Insured loans could be obtained by making formal application to participating lenders; College Work-Study and National Direct Student Loans may be obtained through the financial aid office of the institution.

Student Loan Insurance Fund

STATEMENT OF JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

ACCOMPANIED BY:

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BUDGET REQUEST

Senator Burdick. We will now have Dr. Ellis on student loan assistance fund. The request is for $223.9 million. In addition, you will explain the 1979 budget request for appropriation of $725.8 million and the $25 million in borrowing authority. Briefly explain the components of the program.

[The statement follows:]

STATEMENT OF JOHN ELLIS

I welcome this opportunity to appear before you to present our 1978 supplemental request of $223,939,000 and our fiscal year 1979 budget request of $820,814,000 for the Student Loan Insurance Fund. This Fund provides the basis for the operation of the Guaranteed Student Loan Program. The 1979 budget request is in part contingent upon legislation which would increase aid to students from middle income families by raising the adjusted family income as high as $40,000 compared to a previous limit of $25,000.

1978 Supplemental

Our 1978 Supplemental request of $223.9 million would increase the amount of appropriations available for this account from $256 million to $480 million. This request results primarily from additional costs required to cover an increase in the special allowance rate paid to lenders on outstanding loans, an increase in funds required to pay default claims, and an increase in interest subsidies and related costs due to increased loan volume and growth of State guarantee agencies.

We are requesting an additional $85.4 million for special allowance to be paid to lenders on outstanding loans. Based on current interest rates, the original estimate of 1.8 percent can now be more accurately set at 2.9 percent. This rate increase, when combined with the increased loan volume, results in the increase in special allowance costs.

We also are requesting an additional $75 million for defaults under the Federal insurance and reinsurance programs. This reestimate is the result of a $55.5 million increase in default claims, a decrease of $4.5 million in receipts, and a 1977 deficit of $15 million. The major factor in the increased defaults is not an increased rate of defaults, but an increase of $918 million in the amount of loans entering repayment status and therefore subject to default. The estimate in the 1978

budget request for such loans was $8.2 billion compared to a revised estimate of over $9.1 billion.

Finally, we are requesting $63.5 million of which $48.8 million will support increased interest subsidies and related costs. The balance, $14.7 million results from a decrease in the original estimate of unused funds from 1977 that would be available in 1978. The $48.8 million, requested for interest subsidies, consists of an additional $15.3 million for interest payment on loans, $14.1 million for administrative allowances paid to guarantee agencies, and an additional $19.1 million for advances to State reserve funds.

The increase in loan volume, from $1.1 billion to $1.6 billion, automatically triggers the increase in interest benefits paid on behalf of the borrowers. Although the State agencies are beginning to guarantee more loans, the Office of Education is still responsible for paying the interest subsidy of up to seven percent while the borrower is enrolled in an institution of postsecondary education and for a short grace period thereafter. This increase in loan volume also impacted the amounts that need to be paid to State guarantee agencies for the administrative allowances and reserve fund advances.

1979 Request

The 1979 budget request of $820.8 million includes $750.8 million to support Federal subsidies for those students receiving guaranteed student loans under existing legislation and $70 million to support subsidies related to the proposed legislation to increase aid to students from middle income families.

Interest Subsidies and Related Costs

The 1979 request includes $602.3 million for interest subsidies and related costs. This amount, along with $1 million of a prior year appropriation, will support obligations totaling $603.3 million. These

obligations represent an $83.4 million increase over the 1978 amount of $519.9 million.

An increase of $54.7 million is required for the 7 percent Federal interest subsidy payments. This increase results from an increase in the volume of loans requiring interest payments while the student borrowers are in school. This $54.7 million increase also includes $33 million for interest payments for an additional $622 million in new loans for the 403,000 middle income students that would be aided by the proposed legislation.

The request includes an increase of $40.7 million to support a special allowance rate of 2.9 percent paid to lenders on outstanding loans. This amount is directly related to $7.7 billion in outstanding loans estimated at the end of 1979. This increase includes $26.6 million to support the proposed legislation, of which $15 million will support the $622 million in new loans and $11.6 million will cover the proposed additional loans in repayment status.

An additional $15.5 million is included, for the first time, in the budget for the payment of institutional allowance of $10 per student to the participating educational institutions. The allowance is needed both to implement the student information provisions of the Education Amendments of 1976, and to encourage and partially compensate institutions which are required to perform numerous administrative functions in connection with the program. We believe that the consumer information provisions would be especially useful to prospective students at the vocational and technical schools where defaults have been especially high in the past.

We are also estimating an increase of $1.6 million in funds required for making payment to State guarantee agencies for administrative allowances

based on 1/2 of one percent of new loan volume. The administrative allowance to State agencies must be used for promotion of commercial lender participation, collections and preclaim assistance activities, and other administrative costs. This amount also includes funds for an additional supplemental administrative allowance of 1/2 percent of new loan volume for agencies whose programs parallel the Federal insurance program.

The budget estimate also includes a decrease of $31.1 million in advances to State guarantee agencies. Due to initial start up funding required by the Educational Amendments of 1976, $44.7 million was requested during 1978. That amount is reduced to $13.6 million in 1979 and will decrease in future years. These advances are made to State agencies to augment their reserve funds on the condition that such funds be used by the agencies only to pay defaults.

An increase of $2 million is included for computer systems costs. This item, previously requested under the Salaries and Expenses account, will increase from $10.5 million in 1978 to $12.5 million in 1979. This increase is directly associated with the growth in the program.

Defaults and Related Costs

We are requesting $193.5 million for the payment of default claims and related costs. This amount, along with receipts of $30.4 million will support total costs associated with defaults of $233.9 million in 1979 compared to $217.1 million in 1978. These costs support an anticipated combined rate for both programs of 11.6 percent in fiscal year 1979.

Included in this request is an appropriation of $91.1 million for default claims under the Federal program. This amount, along with receipts of $641 thousand from insurance premiums, and $17.3 million from Federal collections on defaulted loans will support estimated obligations totaling $109.1 million in 1979 compared to $118.8 million

in 1978. These costs will support an anticipated default rate of 14.9 percent compared to 13.9 percent in 1978.

This request also includes an appropriation of $102.3 million for default claims under the Federal reinsurance program. This amount along with $12.5 million in default collections deposited by guarantee agencies will support obligations totaling $114.8 million in 1979 compared to $98.4 million in 1978. These costs will support an anticipated default rate of 9.2 percent compared to 8.9 percent in 1978.

Although we believe that this appropriation request of $795.8 million will be sufficient for 1979, past experience and uncontrollable features of the program have proven that our estimates are not always accurate. Therefore, to eliminate the possibility of having a cash shortage for default claims, we are requesting authority to borrow up to $25 million from the Treasury. This authority, if used, would be repaid from a subsequent appropriation.

In summary, this request will support our goal to promote access to education. More than 1.5 million students will be aided of which 403,000 are students from middle income families who will receive benefits for the first time as a result of our proposal to increase eligibility of families up to $40,000.

I will be pleased to answer any questions you may have.

Dr. ELLIS. We are rejoined by the people that were here earlier. The fiscal year 1978 supplemental request of $223 million breaks down as follows: $85 million for the special allowance. $75 million to pay for default claims, and $63.5 million in interest benefits and related costs.

I think it is fair to say the supplemental is one where we are entering an area where the capacity to estimate is simply not at a level that we are proud of. There are too many moving parts. For example, it is difficult to calculate what interest rates will be or what loan volume will be.

We missed on the estimates, so we are coming before the Congress to ask for the supplemental, because of situations over which we have little or no control. I would have to add, while we intend to do our very level best to improve the capacity to estimate, as Mr. Kornfeld would state, it is a very difficult field at best. That is the basic reason for the supplemental appropriation.

On the larger appropriation, I think we have—we don't have the GSL up there. Would you put the GSL chart up?

Mr. KORNFELD. Just to add to what Dr. Ellis mentioned, the moving parts of this program really are two major parts that really trigger what is going to happen to the program.

One is the loan volume itself. That, of course, is at best a guesstimate on our part; how many loans will be out there, because the bulk of the funds that go into the program are basically the 7-percent interest subsidy which the Government provides for those people who come from families with an adjusted family income of below $25,000.

The other is the special allowance rate which varies with 91-day Treasury note rates. Since it is difficult for us to estimate both volume and Treasury note rates, at best, we can only guesstimate at the dollar volumes.

Those are among the major items that did vary and made up the $223.9 million.

Dr. ELLIS. We had an original estimate of 1.8 percent for the special allowance rate but it was projected at 2.9 percent at the time we made our latest estimate. We therefore had to increase the estimate. For the total request, student loan insurance fund is shown on the far right, and you will note that we have interest subsidies payment, total request of $602,313,000 which is an increase of $321,115,000.

There is a student loan insurance fund, which largely pays for defaults. That request is $193,501,000. In borrowing authority, we are requesting $25 million additional to what is shown in the estimate for the previous year.

I might point out, while it shows a reduction of $15 million, those numbers are cumulative, and the borrowing authority would be $65 million.

Senator BURDICK. In other words, it is a $10 million increase actually, total.

Dr. ELLIS. Yes; but I am told this is the way the appropriations language must be phrased. That is why I wish to call what appeared to be a somewhat misleading number to your attention.

Mr. KORNFELD. The point should be made also, Senator, that the difference between 1978 and 1979 as indicated on the chart does not take into consideration a carryforward into fiscal year 1978 of approximately $231 million. That is why the funds didn't really increase to that extent in true dollars.

Dr. ELLIS. I would point out one more thing. There is part of the administration's middle income strategy included here that will enable middle income families greater access to borrow, by increasing the eligibility of families with adjusted family income up to $40,000; it is now $25,000. We estimate that approximately 1.2 million students will be aided through the GSL program during fiscal year 1979. In addition, we estimate an additional 403,000 students could be aided under the middle income proposal. So, this is the final piece of the balanced approach which we are proposing for the middle-income family.

ORIGINAL ESTIMATE VERSUS NEW ESTIMATE

Senator BURDICK. I realize there are factors that you can't ascertain with certainty. But your new estimate is nearly double your earlier estimate. How did you get so far off?

Mr. KORNFELD. It came about from a number of reasons. One, as I mentioned before, an estimate is putting a lot more to this whole exercise than it really is—it is really a guesstimate at best because the volume triggers it.

We originally estimated for fiscal year 1978 that there were going to be 960,000 loans. We are actually estimating 1,036,000 loans in the program. We originally estimated a special allowance rate of 1.8 percent, but the latest Treasury Department information indicates 2.9 percent, because, as you know, this is directly related to the actual cost of money in the marketplace.

As interest rates have gone up, this special allowance rate has been going up. In addition, there have been—we did make very definite mistakes in estimating how much we had to pay to State guarantee agencies. As you know, we are obligated to provide certain advances to the State guarantee agencies and also we are supposed to provide certain administrative allowances. This is the first year we were obligated to do this, and we underestimated those amounts. We also underestimated defaults.

Defaults have been coming in at a much higher rate than anticipated. Those are the major characteristics that make up the $223.9 million.

SUBMITTED QUESTIONS

Senator BURDICK. I will have additional questions to be answered for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

STUDENT LOAN DEFAULTS

Question: You have recently consolidated student assistance programs into one individual operation. In addition, some of the Health student assistance activities have been moved to the Office of Education. What are you going to do to insure that student loan default rates don't increase with the additional program responsibilities that have been added?

Answer: We believe that the consolidation of the student financial assistance programs into one Bureau was an important step toward streamlining and improving the administration of all the programs. In addition to this measure, we are undertaking several steps designed to prevent the incidence of defaults from increasing. Regulations now being prepared for publication include provisions designed to decrease defaults, such as the requirement for a lender interview with the student prior to making the loan and authorization of flexible repayment schedule options. The use of OE's Pre-claims Assistance, which helps in locating borrowers and convincing them to begin repaying the loan, will become mandatory. Regulations currently in force, allowing limitation, suspension or termination of participating institutions, will be enforced wherever applicable, to prevent fraud and abuse in the program.

Beginning this spring, all institutions entering the program will be reviewed for the adequacy of their administrative and fiscal standards before they are allowed to participate, and institutions presently in the program will be reviewed over a three year period. In addition, we are confident that timely and effective collection methods on the part of the Office of Education, when publicized, will tend to discourage defaults.

RECOVERIES ON DEFAULTED LOANS

Question: Your activities to recover loans which are currently in default have gained a great deal of publicity. What are your current efforts in this area?

Answer: We have established several major initiatives to increase collections on defaulted Federally Insured Student Loans. A computerized billing system has been designed so that borrowers will receive regular statements of the amount they owe. If a payment is missed, collection notices will be generated by the computer and mailed to the borrower. This system has been implemented in some regions already, and will be fully operational nationwide by August. The Bureau of Student Financial Assistance has also sent billing letters to over 100,000 defaulters, and by the end of March letters will have been sent to all borrowers currently in default under this program.

We have compared HEW's nationwide payroll file against the Guaranteed Student Loan file, and discovered 317 employees who were in default on their student loans. Of these 317 cases, 217 have been settled to date. We have also compared the GSLP default file to the Federal and Postal personnel listing, and have identified 6,738 individuals on both files. Collection action against these borrowers is being initiated. Direct referral of cases to U.S. Attorneys for litigation has been instituted, and we are planning to expedite the

transfer of cases to the Justice Department during the next few months.

We also plan to intensify collection efforts of our employees by providing training in professional collection techniques and hiring additional collectors. We will also contract with a private collection agency in two regions on an experimental basis.

Question: What types of success are you having in recovering defaulted loans?

Answer: In FY 1978 we expect to collect over $10 million under the Federally Insured portion of the program. We realize that the new initiatives we are undertaking will not produce dramatic results immediately. However, this budget reflects expected collections of more than $17 million in FY 1979, a significant increase over past years.

OFFICE OF EDUCATION DEFAULTERS

Question: What are you doing about the OE staff employees found to have defaulted on Federally-guaranteed loans?

Answer: All 317 HEW employees who were found to have defaulted on Guaranteed Student Loans have been sent collection letters. Of that number, 184 have agreed to repay their loans, and 33 accounts have been written off due to the death, disability or bankruptcy of the borrower. Another 38 individuals contested their indebtedness and those cases are under negotiation. Finally, 62 persons have left HEW employment and have not been located.

Question: Have you checked to determine whether employees of other Federal agencies have defaulted on Federally-guaranteed student loans?

Answer: Under an agreement with the Civil Service Commission, HEW made a computer match of its Guaranteed Student Loan Program default file to the Central Personnel Data file of all active Federal civilian and Postal employees. The names of 6,738 persons appeared on both files. Approximately $7.5 million in loan principal is involved. Direct contact with these borrowers will be initiated. If this is unsuccessful, we will contact the personnel office of the Federal employer of the defaulter to request assistance in locating the employee and collecting the loan, in accordance with established Federal procedures.

ACTION AGAINST LENDERS

Question: The Education Amendments of 1976 gave you the authority to take action against schools acting as lenders which have a default rate of 15 percent or more for two consecutive years. Have you taken, or do you believe it likely that you will take, action against some schools for this reason?

Answer: We have not taken any action against schools as lenders to date under this provision, but it is likely that we will do so in FY 1979. Regulations have been drafted implementing this provision, as part of a Proposed Rule soon to be published in the Federal

Register. When the final Regulations are published this summer, this provision will be implemented.

Question: What types of schools are likely to have difficulties in keeping a default rate below 15 percent?

Answer: The type of school which is likely to have difficulty in keeping its default rate below 15 percent would generally exhibit three trends to which this problem could be directly attributed - a small portfolio of loans - under $100,000 outstanding, a delinquency rate at or in excess of 20 percent, and administrative practices reflected in recent program reviews as indicating problems in making and/or collecting program obligations.

LOAN ACCESSIBILITY

Question: We hear reports from constituents that in some areas of the country it is particularly difficult to find a bank willing to make a Guaranteed Loan. Why do we have these problems?

Answer: Lenders in some areas of the country have curtailed lending activity or have withdrawn from the program, citing as their reasons a less than equitable return on investment, or much less attractive return than available from other types of loans, an administrative burden caused by complex statute and regulations and detailed requirements for processing and servicing a loan, high delinquency rates and slow claims payments which increase costs to the lender. In addition, some lenders feel that these student loans do not generate any new business for them and sometimes create an unfavorable lender public image. Despite these problems, however, the volume of loans made each year continues to increase.

Question: Where do such problems exist?

Answer: Generally, the problem is likely to occur in rural areas where there is a limited number of lenders, and access to a participating lender is further complicated by geographical distance and normal trading area boundaries. Another likely site is a low-income urban center where student applicants are unlikely to have a previous relationship with the lender, or where high drop-out rates and unemployment lead to a high level of defaults. In another situation, the accessible banks may have small student loan portfolios and therefore relatively high student loan fixed costs, and are reluctant to make loans except as an accommodation for good customers. Finally, this problem may occur in areas where there is intense competition for loan funds from other types of borrowers.

Question: Is it particularly a problem in States which participate in the Federal-insurance portion of the Guaranteed Loan Program?

Answer: In the absence of empirical data, it seems probable that it is more of a problem in States within the Federally Insured portion of the program, as opposed to those States participating in Guarantee Agency programs. The most significant reason for this appears to be that State Guarantee Agencies, because of more adequate staffs, smaller scale, and legislative and administrative flexibility are able to offer very significant services to their lenders which reduce the costs to the lenders. Among the support services

which some agencies perform on behalf of their lenders are the following: maintaining independent records of all student loan notes outstanding, providing student status verification every six months, billing the Federal Government for interest subsidy and special allowance payments, performing collection activities on pending claims, providing a student tracking service for the purpose of notifying lenders of changes in student status, and providing loan servicing to lenders on a fee basis. In one state there is a tax incentive that benefits financial institutions which are lenders. Such services and features minimize adverse conditions which were given by lenders as reasons for curtailing their activities in the Federal Insurance program.

DEFAULT RATES

Question: What percentage of cumulative matured Guaranteed Loans have been defaulted over the history of the program, on a year-by-year basis?

Answer: The cumulative default percentages through the ends of Fiscal Years 1975, 1976 and 1977 are shown in the table below. These percentages represent the ratio of the cumulative dollar volume of defaults to the cumulative dollar volume of matured loans - that is, loans which have entered the repayment period. Since the method of estimating matured paper volume, and the data available have both changed over the years, comparable default percentages before FY 1975 are not available.

Cumulative Default Rates		
FY 1975	FY 1976	FY 1977
8.4%	9.2%	10.3%

Question: What percentage of the loans made in individual years since the establishment of the program have entered default status?

Answer: We cannot provide this information at this time. Program data on default claims is maintained in our computer system by year of default, rather than by the year in which the loan was made. One reason for this is that default claims often include loans made to the borrower in more than one year. We recognize that compiling default data in this form could be useful. However, the manner in which default data is stored in the current computer system makes it cost-prohibitive to produce such statistics. We are considering ways to provide this data as a part of planned computer systems revisions.

DISTRICT OF COLUMBIA PROBLEMS

Question: Please give us some of the history of the problems which appear to have seriously impaired the effectiveness of the District of Columbia's loan agency.

Answer: The main problem in the District of Columbia Student Loan Program was the depletion of its reserve fund for guaranteeing loans. In addition, the program was not adequately staffed to administer its activity. There were not published guidelines or regulations for the lenders detailing the required due diligence for these loans, in terms of making, servicing or collecting them.

Question: What is happening here in the District of Columbia with its guaranteed loan agency?

Answer: On January 16, 1977, Mayor Washington temporarily suspended the program and requested that the Commissioner of Education insure loans for D.C. residents for FY 77 through FY 79. During this period D.C. could explore alternatives for funding the program. The Commissioner agreed to do so. Beginning June 1, 1978, D.C. lenders will begin making loans to D.C. students under the Federal Insured Student Loan Program.

Question: What steps are you taking to be sure that similar situations don't develop with other State guarantee agencies?

Answer: We will review each guarantee agency annually to insure proper administration of the program in that State. In this way we can detect problems before they become serious.

STATE GUARANTEE AGENCIES

Question: How many new State Guarantee Agencies have been created following the enactment of the Education Amendments of 1976?

Answer: Two new State Agencies - Indiana and Utah - and one private non-profit agency, the Higher Education Assistance Foundation (HEAF) have been created since the 1976 Amendments. HEAF has contracted with two states, Minnesota and Kansas, to operate the program in those states. Therefore, as a result of the 1976 Amendments, there are four new states that now have a student loan program. Five states, Florida, South Carolina, Kentucky, California and Iowa are now in the final stages of establishing an agency.

Question: Please describe your activities in this area.

Answer: The initial approach was to send an individualized letter to the Governor of each State which was not currently administering such a program. Specific information on each State was incorporated in the letters to provide a perspective on the scope of such a program. The letter explained the incentives to states under the 1976 Amendments and requested a meeting with the Governor or his designee to discuss establishing a program in his state. As a result of that letter, OE has met with officials designated by the Governors of 16 non-agency states to discuss the procedures for establishing a guarantee agency program. The states are Arizona, California, Colorado, Florida, Hawaii, Iowa, Kentucky, Missouri, Montana, Nebraska, New Mexico, North Dakota, South Carolina, Texas, Washington and Puerto Rico. These states are now in various stages of establishing a guarantee agency program.

Question: Are there any net financial saving accruing to the Federal Government as a result of this activity?

Answer: At present, it is premature to evaluate any net financial saving which could accrue to the Federal Government as a result of this activity.

Health Professions Graduate Student Loan Insurance Fund

STATEMENT OF LEO L. KORNFELD, DEPUTY COMMISSIONER, BUREAU OF STUDENT FINANCIAL ASSISTANCE

ACCOMPANIED BY:

DAVID BAYER, ACTING CHIEF, GUARANTEED LOAN BRANCH, DIVISION OF POLICY AND PROGRAM DEVELOPMENT

CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING

DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION

BUDGET REQUEST

Senator Burdick. Now we will have another subject, Health Professions, Graduate Student Loan Insurance Fund.

This program is designed to assist in the training of graduate students in various medical fields. Principal will be provided by commercial lenders, State agencies, insurance funds and pension funds. Insurance will be by the Federal Government. The budget request is $6.5 million. I would like to hear from you again on this question.

[The statement follows:]

Statement of John Ellis

I appreciate this opportunity to appear before you to present the first budget request for the Health Professions Graduate Student Loan Insurance Fund. The request of $6.5 million will provide necessary capital to establish and maintain a revolving fund for the purpose of insuring graduate student loans in health professions. This program supports our major goal to promote access to education by enabling students in the health professions who have the potential for a high rate of return on their educational investment, and who otherwise would be unable to pursue their education, to obtain loans to cover a portion of their education expenses.

The Fund, authorized under Section 401(b) of the Health Educational Assistance Act of 1976, enables graduate students in the health professions to receive loans from commercial institutions and other lenders by offering a program of loan insurance. An eligible student may borrow up to $10,000 per year up to a maximum total of $50,000, except for pharmacy students who are limited to $7,500 per year and a total of $37,500. Although a maximum of $500 million is new loans is currently authorized, it is anticipated that during the first year of operation in fiscal year 1979 about 15,000 loans averaging $8,000 each will provide $120 million in new loan volume.

Under this program there is no Federal interest subsidy paid on behalf of student borrowers. The interest paid by the student to the lender may not exceed 12 percent per annum on the unpaid balance of the loan. The actual maximum rate is determined by the Secretary of Health, Education, and Welfare. Interest may be paid on a current basis or accrued and compounded until repayment begins.

In case of default, bankruptcy, death or permanent disability of a student borrower, the Federal Government will pay to the lender 100 percent of the loss of principal and interest. A program of loan cancellation is offered also for those students who serve in a health manpower shortage area. In addition, borrowers pay

an insurance premium of up to 2 percent per annum on the unpaid balance. The rate is set by the Secretary of Health, Education, and Welfare and receipts from the premiums are deposited into the Fund from which claims are paid.

Although no defaults are currently anticipated, it is estimated that the Fund will incur obligations of $2 million in 1979. This amount includes $500,000 for death and disability claims which will be supported by receipts and $1.5 million for loan cancellations which will be supported by an appropriation.

The budget request also includes $5 million in borrowing authority. The borrowing authority is not anticipated to be needed in 1979 but would be available in case our funding requirement estimate is too low. To date we have no programmatic experience on which to base our estimates, and in other uncontrollable programs we have experienced difficulties in projecting requirements.

I shall be pleased to answer any questions the Committee may have.

NEW PROGRAM

Dr. ELLIS. This is a new program, in which eligible students may borrow up to $10,000 a year, up to a total of $50,000, except for pharmaceutical students, who are limited to $7,500 a year, $37,500 total. This will be the first year of operation.

The request before the committee is to provide $1,500,000 for the student loan insurance, and this is an estimate, since we are in the first year of the program.

The estimate is to cover deaths and bankruptcies and possible defaults.

We anticipate that this particular program will not have a high default rate, unlike some of the other programs that we are engaged in.

The students who are admitted to the health professions have a tremendous track record of graduating. The dropout rate is minuscule, and the professions they enter are among the highest paying in our society.

The $5 million is to cover the borrowing authority, in the event that the $1,500,000 proves to be insufficient.

We do not yet know how many students will borrow from this program. Approximately 65,000 are eligible in the country. It is not a subsidized loan program, and it is not the type of program where you prepay the interest.

But it is a program that should be self-sustaining, except for the minor defaults due to deaths and disabilities and dropouts that will occur.

Thus far, we have made no awards and are starting with a blank sheet and will have to report to the Congress next year of what the first request level will be.

Senator BURDICK. Why do we need to start a separate guarantee loan program for the health professions? Couldn't the guaranteed student loan programs assist these students, as well?

Dr. ELLIS. This was an area that was intensely debated, both in the administration and by the Congress.

The program was approved. Originally, it was not in the Office of Education but was assigned to the Office about 1 year ago.

If the medical students had been in the other programs, they would have received some benefits that, philosophically, apparently it was determined they should not have received.

That is the interest subsidies and deferral on paying lower interest rates. These loans run up to 12 percent.

The other loans are at 7 and 3 percent. It was assumed that students who would be graduating, such as medical doctors and dentists and osteopaths, should not benefit from the low interest rates and more favorable conditions that would tend to attract the average student to go to college.

Senator BURDICK. In other words, you threw the ball back in my court. We did it.

Dr. BERRY. That's right. Congress, in its wisdom, decided.

Mr. KORNFELD. Next year it will be under this. This year it is in the student guarantee program. These loans are completely unsubsidized, regardless of the income.

In our reauthorization we are looking at all the loans programs, because, as you know, there are many loans programs out there, including health, guaranteed loan and another medical loan program. There are just many programs out there.

Senator BURDICK. Staff is telling me there are other programs available that can be used where you haven't asked for increased money.

Dr. ELLIS. This program is not as attractive as some of the others that are available. It represents a program where, when the student is really against the wall in meeting those very high expenses, there is a way to get funds to get through the program.

How many will take advantage of it, we are not sure.

Senator BURDICK. They will probably be earning good sums of money after they get out.

Dr. ELLIS. Right.

Mr. KORNFELD. There is the other point. You could be excused from paying some of these loans. There is a cancellation proviso. If a doctor goes into a certain area, for example——

Dr. BERRY. Man and womanpower shortage areas.

Dr. ELLIS. If there is no repayment, we have the capacity, when they become a physician, to subtract from some of the Federal payments that they would make.

Senator BURDICK. Even after bankruptcy?

Dr. ELLIS. After bankruptcy, no. I am sorry.

SUBMITTED QUESTIONS

Senator BURDICK. We will submit further questions, and you can supply answers for the record, I hope.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

HEALTH PROFESSIONS PROGRAM INCEPTION

Question. It is understood that the new Health Professions Insured Student Loan Program has been made a part of the new Bureau. When will the Program get off the ground?

Answer. The Health Education Assistance Loan (HEAL) Program is the administrative title of the new insured student loan program. HEAL will be operational in the summer and available for students attending an eligible health professions school in the Fall of 1978.

RELATIONSHIP TO OTHER STUDENT AID PROGRAMS

Question. Even if you do simplify the aid process for the programs within the Bureau, won't students still face a bewildering array of other aid programs?

Answer. Efforts within the Bureau and throughout HEW are continuing to simplify and consolidate student aid programs so that students will not be faced with this problem. However, the varying eligibility requirements and benefits for each program make it necessary for this program to exist as a separate entity currently, in order to serve the special needs of health professions students. We are arranging for training on the HEAL Program for financial aid officers, so that they will be able to advise students on the benefits and requirements of this new program.

Question. Why didn't you bring the other Health and Nursing Student Aid Programs into the Bureau?

Answer. Because of the current reorganization efforts within the Bureau, such a decision has been deferred. The HEAL Program was included in the reorganization plan at this time because it is a new program and did not present the difficulties associated with the transfer of existing programs.

Question. How can you justify your request for funds for this program (HEAL), when your budget philosophy in fiscal year 1979 is to eliminate narrow categorical student assistance programs?

Answer. Authorization for the HEAL Program was contained in the Health Professions Educational Assistance Act of 1976 (P.L. 94–484), an Act which contained a number of programs designed to further the nation's commitment to quality health care for all Americans. The HEAL Program therefore has several features which distinguish it from other student loan programs, i.e., larger loan amounts, no interest subsidy and the possibility for cancellation of the loan through service in the National Health Service Corps or a health manpower shortage area.

Question. Why are the funding priorities of this program higher than those of the Mining Fellowship Program?

Answer. The HEAL Program is one of the elements of a comprehensive National Health Care policy and as such is given funding priority. Funding is not being requested for the Mining Fellowship Program because these students have access to many student assistance programs including other similar fellowships sponsored by the new Department of Energy. Opportunities are also extremely good for those graduating in the field and fellowships are not warranted.

HIGHER EDUCATION FACILITIES LOAN AND INSURANCE FUND

STATEMENT OF JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

ACCOMPANIED BY:

DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION

RICHARD J. ROWE, ACTING DIRECTOR, DIVISION OF TRAINING AND FACILITIES

THOMAS F. MC ANALLEN, CHIEF, ACADEMIC FACILITIES BRANCH, DIVISION OF TRAINING AND FACILITIES

CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING

KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION

Senator BURDICK. This is the last subject matter here. Higher Education Facilities Loan and Insurance Fund. This program provides for the making of low-cost loans, insuring loans from private capital for higher education academic facilities. Loans are specifically authorized for projects which will conserve energy, remove architectural barriers for the physically handicapped and for conforming with health, safety and environmental protection measures.

Dr. Ellis, you may explain this one.

[The statement follows:]

STATEMENT OF JOHN ELLIS

I am pleased to appear before you to present our 1979 budget request of $2,204,000 for the Higher Education Facilities Loan and Insurance Fund. We are requesting also a 1978 Supplemental to authorize the release of $30 million for new loans from unobligated balances in the Fund. This amount is needed for reconstruction and renovation of existing academic facilities.

The Participation Sales Act of 1966 established a revolving fund for academic facilities loans made under Title VII, Part C of the Higher Education Act. To provide additional funding, the Act concurrently authorizes the sale of $200 million in participation certificates to the private credit market with the pledging of an equal amount of previously made loans as collateral. The proceeds of these sales, consisting of $100 million in 1967 and $100 million in 1968, were deposited into the Fund to be used for making new loans.

1979 REQUEST

Since the interest received by the Commissioner on the facilities loans is less than the interest paid on the participation certificates sold in prior years, appropriations for insufficiencies are needed each year. In 1979, $3,340,000 is needed for this purpose. A permanent indefinite appropriation of $1,136,000 will cover insufficiencies on the $100,000,000 in sales authorized in fiscal year 1967 and an annual definite appropriation of $2,204,000 is needed for insufficiencies on the $100,000,000 in sales authorized in fiscal year 1968.

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OTHER OPERATING COSTS

Although no new loan authority is requested during 1979, the Fund must pay an annual interest expense to the Treasury each year on the cumulative net amount of appropriations paid out for loans since inception of the program. This amount, estimated at $24.7 million in 1979, will be supported by receipts and available balance within the Fund.

1978 SUPPLEMENTAL

To assist higher education institutions in the reconstruction and renovation of their academic facilities under section 744(a) we are requesting specific obligational authority as required by law to use $30 million in unobligated balances from the Higher Education Facilities Loan and Insurance Fund. Additional appropriations are not required since unobligated balances exist in the Fund.

This obligational authority, if granted, will be used to fund projects aimed at removing architectural barriers to the physically handicapped, conserving energy, and conforming with health, safety and environmental protection requirements. These loans, covering up to 80 percent of a project's cost, bear a three percent interest rate. With $30 million, we estimate that 150 projects can be funded.

I shall be pleased to answer any questions you may have.

BUDGET REQUEST

Dr. ELLIS. We have a request for $2,204,000, a net change of $357,000, which will pay the obligations we already have in the pipeline.

This is a revolving fund. We do have dollars available, which are being recommended in the amount of $30 million in the bottom line, for distribution to colleges and universities to meet the energy problems, architectural barrier problems, health and safety problems.

It is a 20-year loan to be charged at the rate of 3 percent. We have not had new loans under this program for the past several years. And based on the accumulation that is in that particular fund, the Commissioner now believes, and the Secretary agrees, that approximately $30 million could be distributed at this point in time.

The other $7.2 million is for those intercultural centers at Tufts and Georgetown. They have a package of both loans and grants.

I have summarized perhaps too rapidly, but we have the group that can respond to your questions, if you have some.

Senator BURDICK. I think we will let them respond in the private confines of their offices, and I will submit the questions for the record.

JUSTIFICATION

[CLERK'S NOTE.—The justification material for these accounts appear in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

SUBCOMMITTEE RECESS

Senator BURDICK. This subcommittee will stand in recess until 10 o'clock tomorrow morning, when we discuss the budgets for Health and Health Care Financing Administration.

Mr. LEVINE. Thank you, Senator.

Dr. BAYER. Thank you very much, Senator.

Dr. ELLIS. Thank you, Senator.

[Whereupon, at 4:08 p.m., Thursday, March 2, the subcommittee was recessed, to reconvene at 10 a.m., Friday, March 3.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1979

MONDAY, MARCH 6, 1978

U. S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 4 p.m. in room S-128, the Capitol, Hon. Quentin N. Burdick presiding.

Present: Senator Burdick.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION

NATIONAL INSTITUTE OF EDUCATION

STATEMENT OF PATRICIA ALBJERG GRAHAM, DIRECTOR

ACCOMPANIED BY:

MICHAEL TIMPANE, DEPUTY DIRECTOR
GLADYS KEITH HARDY, DEPUTY DIRECTOR FOR MANAGEMENT
JOHN W. CHRISTENSEN, ASSOCIATE DIRECTOR FOR ADMINISTRATION AND MANAGEMENT
MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
WILLIAM DINGLEDEIN, DIRECTOR, DIVISION OF EDUCATION, BUDGET ANALYSIS

1978 APPROPRIATION AND 1979 BUDGET REQUEST

Senator BURDICK. The subcommittee will come to order.

We will now hear from Dr. Patricia Graham, the Director of the National Institute of Education.

Dr. Graham, this is your first appearance before the subcommittee. Considering NIE's past history and relationship with this committee, I'm sure you've been looking at these numbers for some time now. The National Institute was created by the Congress in 1972 as the major education research arm in HEW.

The budget request for 1979 is $100 million, an increase of $10.4 million over the 1978 appropriation.

INTRODUCTION OF ASSOCIATES

Now, you may introduce for the record those who are seated with you at the table, and we will begin with your statement.

Ms. GRAHAM. Thank you very much, Mr. Chairman.

The people seated at the table with me, in addition to the Assistant Secretary for Education, Mary Berry, are Mr. Dingeldein, Director Division of Education, Budget Analysis; two members of my staff, Gladys Keith Hardy and Michael Timpane, the Deputy Directors of NIE.

SUMMARY OF BUDGET

Given the press of time and the constraints on your schedule, let me simply insert my statement for the record at the conclusion of my remarks. We are asking for a $10 million increase which we think is a relatively small investment but one that we could use wisely.

We think that at last NIE has begun to show some results in its Title I Study and its Safe School Study and in a pilot project for preventing school dropouts.

As we look ahead to the future, our two principal goals, both stated in our authorizing legislation, will be to increase equity in education and to improve local educational practice.

Consistent with the these goals and the authorizing legislation, we will also pursue four major thrusts in fiscal year 1979. The first of these new initiatives will involve research on student achievement, including testing; the second will aim at improving teaching; the third thrust will attempt to revitalize urban education; and the fourth will address the needs of secondary schools.

In the past, educational researchers have often made exaggerated claims about the value of educational research, and sometimes this has been put in incomprehensible language. We try not to do that today, nor will we in the future. We know that educational research is slow, but we hope to move ahead slowly but surely to aid all Americans in achieving a high-quality education.

Thank you very much.

[The statement and biographical sketch follow:]

STATEMENT OF PATRICIA ALBJERG GRAHAM

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to support the National Institute of Education's budget request of $100 million in fiscal year 1979. The request represents an increase of $10 million over the fiscal year 1978 appropriation.

Mr. Chairman, a budget of $100 million represents a modest investment in examining the educational system and the educational processes when one considers that $120 billion, annually, is spent on education in America. I am convinced, however, that the investment is worthwhile and will enable us to make sustained progress towards the major goals I have established for the Institute: enhancing equality of educational opportunity and improving local educational practice.

The proposed budget will not immediately enable us to solve the learning problems of disadvantaged students, but it will help us identify, and begin to address, specific barriers to effective teaching and learning in the basic skills.

My optimism about the Institute's mission is supported by some of our earlier efforts which are now bearing fruit. Let me cite several examples:

- o NIE's study of compensatory education and Title I of the Elementary and Secondary Education Act has been of significant assistance to both the House and Senate authorizing committees responsible for reshaping that legislation, and has also made major contributions to the Administration's thinking with respect to the extension of Title I. Moreover, at the local level, this Congressionally-mandated study indicated that stable, well-planned programs, directed by experienced teachers, raised the achievement levels of participating children -- in both reading and mathematics -- well above the levels expected.
- o NIE also recently completed a study of violence and vandalism in our nation's schools. This study provides, for the first time, detailed information on the nature and consequences of disruption in our schools. The study also examined several schools which had been particularly successful in reducing the level of violence

and identified several important factors which contributed to that improvement.

o Finally, an NIE pilot project in Philadelphia, which provided schooling and counseling for high-school dropouts, has proven so successful that the Department of Labor has expanded it into four other cities. An evaluation of the pilot project indicated that, six months after it ended, 71% of the young men and women involved were either working or enrolled in school. By contrast, only 39% of a comparison sample were equally successful.

The evidence of the success of those projects encourages me in my belief that NIE can provide research evidence of value to legislators, teachers, administrators, and parents. In fact, our work has proven its relevance even to those youngsters so disenchanted with education that they left the school system.

When Congress extended the authorizing legislation for NIE in 1976, it outlined five priority needs in educational research and development. The budget we have presented to you is built around each of those priorities.

We are proposing, in the area of research on basic skills, an increase in 1979 of $4.3 million so that we can examine the teaching and learning of such basic skills as reading and writing, identify why test scores are declining, and focus on the effectiveness of reading instruction in over 200 schools.

In the area of educational equity, which is concerned with examining how to improve the teaching and achievement of disadvantaged students, we are requesting an increase of $4.1 million. Similarly, we want to expand our school finance and productivity program in the amount of $900,000, and our dissemination efforts by $1.4 million.

Two areas, education and work and local school management, will decrease slightly. The decreases are the result of phasing out several large projects after 1978.

Within these priority problem areas, we plan on four major initiatives on topics which offer significant and timely opportunities for productive research.

The first of these new initiatives involves the largest budget commitment,

$5.4 million, and deals with student achievement in the basic skills and the learning problems of disadvantaged students. We want to learn a great deal more about why students are not performing well, as measured by tests, and also to establish a clearinghouse to help local educators improve their understanding and use of the wide variety of tests available to them.

The second major initiative, improving teaching, will be funded at a level of $2.6 million. As a former teacher myself, I am convinced that teachers are central figures in the educational process, and we hope to identify effective teaching practices for dissemination to the educational community, and to find ways to help teachers develop in their professional careers. Given the problems of declining enrollment facing many of our nation's schools, it is highly likely that the teaching profession will remain stable both in numbers and composition. It seems to us, therefore, that our efforts to identify effective teaching practices can help experienced teachers, and thus provide a promising avenue for the improvement of educational quality.

The third initiative is in urban education and will involve some $2 million. A great deal has been written about the plight of our urban schools, but we also know that there are some particularly effective schools within our cities. We want to identify some of these schools, find out why they are successful, and make that information widely available.

Finally, Mr. Chairman, we have budgeted $1.3 million for an examination of secondary schools and youth. As you know, most educational research has focused upon the learning of elementary and pre-school children, and the developmental and learning processes of adolescents have not received nearly as much attention. Our secondary schools and youth program is a beginning in this area.

Mr. Chairman, those of us responsible for educational research have too often in the past made exaggerated claims about the likely effects of our work. And, I regret to say, we have frequently done so in language incomprehensible to the average person.

But we have learned that the processes of developing new knowledge and having it implemented in the field are slow. With your help, we can continue to develop and improve those processes, and I am committed to doing so in a way that talks sense to American educators and to the parents who support our schools.

I appreciate the opportunity to testify in support of NIE's budget request and will be pleased to answer any questions you might have.

BIOGRAPHICAL SKETCH

EDUCATION:

Attended University of Wisconsin, 1952-53
B. S. " With Highest Distinction" Purdue University, 1953-55
M. S. Purdue University, 1956-57
Ph.D. Columbia University, 1964
M. A. (honorary) Harvard University, 1974
D. H. L. (honorary) Manhattanville College, 1976
L. L. D. (honorary) Beloit College, 1977

TEACHING EXPERIENCE:

Deep Creek High School, Norfolk County, Virginia, 1955-56

Maury High School, Norfolk, Virginia, 1957-58

St. Hilda's and St. Hugh's School, New York City
Chairman, History Department, 1958-60
Part-time College Advisor, 1961-63, 1965-67

Indiana University, Bloomington, Indiana
Lecturer, School of Education, 1964-65
Assistant Professor, School of Education, 1965-66
(on leave)

Barnard College, Columbia University, New York City
Assistant Professor and Director, Education Program, 1965-68
Associate Professor, 1968-72
Professor, 1972-74

Teachers College, Columbia University, New York City
(concurrent with Barnard appointment, beginning 1966)
Assistant Professor of History and Education, 1966-68
Associate Professor of History and Education, 1968-72
Professor of History and Education, 1972-74

Northern Michigan University, Distinguished Visiting Professor, Summer 1972

Harvard University
Graduate School of Education
Professor, 1974- (on leave 1977-)

ADMINISTRATIVE EXPERIENCE:

Executive Assistant, Inter-University Committee on Travel Grants, Bloomington, Indiana, 1963-64

Director, Education Program, Barnard College, Columbia University, 1965-74

American Council on Education, Fellow in Academic Administration, Princeton University, 1969-70

Co-Director, American Council on Education Annual Meeting, 1972

Dean, Radcliffe Institute and Vice-President for Institutional Planning, Radcliffe College, 1974-76

Dean, Radcliffe Institute and Vice-President, Radcliffe College, 1976-77

POST-DOCTORAL FELLOWSHIPS:

Radcliffe Institute Fellow, 1972-73

John Simon Guggenheim Fellow, 1972-73

PUBLICATIONS - BOOKS:

Progressive Education: From Arcady to Academe, A History of the Progressive Education Association, New York: Teachers College Press, 1967.

Community and Class in American Education, 1865 - 1918, New York: John Wiley, 1974.

Women in Higher Education, Co-edited with W. Todd Furniss, Washington, D. C.: American Council on Education, 1974.

PUBLICATIONS - SELECTED ARTICLES

"Educating the City's Children," in Governing the City, D. Caraley and R. Connery, eds. New York: Praeger, 1969.

"Women in Academe," Science 169: 1284-1290, 25 September 1970; reprinted several places.

"Carleton Washburne, A Biographical Essay," in Leaders in Education, Robert Havighurst, ed., NSSE Yearbook, 1971, 487-494.

"Women in Academic Life," in Annals of the New York Academy of Sciences, Vol. 208, 227-336, March 15, 1973.; reprinted in Ruth Kundsin, ed., Women and Success, New York: William Morrow, 1973.

"Status Transitions of Women Students, Faculty, and Administrators," Alice Rossi and Ann Calderwood, eds., Academic Women on the Move, New York: Russell Sage Foundation, 1973.

Biographical notes on Elisabeth A. Irwin and Caroline B. Zachry, Dictionary of Notable American Women.

Article on Progressive Education Movement in Macmillan Encyclopedia of Education.

"America's Unsystematic Education System," American Education 10: 12-19, July 1974.

Essay review (co-authored with Joseph G. Brennan) of The Life and Mind of John Dewey, Educational Studies 5: 27-34, Spring/Summer 1974.

Book reviews in various professional journals.

PROFESSIONAL ACTIVITIES AND AWARDS:

American Association of University Professors, Committee on the Status of Women, 1970-73; American Historical Association, Committee on the Status of Women, 1970-71, chairman, 1971-72; elected post-doctoral member, Society for Religion in Higher Education, 1970; elected Foundation Member, Purdue University Chapter Phi Beta Kappa, February 1971; Board of Editors, Soundings, 1971-75; Panel on Alternative Approaches to Graduate Education of the Graduate Record Examination Board, 1972-73, contribution to its publication: Scholarship for Society; History of Education Society, Vice President 1971-72, President 1972-73, Board of Directors 1973-74; Board of Trustees, The Dalton School, New York City, 1973-76; American Friends' Service Committee delegation to the USSR, 1973; Advisory Board, Signs, 1974-; Board of Scholars, Higher Education Research Institute, 1974-; Panel of Educational Testing Service on Undergraduate Testing, 1976-; Board of Trustees, Beloit College, Beloit, Wisconsin, 1976-; Department of History, Advisory Council, Princeton University, 1975-; Board of Directors, Josiah Macy, Jr. Foundation, 1976-.

PERSONAL INFORMATION: Born February 9, 1935, Lafayette, Indiana
Daughter of Victor L. and Marguerite Hall Albjerg
Married Loren R. Graham, September 6, 1955
Daughter, Marguerite Elizabeth, born January 12, 1957

HOME ADDRESS: 4600 Connecticut Avenue NW
Washington, D.C.

LATIN IN SCHOOLS

Senator BURDICK. I'm going to ask you one pet question I have.

Ms. GRAHAM. Yes.

Senator BURDICK. And you are going to be surprised. Why don't more schools teach Latin?

Ms. GRAHAM. Most schools today do not teach Latin, and I think the reason is that the colleges don't teach it to prospective teachers. I trained high school teachers in Latin until 4 years ago, and I supervised their beginning teaching in the New York City schools.

Senator BURDICK. I think it is the most valuable tool that I learned as a young one in search of education. I think that it is a logical language. I think it is the basis of the English language, and I'm very surprised that so many schools don't even teach it.

Ms. GRAHAM. It is the case that many do not, but I think it is also the case that increasingly we're recognizing that it is important and more schools are beginning to teach it again. I know I had calls for teachers of Latin from school systems as recently as 4 years ago.

Senator BURDICK. Now that I've displayed my prejudice in that question, I will ask a legitimate question.

Dr. BERRY. Senator, if I might add, there has been a gradual resurgence of interest in Latin and in the classics at the post secondary level. Enrollments are increasing in many places, including the University of Colorado at Boulder where I recently served as chancellor. I think that people are beginning to recognize the importance of Latin and the classics in the way that you do, and we will see a gradual resurgence of interest even at the elementary and secondary level. But it is happening now.

Senator BURDICK. Thank you.

EXCEPTED EMPLOYEES

The National Institutes of Health have a history of attracting health researchers, including several Nobel Prize winners. Why doesn't the NIE attract the top names in educational research, number one? How many NIE employees are expected—excuse me—are on excepted service to the field return after 3 years? How many stay on and become NIE employees? Why isn't there more movement of personnel between NIE and the research field?

Is that a big load?

Ms. GRAHAM. I will be happy to try to answer that, Senator. I think the first thing that can be said about the difference between NIH and NIE is that the National Institutes of Health has a much larger research program that is conducted on the grounds of the National Institutes of Health than does the National Institute of Education. The National Institute of Education contracts out at least 90 percent of its research so we have fewer people who are actually inhouse doing research.

We anticipate that there will be more movement back and forth between researchers in the field and staff at the National Institute of Education in the future. I will supply the exact numbers of that movement in the past for the record, if that is satisfactory to you.

Senator BURDICK. I guess that is a pretty good answer.

[The information follows:]

MOVEMENT OF RESEARCHERS BETWEEN NIE AND THE FIELD

Since the Institute was created, 178 researchers have served under excepted appointments. Of these, 22 have been converted to career appointments; 65 are still employed in NIE under excepted appointments; and 91 have returned to the field.

TEACHING BASIC SKILLS

Senator BURDICK. There has recently been a great amount of debate and discussion about the need to improve students' performance in reading, writing, mathematics, the so-called basic skills.

Is it fair to say that there is a vast amount of basic research into the ways in which we teach students basic skills? Do we have an understanding of why children learn under various teaching methods? Is NIE currently involved in any specific research projects and programs that relate directly to the teaching of reading, writing, and arithmetic?

Ms. GRAHAM. Yes, we are involved in several specific projects in the teaching of reading, writing, and mathematics. Perhaps the best known of these is the work being conducted at the University of Wisconsin R. & D. Center, which is called Individually Guided Instruction. This project provides a means to teach reading and other basic skills in kindergarten through the third grade. Approximately 2 million children in 3,500 schools thoughout the country are participating in this project.

We have, in addition, a variety of other studies going on in the teaching of mathematics, and this morning we approved some new funds to be spent for the teaching of arithmetic instruction. We are also conducting research on the best ways to teach writing.

Senator BURDICK. How is this new math faring?

Ms. GRAHAM. Well, the new math, I think, is faring only moderately well. You know, the man who founded the new math just died last week. An assessment of his work showed that his ideas were good but the way in which they worked in the schools have caused a lot of problems.

Senator BURDICK. Have you seen these programs on television where the children use their fingers as computers?

Ms. GRAHAM. Yes, I have.

Senator BURDICK. What is that called?

Ms. GRAHAM. I will be pleased to provide a name for the record. I suppose we could call fingers the original hand-held calculators. [Laughter.]

[The information follows:]

CHISONBOP

One method of computing on the fingers was demonstrated by four children on the *Today* show. The system is known as Chisonbop, and children expert in the system can add and subtract large numbers faster than a person using a calculator. Chisonbop is a Korean word meaning "Finger Calculation Method."

SCHOOL USE OF NIE RESEARCH

Senator BURDICK. The committee has always been interested in how NIE research funds are used in our schools. Have any NIE research findings been used on a wide-scale basis in our schools? If the answer is yes, please give me some specific examples.

Ms. GRAHAM. I think perhaps the most direct explanation of that is the uses of the title I study, parts of which we have just complet-

ed. The findings have assisted schools throughout the country in arranging their compensatory education programs so that children in the elementary grades would learn more based upon what our research found to be effective.

In addition to that, we have had a program to prevent school dropouts in inner-city schools, in which we have found that as a result of our program more than 71 percent of the children who were likely to drop out stayed in school or found good jobs; whereas, in the comparable group who didn't have the program, the success rate was only about 39 percent.

Those are two specific examples. I could provide others, if you would like.

SUCCESSFUL NIE-INITIATED RESEARCH

Senator BURDICK. NIE has recently completed a compensatory education study, and the safe school study report. Both of these studies have been well received by many people, including educators and the general public.

However, both of these research efforts were mandated by the Congress.

Are there any recent NIE-initiated research projects that have been highly acclaimed? And why is it that congressionally mandated research appears to get the highest acclaim of all of the work performed by NIE?

Ms. GRAHAM. Let me answer that question in two parts, if I may. Let me give you an example of an NIE study that we thought up on our own that has also been highly acclaimed, and that is the study of rural schools and of the consolidation movement in rural schools. We discovered that many of the savings that were supposed to come with the consolidated school movement, in fact, were not realized. We have had a great many requests for the study, and the response has been very favorable. So that is an example of a study that we thought up ourselves that has been well received.

I think the reason the congressionally mandated studies have been well received is because in each case the Congress selected a very important problem for us to investigate, and we worked very hard at trying to understand what the problem was and to report our findings to the Congress in a timely fashion so that these findings could be incorporated into the Elementary and Secondary Education Act, and other deliberations of the Congress.

RURAL SCHOOLS

Senator BURDICK. I'm curious. Why did the consolidation of rural schools fail to measure up to expectations?

Ms. GRAHAM. Well, as you know, the educational experts of the 1930's, 1940's, and 1950's were all preaching school consolidation, primarily as a money-saving activity. We found that when all the additional costs are calculated, including capital costs and transportation you don't save any money by consolidating rural schools. That is, the consolidated schools are no cheaper to operate than the variety of smaller schools in individual towns. Second, you lose a sense of community commitment to the schools and of individual identity in a very large school, which was present in the small

school situation. It is not just a question of losing the basketball team, which, of course, was an issue in many small communities.

Senator BURDICK. Well, this is very interesting. I wish you would send me something on this.

Ms. GRAHAM. I would be happy to submit for the record a summary of the findings of an NIE-funded research project on "Education in Rural America." In addition, I will send you a copy of the publication that outlines the details of the study and its findings.

[The information follows:]

FINDINGS OF STUDY OF EDUCATION IN RURAL AMERICA

Contrary to the prevailing opinion of educational theorists and policymakers, the authors of an NIE-sponsored study have concluded that bigger schools, bigger school districts and a more urban style of education are not the best alternatives for America's rural schoolchildren. Based upon research funded by NIE's School Finance and Organization Division, these findings appear in a new book edited by Dr. Jonathan P. Sher entitled, *Education in Rural America: A Reassesssment of Conventional Wisdom* (Boulder, Colorado—Westview Press, 1977).

The overall conclusion of this study is that the conventional wisdom in rural education, which resulted in a drop in the number of school districts from 128,000 in 1930 to less than 17,000 today and the elimination of 99% of America's one-room schools, has proved to be considerably more conventional than wise. More specifically, research an analysis done by Dr. Sher and his colleagues indicate that school consolidation, district reorganization and other "reforms" pressed upon rural communities in nearly every state have generally *not* delivered the benefits promised, *not* resulted in lower costs or a higher quality of education and *not* proved themselves successful enough to be continued.

The authors also conclude that small rural schools and school districts deserve more attention, more assistance and more respect. While existing small schools are certainly not without their faults, the authors discovered that such schools also possess many strengths and advantages which have been ignored too long. Chief among these advantages of the small rural school are the potential for genuine local control; the close relationships possible among students, teachers, and parents; the opportunity for many more students to actively participate in both academic and extra-curricular activities; and the ability of the school to contribute to the stability and development of the rural communities they serve.

Senator BURDICK. You're telling me that two furnaces and two janitors are not cheaper than one furnace and one janitor?

Ms. GRAHAM. That's what we found, that the additional costs of running a much larger school plant did not make up the savings that everyone had anticipated in advance.

JUSTIFICATION

[CLERK'S NOTE.—The justification material for this account appears in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

SUBMITTED QUESTIONS

Senator BURDICK. Senator Chiles has some questions he would like to ask for the record, and there are other questions which other members of this committee might wish to submit, and we would like to have you reply to them in a 3-day time frame. Could you accomplish that?

Ms. GRAHAM. I'm sure we can.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

NEW DIRECTIONS

Question: What are a few of the new directions or substantive areas that the Institute proposes to move into other than those involving or resulting from the reorganization?

Answer: The $100 million budget provides $82.3 million to continue current activities and includes $17.7 million for new or expanded initiatives. Four major new initiatives will be started in FY 1979:

Student Achievement ($5,400,000) -- We intend to expand our research on standardized tests and student achievement in an effort to explain the causes of student failure and success. NIE's initiatives include the following major efforts in achievement and testing: research on tests for students from a variety of cultural backgrounds; a national clearinghouse to improve public understanding and use of tests; fundamental research on student achievement in basic skill areas; targeted studies of the learning experience of the disadvantaged students; and field studies to identify especially successful schools.

Improving Teaching ($2,600,000) -- In the last decade, much attention was given to development of instructional systems and materials that could be delivered -- "Teacher-Proof" -- to students. More recently, we have again discovered that the key to school improvement is the classroom teacher. We propose a major program that recognizes how central the teaching function is to learning and that seeks to improve teachers' effectiveness. The following areas are proposed for study: identification of effective teaching practices; teachers' professional development and improving the working environment of teachers; and pre-service training, selection and tenure of teachers.

Secondary Schools ($1,300,000) -- Traditionally, educational research has concentrated upon development in the early years. However, much of the current criticism of American education is concentrated upon the youths who have completed ten or twelve years of schooling but possess inadequate skills for further education or employment. Many signs point to the need for expanding research concentrated upon secondary school programs and youth: (1) standardized test score declines are most pronounced at the secondary school level; (2) minority youngsters with poor academic skills are concentrated in secondary schools. NIE plans to concentrate research attention upon young people in these critical years by undertaking studies in the following areas: adolescent development; the specific problems of organizing the instructional program in high schools; and the transition from high school to work and to higher education.

Urban Schools ($2,000,000) -- Research on urban public schools has been sparse in the last decade in spite of the importance of urban schooling to minority children and to youngsters whose family language is not English. The following work on urban education is proposed: studies of excellent instructional programs in urban settings; research on urban school staffing, finance and governance problems; and new efforts to improve the dissemination and utilization of R&D findings that might assist urban school officials and teachers.

SUPPORT TO STATE AND LOCAL OFFICIALS

Question: How do you -- Dr. Graham as Director of NIE -- view the work of the Institute in the area of supporting or contributing

to the efforts of state and local educational officials attempting to fulfill their responsibilities?

Answer: The Institute provides technical assistance to states and localities to help solve educational problems and conducts research on state and local educational administration.

For example, NIE works through the Education Commission of the States and the National Council of State Legislatures to provide policymakers with the latest information on school finance reforms and to assist state legislatures in amending systems for distributing educational resources. NIE's technical assistance helped South Carolina, South Dakota, Missouri and Tennessee amend their state finance programs.

NIE also sponsors a program involving over 30 states in which the states build systems to disseminate educational research and development information. Five new states will be added in FY 1979.

Finally, another program examined how localities support programs developed with Federal discretionary grant programs and concluded that without extensive local participation in the initial development of grant applications such programs were likely to disappear when Federal funding terminated. This finding helped undergird the Administration's proposed Educational Quality Act, a discretionary grant program stressing extensive community involvement in the development of the grant application.

Question: Do you have any plans to fulfill the needs of the regions of the country not presently served by existing labs and centers?

Answer: We are planning to fund the Southeast Consortium, a planning activity sponsored by the Chief State School Officers of the ten southeastern states, the region now inadequately served in terms of the presence of a lab or a center. The overriding goal of the Consortium is to address the research development and dissemination needs of the southeast region.

Moreover, we plan to establish a unit in our dissemination division to deal exclusively with regional concerns and regional needs.

STUDENT ASSESSMENT PROGRAMS

Question: What do you perceive the role of the Institute to be in assisting state and local officials dealing with the student assessment programs?

Answer: The Institute will assist state and local officials in how to understand better the effective use and limitations of a variety of tests. The Institute will: assess the strengths and weaknesses of major tests in use; provide technical assistance on testing to interested groups; publish instructional guides on the use of tests in general and on the upgrading of testing programs by States and localities; organize discussions to increase public and professional understanding of tests; and document cases where LEA's have effectively linked testing to instruction.

NATIONAL TESTING PROGRAM

Question: What do you feel the Institute's role should be in any proposed national testing program?

Answer: I believe that it is extremely difficult at the present time to envision an effective and equitable test by which national standards for reading, writing, and computation for various grade levels could be established and administered. Most of us could agree

on a general definition of what we mean by basic literacy skills. But I think we would have difficulty translating that informal understanding into the formality of a standardized test.

While testing is not identical with curriculum, many teachers and administrators recognize that testing requirements have a profound influence on what is taught in the schools. Thus, a national test might incline us toward an indirectly determined national curriculum, much as the early definition of college requirements set the high-school curriculum of the early twentieth century. Such a development would be at variance with our educational tradition which has encouraged states and localities to assume the major responsibility for educational decisions. I believe that if we wish to change the assumption that education is principally a local and State matter, we should address that issue directly, not indirectly through the question of national tests.

It is my view that we could achieve your objectives best through a national effort aimed at assuring that we have:

A. A variety of tests appropriate to specific curricula and educational objectives of parents, communities, and states. Most nationally administered tests of reading and arithmetic, for example, are not now closely tied to specific educational objectives. Cross-referencing of tests would enable state and local education authorities to make appropriate comparisons while preserving autonomy in choosing goals and educational programs.

B. More adequate testing knowledge so that tests:

o give a true measure of student capabilities in various real tasks rather than capability in test-taking.

o give information as to why the student was unable to perform a given task so that he or she can be helped to do better.

o measure a student's capabilities rather than his or her family background.

C. Better understanding by educators, policymakers, and parents of what individual tests actually measure and how their results should be interpreted.

NIE's proposed student achievement initiative ($5.4 million in fiscal 1979) represents a promising start toward meeting those objectives.

REORGANIZATION

Question: NIE has been working on a reorganization plan for several months now. When will you initiate your new reorganization plan?

Answer: On February 28, 1978 I submitted the Reorganization Plan for the Institute to the Assistant Secretary for Education who forwarded the Plan to the Secretary on March 3, 1978. I am awaiting approval by the Department to implement the Plan.

Question: Why did you find it necessary to reorganize?

Answer: Our existing structure presents severe and increasing problems. The program is spread thinly over 29 divisions, with the result that NIE's mission is fragmented. Central goals such as research to increase educational opportunity are pursued in isolated pockets of the organization, rather than infused into all of the Institute's activities. There is no existing focus for improving local educational practice.

The purpose of the organizational plan is to create clear institutional forms through which NIE's mission can be effectively pursued; we believe that these changes will increase understanding,

inside and outside the agency, of the priorities and character of NIE's work.

The number of programs is reduced from six to three, and the number of program divisions from 29 to 16. Further, the reorganization places clear responsibility for our missions of increasing educational opportunity and improving the practice of education in every one of the program groups, thereby building an Institute-wide foundation for progress toward these goals. These changes will permit us to define problems in terms of mission rather than in terms of organizational unit, and will create broader and more effective groupings of our staff.

Question: Will the reorganization be merely a cosmetic change or will it have a real effect upon the operation of NIE?

Answer: I believe it will have a real effect or I would not have requested that NIE's personnel go through the major effort of reanalyzing our mission and organizing ourselves so as to better accomlish it. Clearly any reorganization creates major stresses within an agency -- stresses which would be unjustified if the end result simply moved boxes around within the organizational chart.

I am optimistic that the reorganization will result in real improvement because:

o It provides for a Deputy Director in charge of programs to enhance research quality control;

o It provides for a Deputy Director concerned solely with management to improve NIE's internal administration;

o It provides for three major program units -- Teaching and Learning, Educational Policy and Organization, and Dissemination and Improvement of Practice -- which are of critical interest to the public and its elected representatives and broad enough to encompass emerging concerns in education.

Our central concern has been to establish a plan of organization which increases the agency's effectiveness in its mission, which makes optimal use of personnel, and which would offer some long-term stability for what is still a young Federal enterprise. The proposed reorganization clarifies NIE's mission and its functions.

Question: What results can we expect to see as a result of this reorganization?

Answer: As I have mentioned, the proposed reorganization clarifies the context in which NIE pursues its mission, but it does not change its mission or functions. We believe that the changes will increase understanding, inside as well as outside the agency, of the priorities and character of NIE's work. Moreover, each of the three major programs will focus upon activities designed to enhance educational equity and help improve local practice. NIE's research, therefore, will be more germane to the concerns of policymakers, school administrators, and teachers than has been true in the past.

ACCOMPLISHMENTS IN PROGRAM AREAS

Question: The program activities at NIE are divided into six categories. Would you please describe each of the categories and list your major research outcome and one major development outcome that NIE has produced in each category?

Answer: Basic Skills:-- The Basic Skills activities are designed to discover and develop the means for improving student achievement in such essential skills as reading, writing, and mathematics.

Research outcome -- NIE supported the development of an "observation measure" at the Texas R&D Center for Teacher Education which

indicates that teachers, quite unconsciously, treat high- and low-achieving students in the class quite differently.

Developmental outcome -- The Los Angeles County school system uses this method during in-service teacher training and teachers have received it enthusiastically.

Dissemination and Resources: For the maximum benefit, the findings of education research and development must be made easily available to students, teachers, and schools. The Institute's Dissemination and Resources activities are designed to increase the use and application of knowledge gained from research and development in order to improve the quality of local educational practice.

Research outcome -- Compiled a data book on who is conducting educational research in the United States.

Developmental outcome -- Thirty states are participating in a program to build a system of disseminating educational research and development information.

Educational Equity: The Educational Equity activities help schools to meet their responsibilities to provide equal educational opportunities for students of limited English-speaking ability, women, and students who are not well served by the nation's schools.

Research outcome -- The Instructional Dimensions study, part of NIE's evaluation of Title I of ESEA, was the first Federal evaluation to demonstrate the effectiveness of compensatory instruction in the early years. The study found that compensatory reading and mathematics in grades 1 and 3 raised student achievement levels significantly if they were (1) well planned; (2) in existence for at least one year; and (3) staffed by experienced teachers.

Developmental outcome -- Curriculum materials developed through NIE funding were designed to improve the reading and language skills of Native American children. Although on the market since only last September, this program is already in use in over 10,000 classrooms in all 50 states and six foreign countries.

Education and Work: The Education and Work activities attempt t improve our understanding of the relationship between education and work, and the contribution education makes to individuals' abilities to learn and progress in their careers.

Research outcome -- NIE supported the development of an alternative inner-city school in Philadelphia which provided training and counseling to low-income minority adolescents, dropouts or new dropouts. An NIE study found major improvements in students who had participated in the program at the school in such areas as: continuation in school, graduation, entry and progression in postsecondary education, and obtaining employment. NIE and the Department of Labor are jointly supporting a replication of the project at sites in five cities.

Developmental outcome -- NIE developed a work-study model which has been used at over 100 sites throughout the country. Non-NIE funding for this model -- from state and local education agencies -- now more than matches NIE's initial investment in developing it.

Finance and Productivity: The Finance and Productivity Group activities are designed to provide research and development which will help States and localities increase the effectiveness, efficiency, and equity of the delivery of educational services.

Research outcome -- NIE conducted and published a study, "Economy, Efficiency, and Equality: Myths of Rural School Consolidation," which found evidence to challenge the traditional belief that fewer, larger schools are better than many, smaller rural schools. The argument for consolidating schools is challenged by data that the

larger school costs just as much to operate - considering transportation and other costs - while not offering the attention to students available in the smaller schools.

Developmental outcome -- Just this month, NIE published a book describing the major issues school systems will face as enrollments continue to decline.

School Capacity for Problem Solving: The School Capacity for Problem Solving activities include research and development projects designed to help schools and school systems conceive and implement solutions to their major problems. The activities seek to make local schools more effective through improvements in the governance, organization, and management of education.

Research outcome -- NIE has funded research about how schools and school districts plan, about the factors that influence the usefulness of technical assistance to schools, and about the conditions that lead to the effective implementation of new programs. Based on this research, and on other analyses of how school districts implement Federal discretionary grant programs, NIE contributed to the development of the Administration's proposed Educational Quality Act, a part of the Elementary and Secondary Education reauthorization package.

Developmental outcome -- NIE has supported the development of the Teachers' Centers Exchange, which provides opportunities for collaborative work and technical assistance among hundreds of teachers' centers across the country.

Question: What are your primary goals and project priorities for Fiscal 1979?

Answer: The major priorities as related to these areas are:

Basic Skills:

In FY 1979, the Basic Skills activities will pursue the following four major objectives toward helping students develop and improve basic skills in reading, writing, and mathematics:

-- To determine better ways of helping children and adults acquire reading, writing, and mathematical skills;

-- To identify effective teaching methods to help children acquire reading, writing, and mathematical skills;

To provide more effective measurement and analysis techniques for use in education practice and research;

-- To assist lawmakers and educators in making decisions about the basic skills needed in providing a quality education.

Dissemination and Resources:

1979 Budget Policy -- The three major objectives of the FY 1979 Dissemination and Resources budget are:

-- To bridge the gap between research findings and education practice by (a) helping administrators and researchers use the results of research and development to solve educational problems; (b) translating research findings into forms and publications that will be used by teachers and other education practitioners.

-- To strengthen existing means of disseminating information within the education system by supporting (a) state dissemination problems; (b) the Educational Resources Information Center (ERIC) system; and (c) regional and national conferences on dissemination involving state and local administrators, teachers, and lab and center personnel.

-- To increase the participation by women and minorities in educational research and development by providing support for training and personnel development at the education laboratories and centers, and supporting post-doctoral fellowships and awards for research.

Educational Equity:

Research studies have found that certain segments of the population in the United States are denied an equal opportunity for achieving a quality education. The Educational Equity activities in FY 1979 will work towards accomplishing the following objectives:

-- To provide research information needed to help resolve education problems in schools which have recently desegregated.

To understand and to seek solutions to the educational and occupational inequities faced by women.

-- To help improve relations among schools, communities, and students where learning and behavior patterns differ markedly from school norms.

-- To assist educators in providing appropriate and enriching bilingual/multicultural education for all students.

Education and Work:

Research has shown that the knowledge, information, and skills needed to sufficiently prepare youth and adults for entering and progressing in careers are not being provided uniformly by our education system. The Education and Work activities have developed a budget which pursues four major objectives addressing this problem. These are:

-- To strengthen the ability of communities and States to provide learning and service experiences that help youth in the transition between work and school;

-- To provide teachers, counselors, administrators, and educational planners with information and products to aid in career development and planning;

-- To determine: (a) what abilities and skills are needed to prepare for work and how they can best be provided; (b) which skills are most transferrable to facilitate occupational mobility; and (c) what are the most important competencies for career entry and progression and how these abilities can be measured in fair and meaningful ways;

-- To achieve a better understanding of how to provide greater access from work to school and school to work, emphasizing life-long education for career development.

Finance And Productivity:

The FY 1979 budget for Finance and Productivity addresses two major objectives:

-- To support States, localities, and institutions in reforming education financing through such activities as providing assistance to State legislatures and education departments engaged in revising their finance laws by providing information about similar efforts in other parts of the country and by providing technical assistance. For example, last year, with NIE funded technical support and assistance, four State legislatures -- South Carolina, Missouri, Tennessee, and South Dakota -- passed laws reforming the way State resources are distributed for education.

-- To improve the productivity of education through activities such as assisting urban and rural communities with the problem of enrollment shifts, and supporting a research center analyzing the relationship of finance to productivity at the classroom level.

School Capacity for Problem Solving:

A number of research and policy studies conducted in the past few years indicate that in order to improve schools more attention must be paid to increasing the effectiveness of local school organization and administration. This Group will pursue three major objectives:

-- To increase our understanding of problems in school organization and management; define conditions under which improvements can or cannot be made; and suggest strategies for improvement and assessment.

-- To develop and support networks of people, such as superintendents, principals, teachers, parents, and researchers who are interested in sharing ideas, experience, technical assistance, and education materials.

-- To provide information to policy-makers at the local, State, and Federal levels to help them formulate and administer policies likely to improve the effectiveness of local educational planning, management and program implementation.

GOALS

Question: The Budget Justification for the National Institute of Education says that NIE "will focus its FY 1979 research, development, and dissemination activities on two major goals--advancing Educational Equity and improving local education practice." What, specifically, are your definitions for Educational Equity and local practice?

Answer: In its broadest terms, educational equity is the effort to insure that students are treated with fairness in our educational system. The concept involves: just treatment in the allocation of school resources; equal access to an education of quality; access to an education suited to each child's needs; and fair and impartial school procedures. Research will seek to understand how we can eliminate race, sex, and income as predictors of student achievement.

Our goal of improving local educational practice means assisting educational professionals, parents, and students at all levels and in all types of communities throughout our nation.

Question: What activities do you plan to undertake in order to achieve these goals?

Answer: As you may now know we are currently in the process of reorganizing the Institute. As a result of the reorganization all activities of the Institute will be characterized by a commitment to furthering equal educational opportunity, and by a commitment to improving the practice and quality of education.

Equal educational opportunity is an Institute-wide activity under the reorganization. For example, in the area of equal educational opportunity the Educational Policy and Organization program will be developing information on desegregation and educational finance issues, as well as on the legal aspects of sex discrimination. The Teaching and Learning Program will be developing information on the particular learning problems encountered by racial minorities in our schools, and on the effects of sex discrimination and sexual stereotyping in education. The program for Dissemination and Improvement of Practice will be supporting dissemination activities of use to minority populations and making grants to increase the number and utilization of trained researchers who are women or from minority groups.

To ensure effective use of resources, and to ensure that equal education opportunity issues are given high priority in all program activity, the reorganization creates an equity review staff in the Office of the Director, charged with ensuring that initial planning and subsequent performance in each program area fully reflect the Institute's mission to further equal educational opportunity. It is important to note that this staff does not operate as an "after-the-fact" reporter on equity activity, but serves as a "before-the-fact" participant on behalf of the Director in stimulating and coordinating Institute-wide activity to further equal educational opportunity. To reinforce the Institute-wide commitment to equity, the

Institute's Equal Employment Opportunity office (EEO) is also placed in the Office of the Director.

The other major Institute-wide activity is the commitment to improvement of educational practice. As in the case of equal educational opportunity, this commitment will be present in every segment of NIE's organization. To ensure that this commitment is fully realized, NIE will build into its program decision process the advice and guidance of the educational practitioner--the ultimate user of NIE's work. The types of assistance NIE can provide include conducting research (which produces new knowledge to inform practitioners), development of products or programs (which improve the effectiveness or efficiency of our schools), and bringing the results of our efforts in convenient comprehensible language to classroom teachers, principals, parents, and others.

Question: Aren't these goals too broad and sort of an all-things for-all-people approach?

Answer: Not necessarily, Equity is concerned largely with the issues faced by that proportion of the school population now poorly served: the disadvantaged minorities and those with limited English speaking ability. Our work will address their concerns.

The more broadly we can assist with the improvement of local practice, the more useful we will consider our work to have been.

COMPENSATORY EDUCATION

Question: Now that NIE has completed the extensive study of compensatory education, what will be NIE's ongoing commitment to studying compensatory education?

Answer: The NIE Study of Compensatory Education, which provided Congress with six interim reports in September of 1977, is scheduled to be completed in September of 1978. A final report will then be presented based on analyses currently being conducted. The September, 1978 report will present further data in three areas: (1) the effects of services on students, (2) the administration of Title I, and (3) the effects of alternative funds allocation strategies.

A number of additional studies in the area of compensatory education could, fruitfully be initiated, including for example, an examination of the "summer drop-off" phenomenon--which seems to indicate that low-achieving children lose some of the gains made during the school in the following summer vacation period--as well as of the manner in which schools "mainstream" compensatory education students, i.e. provide special instruction in the regular classroom as opposed to a completely separate special classroom.

The Administration has proposed in its legislative package reauthorizing Title I that $3 million per year be provided NIE for continued studies of compensatory programs and the students they serve. Specific plans to build upon the Study of Compensatory Education will await Congress decision on this suggestion.

Question: What will be the staffing levels and costs of these ongoing activities?

Answer: Staffing decisions in the area of compensatory education and more generally in the area of policy studies, are being deferred so that they can be integrated into the staffing decisions required as part of NIE's reorganization.

Cost decisions, as noted above, will be made after a Congressional judgment has been made on the Administration's request.

Question: How do these levels compare with staffing while the study was in progress?

Answer: While the study was in progress, the program was staffed as follows:

FY 1975 - 13 staff-years
FY 1976 - 16 staff-years
FY 1977 - 18.5 staff-years
FY 1978 - 15 staff-years

LABS AND CENTERS

Question: It was recently announced that the National Institute of Education will switch its funding of the 17 educational research laboratories and centers from a contract to a grant award process. Why was this decision made?

Answer: The grant mechanism was chosen to provide the Labs and Centers with more flexibility in responding to important research and development needs. Specific requirements written into each grant will enable us to fulfill our monitoring responsibilities as a Federal agency even as we provide greater flexibility for these institutions.

Question: How much of your fiscal 1979 budget is targeted for the Labs and Centers?

Answer: If our fiscal 1979 allocation is $100,000,000.00, then a minimum of $28 million will be awarded to the Labs and Centers. We anticipate that many of these institutions will also compete successfully for additional NIE funds under our regular grant and contract procurements.

LAB AND CENTER PANEL

Question: A Blue Ribbon Panel was recently appointed to review the operations of the 17 educational research laboratories and centers and their relationships to NIE. What recommendations has this panel made to date?

Answer: The panel has reviewed the long-range plans of each of the labs and centers and the recommendations of the panel have focused on institutional issues. Time did not permit an examination of particular projects. The major recommendations are: (1) The National Institute of Education should move toward planning long-term relationships with fifteen of the seventeen Labs and Centers; (2) the Labs and Centers should pay greater attention to development of institutional missions; (3) the Labs and Centers should demonstrate greater commitment to the employment of minorities and women and to the representation of minorities and women on governing boards; and (4) practitioners should play a greater role in deciding on research agendas.

Question: Has the panel been critical of any of the Labs and Centers or their programs?

Answer: The panel has raised questions about certain specific projects, but in general their major criticisms of the Labs and Centers have addressed representation of minorities and women and the development of institutional missions.

Question: When are the final recommendations of this panel due?

Answer: The final recommendations of the panel are due in January 1979.

NIE AND FIPSE

Question: The Fund for Improvement of Post-Secondary Education

(FIPSE) was established to conduct research in the higher education field. And yet NIE appears to be spending a portion of its funds in this area. In what way do the two agencies work together to achieve a common goal of improving post-secondary educational quality?

Answer: NIE supports educational research and development at all levels of education. FIPSE sponsors experiments and demonstrations to identify and develop innovative methods to improve postsecondary education. Both agencies are located within the Education Division. Under law the Assistant Secretary for Education coordinates the activities within the division. In addition, the fact that NIE and FIPSE personnel frequently assist each other in the development and evaluation of new procurements facilitates coordination and minimizes duplication.

In addition, the two agencies are members of the Federal Interagency Committee on Education (FICE) which has a committee on research to help avoid duplication of effort. The role of the FICE committee on research will soon be subsumed under the recently created Federal Council on Educational Research and Development (FCERD). FCERD will hold its initial meeting in April 1978.

FEDERAL EDUCATION R&D

Question: Last year you provided us a table of other Federal agencies engaged in educational research and development -- can you provide us with an updated table this year?

Answer: The table provided last year was prepared from information collected during a one-time study of Social Research and Development conducted by the National Academy of Sciences.

Comparable data has not been collected at the detailed levels available last year. However, Special Analyses of the FY 1979 Budget prepared by the Office of Management and Budget include the following:

	Outlays (millions)		
Education research	1977 actual	1978 estimate	1979 estimate
Elementary and Secondary Education	133	176	184
Education for the handicapped	61	75	105
Occupational, vocational and adult education	98	105	114
Special projects and training	27	52	64
Assistant Secretary for Education	9	11	14
National Institute of Education	64	80	90
National Endowments for the Arts and Humanities	30	22	27
National Science Foundation	35	41	43
Other	20	18	27
TOTAL	477	580	668

RESEARCH DEFINITIONS

Question: Recently, this Subcommittee conducted a special oversight hearing on biomedical research. The major focus of the hearing was the proper balance between basic and applied research. For the purpose of the hearing the following five definitions were agreed to:

A. Basic Research - Fundamental research without a specific applicable goal.

B. Applied Research - Research targeted to a specific disease.

C. Developmental Research - Research, at a more advanced stage, aimed at developing new products for disease treatment.

D. Clinical Trials - Research, at a more advanced stage, on use of new techniques for patient care (drugs, operating techniques, etc.).

E. Technology Transfer - Getting new information, techniques, instruments or medicine from the experimental laboratory to treatment of the patient.

I think there is an analogy here and I would like to have a breakdown as to how much basic versus applied research is being conducted by NIE.

Will you please supply for the record a breakdown of how much of NIE's research falls into each of the five categories?

Answer: NIE uses the definitions developed by the National Science Foundation for consistency in data collection and reporting; however, we can divide our FY 1979 budget into 4 of the 5 categories you show here.

A. Basic Research - $20.6 million

B. Applied Research - $20.0 million

C. Developmental Research - $26.5 million (includes $8.3 M Policy Studies, $8.3 million Evaluation, and $9.9 million other Development)

D. Clinical Trials - -0- (NIE does not conduct work which is analogous to this category)

E. Technology Transfer - $18.8 million (NIE calls its effort in getting information to the field "Dissemination")

In addition, $13.6 million is slated for administrative support.

FISCAL 1979 PLANS

Question: The 1979 budget is the first prepared under the leadership of the current director. Does your budget plan any redirection or expansion in current ongoing activities?

Answer: Several activities will be expanded beyond a level needed to continue at 1978 levels. Examples include: research grants in basic skills, such as reading and writing; additional funds to study the problems of school finance; extension to at least five more states of a program to build systems within states to disseminate educational research information; expansion of research grants to address questions of school organizational processes and issues of equity, such as sex discrimination and bilingual education; and enlarged studies of the implications of legal and judicial actions.

Question: What new initiatives do you have planned?

Answer: The Institute plans four major new initiatives in the area of teaching, student achievement and testing, secondary schools and youth, and urban education.

Question: Do you have any plans or new activities designed to assist rural schools?

Answer: As you may recall, the Institute has sponsored research which resulted in a major book on the efforts of consolidating rural school districts.

During FY 1979 we will be completing a major program designed to study the success of previous efforts to change rural education practice. It will concentrate, in particular, on the utility for rural schools of new methods which were frequently designed with the concerns of urban education most in mind.

In the Finance and Productivity area we will continue to examine

the financial and education program costs associated with the different sizes of schools and school districts. We will assist both urban and rural communities with the problems of enrollment shifts. We will also continue support for the satellite demonstration projects in Alaska and the Appalachian region, which provide access to education for underserved populations in isolated areas. The Institute has recently negotiated long-range funding agreements with the major recipients of these funds which will (1) insure the financial stability of those projects and (2) allow local and state support to replace NIE support by 1981.

LONG-TERM GOALS

Question: Does NIE have a five-year plan or some formal document which states its long-term goals? If so, how does the Institute relate these goals to the specific projects it funds?

Answer: During the annual planning process, program plans and budget justifications prepared by each of the groups specify short-term objectives within the major goals (the accomplishment of these objectives may range from 1-5 years). Descriptions provided on each project specify how they relate to the short-term objectives.

Initial reviews by the Program and Budget Analysis staff highlight any apparent discrepancies which are resolved during reviews by myself and the Deputy Directors.

As part of the reorganization plan, I am creating within my immediate office a Planning and Program Development Office which will serve as a staff for discussion between myself, the Deputy Directors, and Associate Directors, leading to the establishment of NIE's research priorities; participate in the annual planning process; and review the current work of the Institute.

EDUCATIONAL EXTENSION AGENTS

Question: Has the NIE "educational extension agent" program been started yet?

Answer: Preliminary planning was initiated on this program several months ago. An internal, first draft analysis of optional ways of initiating such a program has been developed, and we expect to revise it in the next few months after discussing it with teachers and State and local administrators. In all likelihood, our first course of action will be to build on programs already under way, such as the R&D Utilization Program, and to explore a variety of ways in which the concept could be implemented.

Question: How many agents now exist?

Answer: For some time we have been convinced that many state and intermediate agencies employ people in roles analogous to one or more possible concepts of an extension agent. It is difficult to know exactly how many such people exist since these existing people are seldom called "extension agents."

Question: How many are being trained or hired?

Answer: Except for a couple of dozen or so that exist as "linkers" in our current R&D Utilization projects, we have not yet undertaken any hiring of such agents since we are not at that stage in our planning. Work is moving forward, however, in examining the kind of training that would be necessary should the program be implemented.

Question: What will they do?

Answer: "Extension agents" could provide technical assistance to

school staff in identifying and defining problems, or implementing new practices and techniques, or they could assist teachers and policymakers in acquiring access to pertinent information. Their specific responsibilities and tasks would depend upon several factors including where they are geographically located, the context in which they are working, and the characteristics and needs of their primary audiences (e.g., teachers, administrators, curriculum specialists, school board members, etc.). One of the purposes of our planning is to make such a determination.

UNIVERSITY OF MID-AMERICA

Question: The Senate Report accompanying the 1978 Labor-HEW bill recommended that NIE spend up to $2.6 million for the University of Mid-America. This is a cooperative project in which nine midwestern universities participate. Over 6,500 students participate in the University of Mid-America's televised courses. At the conclusion of extensive negotiations, UMA received $2.1 million in 1978. Do you have any recent evaluations of the educational program of the University of Mid-America?

Answer: The Johnstone site team review recommended continued support of the project but identified several deficiencies in financial planning, management, governance, and delivery structure.

Seven Reviewers also examined UMA's written plans. On the whole, the reviewers found the written plan an improvement over those previously available, but raised several questions about UMA's programmatic and fiscal plans.

UMA's own internal studies found that most students expressed their satisfaction with the instructional program they reviewed.

We anticipate that the plan required by March 31 will address the major issues identified by the reviewers and the Johnstone site visiting team.

Question: Have you developed any preliminary plans for UMA in 1979 and beyond?

Answer: UMA submitted a proposed 5-year plan in 1977. On the basis of that plan, NIE made a commitment last September to fund UMA for an initial 3-year period, with a possibility of funding for two more years following a successful review of the first 3 years. UMA will be submitting an updated version of its plan by the end of this month. The new plan will emphasize FY 79 and FY 80, but will include FY 81 and FY 82 in all its projections and computations.

QUALITY CONTROL

Question: Quality control is always a concern in research. The quality of NIE research has often been criticized. Do you see the need for better increased quality control of NIE research?

Answer: Concern for the quality of funded research permeates every NIE activity. NIE convenes panels of nationally-known scientists and educators to evaluate our major programs and to offer frank advice about improving them. Quality control procedures guide every new funding decision. In addition, we are reaching out to broader sets of researchers to involve them in our deliberations.

Question: What is currently being done in the area of quality control at NIE?

Answer: The best way to ensure that research is of the highest possible quality is to conduct orderly, well-publicized open competitions for research awards. Such competition enhances quality in two

ways: (1) poorly-qualified bidders are rejected in screening the proposals; and (2) persons of recognized research excellence are employed as consultants to judge the bidders. Most of NIE's grants and contracts are awarded in such a competitive "peer review" process.

In addition NIE's reorganization provides for a Deputy Director with responsibility for programs to improve the quality of NIE research.

Question: Do you have a research agenda by which you can relate specific NIE goals to specific projects?

Answer: Yes, research plans revised annually relate these specific projects to long-term and short-term goals. Quality is further ensured during budgetary reviews and at the time of preparation of the Requests for Proposals and grants competitions.

NIH FELLOWSHIP PROGRAM

Question: The National Institutes of Health have a fellowship program that each new employee begins in. The fellowships are for a two-year period, renewable for up to six years. At the end of six years, NIH can offer civil service employment or terminate. About 20 to 30 percent of the fellowship people join civil service. Dr. Fredrickson, the NIH Director, says that such a procedure is vital to assure quality research and new blood. Do you believe such a fellowship procedure would be beneficial to the National Institute of Education?

Answer: The fellowship program at the National Institutes of Health is under the Public Health Act for the Public Health Service. According to information received from a Staffing Specialist at NIH, the Food and Drug Administration, and the Alcohol, Drug Abuse, and Mental Health Administration also participate in the same program.

It should be remembered that, unlike NIH where there is a high proportion of intramural research, 90% of our research funds are used to support extramural R&D efforts and only 10% is devoted to the conduct and support of intramural research.

A program similar to NIH's might be a beneficial adjunct to NIE's excepted service. However, in the past, the 178 excepted appointments have resulted in the conversion of 22 employees to career appointments, 91 researchers returning to the field and 65 researchers still in the Institute continuing their service under excepted appointments. The excepted appointments, therefore, have proved to provide a constant flow of new blood into the Institute.

Senator BURDICK. Are you handling libraries, too?

Ms. GRAHAM. No, that's the next round.

Dr. Wilson Riles of the National Council of Educational Research was to be here to support our budget request. I will submit his statement for the record, if that is satisfactory.

[The statement follows:]

STATEMENT BY MEMBER, EXECUTIVE COMMITTEE, WILSON C. RILES

Mr. Chairman and members of the Subcommittee, I am very pleased to represent the National Council on Educational Research in support of the National Institute of Education's budget for Fiscal Year 1979.

As you know, the Council, by statute, establishes general policies for NIE and bears a substantial responsibility to assist the agency in research and development activities in education designed to enhance our national goals to assure equality of opportunity and excellence in student performance.

I have been a member of the Council since its beginning in 1974. NIE has weathered some uncertain times which have obscured the good work of many of its projects. I am happy to report that this work is now bearing fruit. As Dr. Graham has pointed out, NIE has initiated studies of Title I and of violence in our schools, the development of school programs to help students in choosing careers, and the design of programs to restore the enthusiasm for learning of disaffected youth in our cities. These, and other activites of NIE in the past, are a launching pad for the programs identified by Dr. Graham. The Council strongly supports the Director's intention to focus NIE's resources on priority areas. We believe the program Dr. Graham has outlined provides a necessary balance of fundamental research and the application of knowledge to specific problems. It is essential that NIE maintain this balance if the entire Federal investment in education is to achieve the results we desire.

As one who began his career in a one-room schoolhouse and now serves as Superintendent of Public Instruction in the nation's largest state—a state which has over four and a quarter million students and is investing more than seven billion dollars of state and local funds in the schools—I know first hand that teachers, administrators, policymakers and parents all want to have the knowledge, ideas, and assistance which NIE might provide if it has the support requested here. When I am asked in California, in Washington, D.C., and around the country, about difficulties in achieving our educational goals, I talk about efforts we can make now, and about knowledge we need to do better in the future. Both these needs are addressed in the NIE program.

Sustained, substantial Federal support for educational research is essential to educational progress in this nation. On behalf of myself, and of the National Council on Educational Research, I urge your support of the NIE appropriation request.

STATEMENT OF JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER, OFFICE OF EDUCATION

ACCOMPANIED BY:

MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
DICK HAYS, ASSOCIATE COMMISSIONER AND DIRECTOR, OFFICE OF LIBRARIES AND LEARNING RESOURCES
ROBERT KLASSEN, CHIEF, PROGRAM COORDINATION STAFF
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, DHEW

Senator BURDICK. Welcome to the committee.

Due to a death in my family, I have to leave very soon to catch a plane, but I would like to ask one question on each of the following subjects: libraries, special projects, and educational activities overseas. And the balance of the questions we will submit for the record and have you answer them for the record.

SCHOOL LIBRARIES AND INSTRUCTIONAL RESOURCES

Your request for the school libraries and instructional resource program does not include funds for the hold harmless appropriation authorized under the educational amendments of 1976.

Why are you not requesting funds for this hold harmless provision again this year?

Mr. HAYS. Sir, we are requesting $100,000 for the Title IV–B program for hold harmless. It is included in our budget request.

Senator BURDICK. What will be the impact upon North Dakota and other States that are covered by this hold harmless? Will their fiscal 1979 allotment be reduced below their fiscal 1978 allotments?

Mr. HAYS. Our estimate at this time, Senator, is that no State, including North Dakota, would be adversely affected in fiscal year 1979, and we would probably not have to apply the hold harmless money in our account.

[The statement follows:]

STATEMENT OF JOHN ELLIS

I am pleased to have the opportunity to appear before you to testify on the Library Resources appropriation.

While our proposals in this area are modest, I am concerned about the overall quality of the nation's library systems. During the next few years I intend to explore ways in which the Federal government might improve our libraries.

Turning to our specific proposal we are requesting $232,837,000 for fiscal year 1979 to fund programs for strengthening public libraries, school libraries and instructional resource programs, and the initiation of a national network of research library resources.

Public Libraries

Under the Library Services and Construction Act, we are seeking $60,237,000 for public library services and interlibrary cooperative activities and services, the same as 1978.

For public library services we are requesting $56,900,000. These funds will stress provision of library services for the physically handicapped and institutionalized, extension of library and information services to unserved population groups, in particular the disadvantaged, and the strengthening of metropolitan libraries which serve as regional resource centers.

The request of $3,337,000 for interlibrary cooperative services would focus the Administration's support on key cost-saving cooperative library practices involving public libraries with other types of libraries. Approximately 7 percent of the nation's libraries and media centers would be affected by these Federal incentive funds.

School Libraries and Instructional Resources

Title IV-B of the Elementary and Secondary Education Act provides services to local education agencies through grants to States for school

library and instructional resources, including guidance, counseling and testing.

This title has consolidated three categorical grant programs and provides the local education agencies complete discretion in the use of funds among these purposes. Moreover, this request for continued advance funding, covering school year 1979/1980, enables States to plan more efficiently and effectively by knowing in advance what Federal assistance will be available under this program.

For fiscal year 1979, we are requesting $167,600,000, the level which was provided in 1978. Within this total of requested funds, an amount of $100,000 is earmarked to provide additional funds to assist those States who because of the mandated formula would otherwise receive less money in this fiscal year than they received in the previous year.

The 1979 request will continue also to provide these same benefits to private school students, as well as the public school students who may be living in sparsely populated areas, students from families in which English is not the dominant language, and students who are gifted and talented. Over 46 million students will be served, with approximately 10 percent of the funds providing benefits to private school enrollees.

Strengthening Research Libraries

For the strengthening research libraries program, authorized under Title II-C of the Higher Education Act, we are requesting $5,000,000, the same level as 1978. These funds would encourage the development of a national network of research library resources. Grants would be made to approximately 20 private and public institutions with major research collections.

There are about 300 research libraries in the nation, whose collections represent the bibliographic foundation of the nation's research efforts,

serving faculty, scholars, and researchers with the combined resources of over 200 million volumes.

These libraries are prepared to share these resources through a growing system of interlibrary lending under which they now bear the disproportionate burden of the costs estimated at about $10 per loan transaction.

Summary

This concludes my statement on Library Resources. I will be happy to answer any questions you may have.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the Department to be answered for the record:]

LIBRARY RESOURCES REDUCTION

Question: The Fiscal 1979 budget for Library Resources reflects a $20.4 million cut below the 1978 appropriations. Included in this budget are recommendations to eliminate funding for College Library Resources, Library Training and Demonstrations, and College Instructional Equipment Programs. With the rapidly rising costs of library and instructional materials, how can you justify such a drastic reduction in funding?

How do you anticipate that schools which have received funding from these programs in the past will be affected?

Answer: The OE budget proposes to terminate these narrow categorical programs in keeping with the shift of increasing the Federal higher education support for general student aid programs. In effect, this investment in student support will continue to benefit indirectly academic institutions. Decisions concerning internal institutional expenditures for libraries and equipment can be made at the institution. In addition, the largest program, College Library Resources, can only make marginal awards to nearly every institution in the country without regard to need.

IMPACT OF INFLATION

Question: During the FY 1978 appropriations hearings for Library Services Programs, Administration witnesses estimated the current inflation rate for books to be 15 percent. Does the rate of inflation for books and other printed instructional materials continue to outpace that for most commodities?

What is the current rate of inflation for these materials?

Answer: In 1976 the overall average price of hardcover books increased less than 1 percent over 1975. Significant increases, however, occurred in some areas: fiction up almost 19 percent; art books up over 11 percent; and biographical works up about 5 percent. For the same year an average subscription to a magazine title was $22.52, up 12 percent over the previous year.

The inflation rate for all commodities was 10.9 percent in 1975; 4.3 percent in 1976; and 5.7 percent in 1977. The Consumer Price Index for all commodities and the equivalent indices for books and magazines are as follows:

	All Commodities	Books	Periodicals
1975	158.4	184.6	230.3
1976	165.2	186.1	260.6
1977	174.7	Unavailable	Unavailable

Figures for all instructional materials are unavailable to us.

URBAN LIBRARIES

Question: The new authorization for the Library Services and Construction Act contains a new provision for funding urban libraries. It is my understanding that this urban library provision will be triggered when the appropriation for Title I of the Act goes over $60 million; the current appropriation and the FY 79 budget request is for $56.9 million. Please briefly explain the urban library provision of the Act.

Answer: The new authorization (P.L. 95-123) for Library Services and Construction Act, Title I, Library Services, includes a specific allocation of Federal funds for major urban resource libraries located in cities of 100,000 or more population. These libraries must have book collections of great value to individual users and to other libraries, need financial assistance to furnish services at a level required to meet the demands made from such users and libraries, and provide services to users throughout the region in which the urban library is located. Fifty percent of each State's annual allotment in excess of its portion of $60 million is earmarked for qualifying major urban resource libraries in accordance with the State's long-range and annual programs.

Question: Why did you not request a funding level adequate to trigger this provision?

Answer: Among other purposes, LSCA Title I continues to strengthen metropolitan libraries which serve as regional and national resource centers, to improve library services to disadvantaged persons, and to serve the library needs of those who might typically be found in an urban setting. Approximately 28% of the FY 77 funds reached these urban needs. We would hope that the State Library Agencies will continue to fund urban library services without the need for a triggering mechanism.

PUBLIC LIBRARY SERVICES

Question: The American Library Association declared that "public library services should be universally available," i.e., that every individual should have access to library service in his or her local community. What would you say is the current level of accessibility?

Answer: Approximately 96% of the total population has access to public library services. What is probably more significant is that the vast majority of the American population is served inadequately according to State-adopted standards of public library service.

Question: How many individuals are actually being served by public libraries?

Answer: According to a recent Gallup Poll on the role of libraries in America, over 40% of Americans have been in library in the past year. 35% own a library card. Our own LSCA data indicate that this program serves 23 million individuals with at least minimum public library services as defined by the State Library Agencies.

Question: Given the new emphasis on urban library support, how many more people are expected to be served?

Answer: We anticipate that the LSCA support for urban library services will stay at approximately the same level of funding, 28-30% of total allotment, and the individuals served will not increase substantially.

Question: How many physically handicapped, institutionalized, and disadvantaged will be served as compared to the previous year?

Answer: The present level of support will continue to fund projects serving 480,000 physically handicapped, 800,000 institutionalized, and 29,000,000 disadvantaged persons. This is the same number as the previous year.

ADMINISTRATIVE COSTS FOR LSCA

Question: What percent of Federal funds has been used previously for administration under Title I LSCA?

Answer: In FY 74 States expended 7.4% from Federal funds for the administration of the programs under Library Services and Construction Act (LSCA). The amount expended for administrative purposes was only 4% in FY 76. Eighteen States did not use any Federal funds for administration. All Federal expenditures for administration of LSCA programs are charged to Title I as required by the legislation. Figures for FY 1977 are not available at this time.

ADVANCE FUNDING FOR LSCA

Question: In your opinion, would it help the Public Libraries Program to provide the program with advance-appropriation status?

Answer: Advance appropriations would improve the administration of the LSCA funds by public libraries. It would minimize crisis planning, late beginning of projects, interruptions of multi-year demonstrations, curtailment of services, and delayed state reporting. Certainly the administration of the program can be improved at each governmental level when advanced appropriations are made.

REMOVAL OF ARCHITECTURAL BARRIERS

Question: As you know, the Public Library Construction program has been amended to include remodeling public libraries pursuant to the Architectural Barriers Act. How much do you anticipate will be needed to comply with the Architectural Barriers Act?

Answer: The Architectural Barriers Act requirements became effective on September 2, 1969. The agencies mandated to administer the Library Services and Construction Act, Title II program, the State library administrative agencies, were notified of the requirements of the Architectural Barriers Act. There has been no evidence that any building constructed under the LSCA Title II program since September 2, 1969, has not met the requirements of the Architectural Barriers Act.

Question: Do you have any idea of the age of most public library buildings?

Answer: Current data on age of public library buildings are not available. A survey conducted in 1964 indicated that, at that time, 16 percent of such buildings were constructed prior to 1905, 22 percent between 1905-1924, 48 percent between 1925-1960, and 14 percent between 1961-1964. Because of the extensive construction of public libraries from 1964 to date, undoubtedly the current percentage of newer buildings is much higher.

Question: How many could already comply with the Architectural Barriers Act?

Answer: All library buildings approved under the LSCA Title II program from September 2, 1969, to date (approximately 542) were required to conform to the requirements of the Architectural Barriers Act.

However, a 1977 survey indicated that an estimated 8,490 public library buildings were not accessible to the handicapped. A total of $261 million was estimated as needed to renovate these buildings to make them accessible to the handicapped. Only a few of these buildings would be subject to the requirements of the Architectural Barriers Act.

Question: Do you plan to recommend any funding for this provision in the future?

Answer: A bill (S.2302, Rehabilitation Cost Assistance Act of 1977) has been introduced that will authorize funds to plan renovations and remodel public buildings for handicapped accessibility, as required under Section 504 of the Rehabilitation Act of 1973. If S. 2302 becomes a law and is funded, the main concerns of the Architectural Barriers Act should be resolved.

INTERLIBRARY COOPERATION

Question: How many libraries are involved in interlibrary cooperative programs?

Answer: Our latest data for FY 76 indicate that over 7,500 libraries of all types are involved in 130 LSCA Title III projects. The number of libraries involved in such activities has increased considerably in the last several years, due in large measure to the stimulus of Title III funds. The number of libraries participating in interlibrary cooperative activities in 1976 is estimated by the American Library Association to be over 20,000. These include public libraries, school libraries, academic libraries, and special libraries.

Question: Is there a need to fund Title III LSCA when central libraries (primarily major urban libraries) which are serving as centers of inter-library networks are receiving funds under Title I?

Answer: As long as funds under Title I are limited to public library use, Title III funds are necessary to help advance further cooperative development of programs and services among all types of libraries. Library networks and other cooperative plans for sharing

services and resources at the local, regional and interstate levels provide greater access to resources and services for the special clientele served by each type of library or center.

Question: How much has library usage increased as a result of these programs, and has there been an increase in book circulation?

Answer: As was indicated earlier, LSCA Title III has been the stimulus to a growing network of libraries providing access to library materials throughout the nation. It is difficult to trace the source of increased library usage or book circulation with intermingling of mostly local and State funds with LSCA Title III funds. For example, interlibrary cooperation funds have made a substantial contribution toward the development of lists which identify the holdings of individual libraries. Title III funds are used by State to participate in the Ohio College Library Center, Inc. which extends its network of 577 libraries from New England to the South and to the Far West. In 1976 bibliographic citations were prepared for over 8 million volumes. Increased access of this magnitude inevitably will stimulate book circulation in member libraries.

Currently, OE's Office of Planning, Budgeting and Evaluation is funding a "Study of Library Cooperatives, Networks and Demonstration Projects" from which we hope to receive some impact data relating to LSCA Title III funds.

USE OF ESEA IV FUNDS

Question: Is it true that in some LEA's School Library and Instructional Resources funds have been used to purchase equipment which does not directly promote academic achievement--such as typewriters, copying machines, and other general office equipment? Do you think that this is a proper use of these funds? If not, how do you intend to reduce the use of these funds for such purposes?

Answer: No reports concerning the misuse of ESEA Title IV-B funds for ineligible equipment have come to our attention. The equipment eligible for purchase under ESEA Title IV-B is instructional equipment, including laboratory, audiovisual, and other special equipment suitable for use in providing education in academic subjects for children in elementary and secondary schools. General office equipment, and equipment normally found in classrooms such as desks is not eligible. There is nothing inherent in equipment which determines eligibility. It is the use to be made of it and its relationship to instruction in the academic subjects which determines eligibility for purchase. Copying equipment used to prepare instructional materials and typewriters used in business education classes would be eligible. Office of Education staff examine project applications on program reviews and continually work with State educational agency staff to insure that only eligible items are purchased under the program.

GUIDANCE AND COUNSELING

Question: To what extent are School Libraries and Instructional Resources allocations used to pay the salaries of guidance and counseling personnel, as opposed to the purchase of materials for guidance, counseling, and testing activities?

Answer: The following amounts were expended for Part B program purposes in FY 1977:

School library resources textbooks, other instructional materials	$ 70,678,534	56.12%
Equipment and minor remodeling	41,037,683	32.59
Testing, Counseling and Guidance	14,218,428	11.29
	$125,934,645	100.00%

The amount under the last category that represents expenditures for salaries is not known; however, 2.7 million public school children and 61,233 private school children were served by guidance counselors paid with Part B funds. Local educational agencies spent $7.5 million for testing alone.

Question: What have been the results of the expenditures by State education agencies of $3 million in FY 1977 appropriations for guidance and counseling programs?

Answer: The FY 1977 $3 million appropriation for guidance and counseling was awarded for use in FY 1978 under the provisions of the Tydings Amendment and is being used by States to avoid the dismantling of State level leadership programs developed over a period of seven years. Such leadership activities include (1) organization, general direction and coordination of guidance and counseling under the State plan programs; (2) assisting local guidance personnel in establishing, maintaining, or improving programs; (3) planning and preparation of materials and information for State and local programs; (4) demonstrating through pilot programs, guidance and counseling procedures and techniques; (5) evaluating the results of guidance and counceling programs; and (6) organizing and conducting in-service education in guidance and counseling.

Question: Why did you not request FY 1979 funds for the guidance and counseling programs authorized in Title III, Part D of the Education Amendments of 1976?

Answer: The U. S. Office of Education did not request FY 1979 funds for these guidance and counseling programs due to budgetary constraints.

Question: Are sufficient funds available for guidance and counseling programs under the School Libraries and Instructional Resources Appropriation?

Answer: Local educational agencies have complete discretion in determining how Part B funds will be expended among the various purposes. Their decisions are based on the use of standards, needs assessments, and conferences of public and private school personnel. Their decision was to use 9.2 percent of Part B funds in FY 1977 for guidance and counseling. It is our assumption that, to the extent possible with the funds appropriated for the program, choices for expenditures reflect actual needs in local educational agencies for

guidance and counseling services for the benefit of public and private school children.

SUPPLANTING IN ESEA IV-B

Question: The legislation authorizing this program provides that a "maintenance-of-effort" requirement be applied at the State level. Yet, how can we be sure that Part B funds are not being used to supplant--rather than supplement--State and local source funds in the localities which are the recipients of the School Library and Instructional Resources' allocations?

Answer: State educational agency staff assigned to the administration of ESEA Title IV-B analyze local educational agency applications carefully both for the maintenance of effort data and evidence of possible supplanting violations. This is necessary even though the Federal requirement calls for a computation of total effort by the State, its local educational agencies, and private schools, on an aggregate or per pupil basis. Although the non-Federal expenditure of individual local educational agencies or private schools failing to maintain effort can be compensated for by expenditures of the State, other local educational agencies, or private schools, only when all local educational agencies and participating private schools are trying to maintain effort, can the State be assured that it can do so. State educational agencies ask for an assurance in the local educational agency application that Federal funds are not being used to supplant local and State funds and request explanations of any questionable uses of Part B funds.

MAINTENANCE OF EFFORT IN ESEA IV-B

Question: Are any States now having trouble meeting the "maintenance-of-effort" requirements for school libraries and instructional resources?

Answer: The Commissioner has not been notified of an allowable percentage reduction in non-Federal expenditures in any State nor has any State asked for a waiver of the maintenance-of-effort requirement in FY 1978. A waiver was granted to Guam for FY 1977. States providing informal reports that "they may be having maintenance-of-effort problems" are Pennsylvania and West Virginia.

Question: Has the implementation of changes in these provisions contained in the Education Amendments of 1976 improved the administration of and compliance with the "maintenance-of-effort" requirement?

Answer: State educational agencies generally approve the easing of the maintenance-of-effort requirement of the Education Amendments of 1976 by allowing computation of non-Federal expenditures on a per pupil basis and through the allowable percentage reduction and waiver provisions. They do, however, find the requirements complicated and report that because of accounting codes it is difficult to identify non-Federal expenditures for Part B program purposes.

STATE ADVISORY COUNCILS FOR ESEA IV

Question: Have the ESEA Title IV State advisory councils been actively involved in the planning for and evaluation of Part B programs? What share of Part B funds have been devoted to State advisory council activities? Have the State advisory councils forwarded results of evaluations they have conducted to U.S.O.E.?

Answer: State advisory councils are beginning to give more attention to planning and evaluation of Part B than in the early years of the program. State educational agency staff and Advisory Council members in ten States in the Middle West have met twice to study and prepare evaluation plans for Part B and have distributed draft instruments and designs to other States. The evaluation of Part B was one of the subject areas discussed at a recent national Title IV conference attended by State educational agency staff and State Advisory Council members. Expenditures for State Advisory Council activities from Part B in FY 1977 in 23 States were $114,894 or 2.5 percent of the total expenditures for administration of Part B - $4,513,772.

State Advisory Council reports for the first two years have generally been status reports of evaluation activities being implemented during the split categorical-consolidated program in FY 1976, and in FY 1977, the first full year of consolidation. The 1978 reports should provide more complete information in the area of evaluation.

STUDY OF PROGRAM ADMINISTRATION

Question: Why did you choose to contract with a private organization for a study of the process of administration and management of the School Libraries and Instructional Resources program?

Answer: The Office of Education contracted with Rand for a study of the Title IV program because of the need for an objective evaluation from outside the Office.

Question: Is your own staff not capable of conducting such an analysis?

Answer: There are presently eight people assigned to the administration of Part B - 1 supervisor, 5 education program specialists, a program specialist, and 2 clerical employees. A staff of this size is unable to carry out such a detailed study and meet, at the same time, their responsibilities for program administration.

Question: What will be the total cost of this study?

Answer: Phases I and II of the study will cost $191,000. An additional amount for Phase III - an estimated $300,000 - is being negotiated.

Question: Will the results of this study be available in time to be of use to the Congress as it considers the extension of the authorization for this program during 1978?

Answer: An interim report, "ESEA Title IV: Implementation Issues and Research Questions" was transmitted to the House Commit-

tee on Education and Labor and the Senate Committee on Human Resources in February. That report outlined the implementation problems and research issues resulting from Rand's review of Federal Title IV policies. It also suggested a number of recommendations for revision of Title IV, many based on the results of an invitational workshop for practioners involved in Title IV operations at the Federal, State, and local levels. The full report of all phases of the evaluation will not be available until 1979. The Rand study will not only report on Title IV but will have implications for future legislation and Federal program administration generally.

COLLEGE LIBRARY RESOURCES

Question: The budget justification for College Library Resources states that "funding for this program is not being requested in 1979 on the grounds that marginal awards to nearly every institution in the country are made without regard to need."

Isn't this more a fault of the Office of Education's grant award process and its administration of the program? Why couldn't you target your funds to a small number of high-priority projects?

Answer: The Education Amendments of 1972 stipulated that every institution of higher education must receive a basic grant if they meet minimal eligibility and maintenance-of-effort requirements. In fiscal year 1978 the appropriation of $9,975,000 will dictate that a basic grant of $3,855 be made to 2600 institutions.

Question: Where will the colleges and universities find funds to replace those you are recommending be eliminated?

Answer: Some of the colleges will benefit from the substantial increases in the funds for student financial assistance in the OE budget where those additional revenues will be carried to colleges and universities. There are also other Federal aid programs such as Title III of the Higher Education Act for helping libraries in developing institutions where the institutional needs are of prime concern.

LIBRARY CAREER TRAINING

Question: The Bureau of Labor Statistics predicted that there would be a demand each year for some 11,000 new librarians for the next ten years. According to Bureau of Labor Statistics figures, library schools are graduating only about 7,500 librarians a year.

There are conflicting reports on the demand for librarians. Some say that the job market is glutted with librarians. The Bureau of Labor Statistics sees a gap between supply and demand. Given the information on the obvious demand for librarians, why are you recommending that this program not be funded?

Answer: The Library Manpower Study funded by the Office of Education and the Bureau of Labor Statistics indicates that the overall supply-demand cycle for librarians has reached a state of equilibrium and will remain there for the next ten years. There are,

however, some shortages among minority group librarians such as those specializing in media technology and those with computer technology expertise. The total number of openings per year to 1985 is projected at 11,200. New graduates per year to 1985 to fill these jobs is estimated at 9,000. The estimated number of jobs by delayed entrants and re-entrants is 2,200, so that the supply-demand cycle is stabilized.

Question: Under what other authorities could these activities be funded? Does your budget recommend any increases for these programs?

Answer: Title IX of the Higher Education Act (Graduate and Professional Opportunities Program) will provide graduate fellowship opportunities, primarily to minorities and women who have been traditionally underrepresented in the library profession. The opportunities can also address the needs mentioned in my previous response. Out Office of Education budget requests $8,000,000 for this program in fiscal year 1979, an increase of $4,750,000 over 1978. Also, it should be noted that the Administration's request for increased student financial aid should enable needy persons to pursue graduate and undergraduate specialization in librarianship.

STRENGTHENING RESEARCH LIBRARIES

Question: Last year the Congress initiated funding for the Research Libraries program. This program is designed to strenghten the Nation's major research libraries. How many research libraries will be served under this program?

Also, what will the average grant amount to?

Answer: In FY 78 approximately 20 private and public institutions with major research collections will be awarded an average grant of $250,000 for strengthening their collections.

Question: What have you done to insure the implementation of the 1978 Senate Report language directing that this program also work with health professionals who do not have medical libraries close by?

Answer: We have prepared a report which shows that Title II-C of the Higher Education Act complements the efforts of the National Library of Medicine to assure library coverage under the Regional Medical Programs, authorized under the Medical Library Association Act. Among the activities for which the HEA Title II-C funds may be used is the distribution of library materials and bibliographic information to users beyond its primary research clientele. A medical library may be an eligible applicant so long as the library is not receiving monies under the Medical Library Assistance Act (P.L. 95-83). Under MLAA eleven regional medical libraries are supported by contractual funds to provide medical document delivery to every State and Territory in the United States. In addition, about 120 resource libraries within these regions act as a link in providing access by the health professional to medical documents. Within this hierarachical network, the basic unit of contact for the health professional is the local hospital or clinic in any given community. This should insure that all health professionals have access to research library collections of all types.

COLLEGE INSTRUCTIONAL EQUIPMENT

Question: The Fiscal 1979 budget recommends that no funds be appropriated for College Instructional Equipment. Where do you recommend that colleges and universities acquire funds for instructional equipment?

Answer: While the College Instructional Equipment program is the only program in the Office of Education providing grants to institutions of higher education for the acquisition of instructional equipment, developing institutions might request funds for such equipment through Title III of the Higher Education Act. Again, the focus on increased student financial aid will allow institutions to use those student revenues to decide their own institutional expenditure priorities.

Question: What are the specific reasons why you are proposing to terminate funding for this program?

Answer: Although there is evidence of continuing needs for instructional equipment, small grants based on minimal funding have not made a significant impact on instructional programs in academic institutions.

Office of Education

STATEMENT OF JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

ACCOMPANIED BY:

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SPECIAL PROJECTS ACT

Senator Burdick. This is under special projects. Last year the Congress increased funding for consumers education from $3.1 million to $4 million. The 1979 budget recommends a return to $3.1 million funding level. Why are you recommending this reduction? Please give us some specific reasons, since the two programs that provide consumers education in the Office of Education, the other one is consumer and homemaking education, are both recommended for budget cuts? Would it be fair to say that the consumer education is a very low priority of the educational division? And what was done with the additional funds appropriated for this program in fiscal year 1978?

Mr. Ellis. It is a lower priority, sir. In 1978, we did make 90 awards in the appropriation requested. We will make approximately 68 awards in 1979. We will attempt to develop a system for the assessment and dissemination of curriculum materials and training by building upon the existing delivery capacity of the State, regional, and local level. We will also encourage and support the development of instructional materials for specific target groups.

[The statement follows:]

STATEMENT OF JOHN ELLIS

I am pleased to appear before you to present our 1979 appropriation request of $104,546,000 for Special Projects and Training. This account covers activities authorized under the Special Projects Act, two educational personnel training programs authorized by the Higher Education Act, and the agency's Planning and Evaluation efforts which are authorized by the General Education Provisions Act.

I would like to summarize our proposals for these various activities.

Special Projects

One of the major priorities of this Administration is the exploration of new directions in education. This goal is an extension of our commitment to promoting both access to educational opportunities and quality in the education provided. The Special Projects Act is the agency's primary vehicle authorizing us to experiment with new educational methods and practices, to address special needs, and to give emphasis to national programs. It is fundamentally this law that allows the Office of Education to perform its critical role of exercising educational leadership.

The fiscal year 1979 budget submission for activities under the Special Projects Act is $49,711,000, an increase of $2,220,000 over fiscal year 1978. As in the past, we are proposing support both for activities specified in the law, as well as others which represent areas of interest or concern identified by the Office of Education. The programs proposed for funding are Metric Education, Gifted and Talented Children, Consumer's Education, Community Education, Career Education, Women's Educational Equity, Educational Television Programming, Packaging and Dissemination, and Arts in Education. We are requesting increases over the current year for two of these programs.

An additional $2,238,000 is requested for Community Schools under

the Commissioner's discretionary authority. We plan to use this amount under our contract authority to support pilot projects which are a variation on the Community Schools concept. We would like to foster local efforts in Atlanta, Indianapolis, New York and possibly elsewhere that bring together in the school all the relevant professional skills and talents available in the community for a holistic approach to the problems of underserved children and youth. This approach is designed to give the student access to academic instruction as well as to counseling, vocational guidance and career advice. Simultaneously, the student's family members will be aided through job placement, family counseling, and instruction in life coping skills.

The Women's Educational Equity program has grown modestly but steadily since it began three years ago. In order to achieve equity in the education of this Nation's girls and women, a greater national awareness of the necessity for changes in institutional policies and practices and in instructional materials is needed. Consequently, we have again proposed an increase in this program. The $915,000 above last year's level will be used in part to make more small grant awards to develop innovative programs at the local level and in part to validate the effectiveness of instructional products already developed under this program prior to their wider dissemination.

We have not sought an increase for the Educational Television Programming activity, but I would like to announce our intention, within the current funding level, to inaugurate a series devoted to science and the environment. We hope that this effort will result in a series that will promote in our Nation's children an understanding and appreciation of a specialized area of knowledge much as Sesame Street and The Electric Company have fostered competence in the basic skills.

Legislative Amendments

The proposals I have thus far discussed constitute our initial request for the Special Projects Act. The Administration is proposing

amendments that would modify the law by adapting a more flexible funding formula. With the passage of that legislation, we shall seek an additional $11,365,000. This increase together with more funding flexibility, will enable us to more effectively provide the necessary leadership in charting new directions in education.

Educational Personnel Development

We are requesting $47,750,000 for Educational Personnel Training activities which include Teacher Corps and Teacher Centers.

An amount of $37,500,000 is requested to maintain Teacher Corps at the same dollar level approved by Congress in 1978. Teacher Corps projects are designed to improve and retrain the entire educational staffs in project schools that serve low income families. Training is carried out through the joint efforts of local school districts, universities, and parents. This will be the second year of the new 5 year duration period of a project. This extended period is designed to more effectively promote the institutionalization of changes in the school brought about by the Teacher Corps program.

An amount of $10,250,000 is proposed for the Teacher Centers program. This is an increase of $2,000,000 over 1978 which was the first year for this activity. This program is unique in that it enables teachers to chart their own professional development in the context of community needs they have helped identify. In fiscal year 1979 some 61,000 teachers will be engaged in inservice training programs which they themselves have planned.

Planning and Evaluation

The Planning and Evaluation activity encompasses efforts by the Office of Education to evaluate its ongoing programs, to determine their effectiveness and to improve their operations. For 1979, we are requesting $7,085,000 for this effort, the same as the last fiscal year.

The request for Planning and Evaluation funds comprises less than 1/16 of 1 percent of the $11.6 billion Office of Education budget.

Part of the requested funds will be used to continue 13 studies in the areas of student and institutional financial assistance, the development of a system to report State and local uses of Federal education funds, Teacher Corps, special services for disadvantaged students, the adult education State grant program, regional resource centers for handicapped children, the library services and construction program, and bilingual vocational training.

The remaining funds will finance 20 new studies that address program questions in the targeting of student financial aid and work-study programs, the costs of institutional accreditation, the operation of international education programs, and a multi-program assessment of parental involvement in Federally supported education projects, as well as impact studies in such programs as vocational education, Indian education and bilingual teacher training.

Thank you, Mr. Chairman, and Members for your patience. I would be pleased to answer any questions you may have.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the Department to be answered for the record:]

SPECIAL PROJECTS ACT

Question: The Special Projects Act includes 9 programs. What specific accomplishments have been achieved through these programs?

Answer: The following are some examples of accomplishments that have been achieved since funding began in fiscal year 1976.

Metric Education

--Development of information and training materials for setting up regional workshops. Four workshops were held.

Community Schools

--Fifteen States have recently concluded State-wide workshops encouraging utilization of community schools as centers for delivering social and health services to the elderly.

Consumers' Education

--State Education Agencies in Florida, Hawaii, and West Virginia have developed curriculum materials. Hawaii has adapted these materials for its polylingual student population.

--2,000 teachers in seven school districts have received training in consumers' education.

--Dissemination of materials and consumer education services have been greatly expanded in Massachusetts, Michigan, and Oklahoma.

--Community consumer groups and local business merchants have cooperated in training and assisting low-income groups.

Educational Television Programming

--"Sesame Street" and "Electric Company" have successfully fostered competence in the basic skills for our Nation's children and helped prepare them for school.

Gifted and Talented

--The number of gifted children being served by the States has increased from 102,400, four percent of the estimated total, to 307,200 twelve percent.

Women's Educational Equity

--Implementation of the Women's Educational Equity Communications Network.

--Published Volume I, Resources in Women's Educational Equity: Annotated Selected References and Resources.

Arts in Education

--The grants program has established the Alliance for Arts committees in all 50 States.

--State grants program has spurred State-wide planning for arts education in more than 30 State education departments

Career education

--Promoted and refined the concept of career education through: a series of 101 two-day mini conferences, a series of 38 monographs prepared by non-federal employees, a total of 375 site visits by career education staff.

--Demonstrated best methods and procedures in career education with 477 awards.

--A national conference on career education attracted over 8,000 participants with representation from all 50 States.

Packaging and Dissemination

--According to a recent study by the Stanford Research Institute, it was determined that the National Diffusion Network is a highly successful and cost-effective mechanism for transferring exemplary educational programs from their original sites to school districts interested in adopting them.

Question: What component do you believe to the most successful and the least successful?

Answer: The 9 programs under the Special Projects Act vary greatly in objective and level of funding. Therefore, there is no common measurement of success. Further, there are few formal evaluations of these programs as most are only a few years old. As a result, we are unable to determine the "most successful" and "least successful" components.

However, for the more established programs we have demonstrated successes. For example, "Sesame Street" and "Electric Company" have successfully contributed to competence in basic skills and preparation for school for our Nation's children. The National Diffusion Network (NDN) and Packaging have successfully filled in the gap between the development and dissemination of exemplary programs, and their adoption by local school districts.

Question: How many of the projects that were initiated with Federal funds have been continued with State or local funding?

Answer: Since most of these programs were only started in 1977 with fiscal year 1976 funds, it is generally too early to assess the degree to which State and local funding will continue these projects.

We have determined, however, a keen interest of many of the States and local school districts impacted by these projects. In the Gifted and Talented program, 17 of the 18 LEA projects funded in fiscal year 1976 have been continued by State and local funds.

Question: Have you developed any long-range objectives for these programs against which the impact of appropriations may be measured?

Answer: The original intent for the Special Projects Act is that participating components would turn over every 2-3 years and new ones would be introduced. The current array of programs would therefore not be permanent. In addition, most program objectives are catalytic in effort and program support. Limited increases in appropriations therefore are, at the current time, adequate.

WOMEN'S EDUCATIONAL EQUITY

Question: The President's budget recommends that the Women's Educational Equity Program be increased from $8 million to $9 million. What specific activities will you be able to carry out with the additional funds that you are requesting?

Answer: The requested $9 million appropriation for the Women's Educational Equity Act will increase program funds over fiscal year 1978 by $915,000.

These funds will be used to support by contract eight to ten local school districts for the purpose of developing comprehensive equity programs that will affect the entire district from school boards to bus drivers and cafeteria personnel and from policy to operations.

To date the Women's Educational Equity Act Program (WEEAP) has supported discrete projects that can be adopted for replication. For the most part, these projects approach one aspect of the educational system, such as teacher training. In the comprehensive approach we anticipate selecting prototype urban, rural, and community school systems and developing demonstration sites. Schools under contract will be encouraged to utilize and further validate products developed under WEEAP.

The contracts will run for approximately four years, the first of which will be for planning and initial start-up operation.

TEACHER CENTERS

Question: Last year the Congress provided $8.25 million to implement the Teacher Centers program. This year's budget recommends an increase to $10.25 million. What is the status of the fiscal 1978 funds?

Answer: Application packets have been mailed to over 2400 persons and are still being requested and mailed out on an average of 10 per day. The closing date for the receipt of applications by the State Education Agencies is March 30, and those applications recommended by the States to the Office of Education by May 1, 1978.

Question: Have any centers been funded yet?

Answer: No. The first grants awarded under this programs will be made in mid-August, 1978.

Question: How many centers will be funded with the 1978 funds?

Answer: Approximately 50 centers will be funded, with an estimated 45 going to Local Education Agencies and 5 going to Institutes of Higher Education. It is estimated that about 10 planning grant awards will be made totaling $150,000.

Question: How many applications have you received?

Answer: None have been received yet. They are due to OE by May 1, 1978.

Question: How many centers will you be able to fund with the funds requested for 1979?

Answer: A total of 60 could be funded under the 1979 request. This level would support projects in an estimated 30 States and would serve approximately 61,000 teachers.

Question: The 1978 Senate Report directed that there be close coordination between the Teacher Corps and Teacher Center programs to insure that there is no duplication or overlap of activities. What, specifically, have you done to insure that this directive is carried out?

Answer:

--A long term study has been initiated that is reviewing all educational personnel development programs including the Teacher Corps and the Teacher Centers for possible closer coordination.

--Teacher Corps and Teacher Centers are in the process of developing a joint statement of understanding of operating relationships.

--The first Teacher Centers grants are expected to be made in April. Specific project coordination efforts will then be undertaken.

--Managers of the two programs have agreed to consult mutually at the headquarters level with respect to national or regional conferences, SEA coordination and other resource use with a goal of maximizing resources and avoiding unnecessary duplication.

--Organizationally, Teacher Centers and Teacher Corps are separate. Teacher Centers is located in the Bureau of Higher and Continuing Education, whereas Teacher Corps, reports directly to the Commissioner as required by statute. Despite organizational location difference mutual planning and coordination is taking place.

TEACHER CORPS

Question: It is generally recognized that we currently have a surplus of teachers in this country. The Teacher Corps has been doing some redirection towards training and retraining inservice teachers.

How many new teachers will be trained by the Teacher Corps in fiscal year 1978? What are your projects for fiscal year 1979?

Answer: In fiscal year 1978 about 250 new teachers will be trained. This is the continuation from the 2 year program which began in 1977. Fiscal year 1978 is also the beginning of the new five year projects which devotes the first year to development and preservice training would not begin until the second year which is fiscal year 1979. In fiscal year 1979 about 350 preservice interns will be trained. Almost all Teacher Corps projects will have the minimum number of four teacher interns per project in order to facilitate the process of integration of preservice and inservice teacher training. That is one of the Teacher Corps objectives. In some projects such as those serving Native Americans, there may be more than four preservice interns because of the shortage of adequately trained teachers representing the population served by the schools.

Question: Are you increasing your activities in the area of inservice training? How many teachers will receive training in 1978 and 1979?

Answer: Teacher Corps has greatly increased its inservice training activities. Prior to the Education Amendments of 1974, inservice training was almost nil. In the years between 1974 and 1977 each project focused on retraining educational personnel in a single school. Starting with fiscal year 1978, each project will focus on retraining the educational staffs of feeder systems of schools containing two to four schools. In fiscal year 1978 it is estimated that about 19,000 teachers are receiving inservice training. In 1979 that figure will approximate 24,000.

Question: What will be the priority of the 80 new projects funded in 1979?

Answer: Under regulations issued February 23, 1978, specific priorities are left to the determination of local projects. However, each project must be designed to achieve the following outcomes:

--An improved school climate which fosters the learning of children of low-income families.

--An improved educational personnel development system for persons who serve or who are preparing to serve in schools for children of low-income families.

--After Federal funding ends, the continuation of educational improvements including products, processes, and practices resulting from the project.

--The adoption or adaptation of those educational improvements by other educational agencies and institutions.

COMMUNITY SCHOOLS

Question: You are recommending a $2.2 million increase for community schools, from $3.5 million to $5.7 million.

Do you have any specific plans for the additional funds you are requesting? If so, what are they?

Answer: The increase of $2,238,000 for Community Schools in the discretionary portion of the Special Projects Act will be used to support an activity known as Cities in Schools. Cities in Schools is a program designed to integrate the delivery of social and educational services to inner city families.

Question: Does this request have anything to do with the schools in the community program in Atlanta, Georgia?

Answer: Yes. The Cities in Schools program is currently operating in Atlanta, Indianapolis, and New York.

NATIONAL DIFFUSION NETWORK

Question: The National Diffusion Network is designed to disseminate successful education programs throughout the Nation. The program is designed to save educational costs by making teachers and administrators aware of successful programs that may meet education needs in their schools. How is this program working?

Answer: The National Diffusion Network appears to be very effective. According to an evaluation* of its first 2 years of operations, findings include the following major indicators of success:

--The National Diffusion Network was judged to be highly responsive to interested school districts.
--Transferrability of successful education programs from one school district to another was substantiated in over 2,000 project adoptions during a 2-year period.
--The number of States participating in the National Diffusion Network has increased from 31 in FY 1974 to 46 in FY 1977, (in addition to D.C. and the Virgin Islands).
--The number of programs in the National Diffusion Network, developed with funds other than ESEA Title III has increased markedly in the following areas: ESEA Title I, Migrant Education, Handicapped Programs, Career Education, Follow-Through, etc.
--The cost-effectiveness of National Diffusion Network operations is relatively remarkable cf. a program requiring $300,000 in Federal funds to develop can be installed at a local school district for less than $3,000 additional Federal dollars.

* Stanford Research Institute, May 1977.

Question: Do you have some specific examples that would show that this program is successful?

Answer: Yes; the following are successful examples of both of the major components of the National Diffusion Network:

Developer-Demonstrator Projects consisting of exemplary educational programs approved by the OE-NIE Joint Dissemination Review Board which disseminates information on a nationwide basis, and provides training and technical assistance to adopting school districts, for example:

--The Exemplary Center for Reading in Salt Lake City, Utah reaches 48 States and Panama (e.g., in Ohio alone, approximately 132,300 children benefit from some 105 LEA projects). Overall student gains increased 2 to 4 times compared to previous years, with average percentile rankings ranging from 94% to 99% in annual achievement tests.

--Project "ACTIVE"* in Oakhurst, New Jersey has established satellites in 7 States and made presentations to UNESCO representatives from 14 countries. Its impact includes training for nearly 2,000 staff, project adoptions at some 200 LEAs reaching approximately 30,000 children.

*All Children Totally Involved Exercising

State Facilitators provide detailed information about Developer-Demonstrator projects to interested school districts, assisting them in determining the appropriateness of an NDN program for their needs, for example:

--The Texas State Facilitator has had a tremendous impact on the State school system in terms of needs assessment, curriculum evaluation and upgrading teacher competency. Some 1000 adoptions to date of 40 different projects have served over 54,000 children.

--The Indiana State Facilitator has provided strong follow-up coordination and technical assistance to ensure firm implantations of previous adoptions. Approximately 2,500 children have been served through some 300 adoptions of 20 different projects.

CLEARINGHOUSES

The 1978 Senate Report says, "The Committee has reservations about the increasing number of education-related clearinghouses and recommends that funding be maintained at the 1977 level until the clearinghouses can be more adequately justified and explained."

Question: Have you made any effort to carry out this suggestion?

Answer: We have not requested funds for the Adult and Community Clearinghouses for fiscal year 1979.

Question: How many clearinghouses are currently authorized?

Answer: There are four clearinghouses currently authorized.

Question: How many are you requesting funds for in 1979? Please compare these requests with the 1978 funding levels.

Answer: We are requesting funds for two clearinghouses in 1979, the Gifted and Talented Clearinghouse is for $100,000 the same as their level last year. We are requesting an increase of $500,000 for a total of $1,000,000 for the Bilingual Clearinghouse.

Question: What, specifically, are the purposes of each clearinghouse?

Answer: Each Clearinghouse is designed to improve education information systems by providing referral, linkage, coordination and dissemination services on their respective subjects to the public.

Question: Have the clearinghouses been well used by consumers?

Answer: None of these Clearinghouses have been in operation for a complete year. Some of the users are:

Adult Education Clearinghouse has been in operation one month. Responses have been made to 35 requests.

Community Clearinghouse has been in operation 10 months. Responses have been completed for 1,500 reference and 3,386 referral requests.

Gifted and Talented Clearinghouse has been a part of the ERIC System for three years. There were 200 requests in fiscal year 1977 and the estimated number of requests in fiscal year 1978 is 280. A request for proposals has just gone out for an Information Services Contract to disseminate additional information on gifted and talented education.

Finally, the Bilingual Clearinghouse is to begin operation in March 1978.

PLANNING AND EVALUATION

The 1979 budget recommends $7 million for Planning and Evaluation activities. This is the same level as 1978.

Question: What major impacts have evaluations had upon program operations?

Answer: Here are some examples of impact on program operations:

A study of the Guaranteed Student Loan Program identified the full extent of the loan default problem. This led to a full examination of program operations and subsequent restructuring of program operations and of the program reporting system.

Evaluation studies have developed models which have been used for planning and budgetary purposes by both the Basic Educational Opportunity Grant Program and the Guaranteed Student Loan Program.

A study of the Developing Institutions Program (HEA III) was used extensively as a resource in the preparation of and subsequent implementation of the concept of the Advanced Institutional Development Program.

Changes have been made in program regulations for the Special Services Programs for Disadvantaged Students as they pertain to evaluation of performance of individual students. This now includes pre- and post- testing of students as well as the use of standardized tests when appropriate.

A study of Accreditation and Institutional Eligibility led to a "tightening up" of FTC regulations pertaining to proprietary schools, and of regulations pertaining to HEA Title IV on institutional eligibility.

An evaluation of the CRA Title IV program led directly to several major changes in the proposed program regulations, e.g., authorized activities would be much more specific to desegregation than are current activities, and desegregation assistance centers will give concentrated attention to districts in the early stages of implementing desegregation.

Evaluations of the bilingual education program have led in past years to emphasis on teacher training activities and the development of curricular materials. The recently completed impact evaluation has resulted in commitments by the Commissioner and program staff to better selection of program participants and to research better instructional techniques in bilingual education.

Identification of four effective bilingual education projects led to "packaging" of comprehensive descriptive materials on those projects and a field test of the packaged approaches supported by program funds.

Emphasis on identification of effective programs and practices in several evaluations of ESEA Title I and other programs, contri-

buted significantly to the emphasis in the final funding years of ESEA Title III on dissemination of information on effective programs. That emphasis in Title III led to the development of the current National Diffusion Network (NDN) for continuing dissemination of such information.

Searches for effective practices in Title I projects identified problems in Title I evaluation at the state and local levels. The result was a national effort to improve the quality of Title I evaluation, which was soon strengthened under the legislative mandates in Section 151 of P.L. 93-380. This effort currently operates through development of evaluation models, workshops for state and local evaluators, and Technical Assistance Centers to help evaluators implement the models. More than 40% of Title I districts are attempting to implement at least one of these models during the 1977-78 school year.

Studies of the Title I fund-allocation formula and of the nature of children who receive Title I services have been widely used in planning revisions of the allocation formula in 1974 and during the current legislation renewal.

The study of exemplary vocational education projects under VEA Part-D resulted in a product entitled A Functional Guide to evaluating Career Education. Program Staff distributed the Guide to Voc Ed projects to provide guidance in project evaluation. A revised version of the Guide was distributed by Career Education Program staff in 1976 to directors of all Career Education demonstrations begun in June of that year.

The VEA Part D regulations were substantially revised as a result of this study to clarify and redefine program objectives and to redefine criteria for selection of new grantees. The program increased its monitoring of program activities to ensure that projects were meeting program objectives.

Evaluation of the community-based component of the Right-to-Read program made significant contributions to program guidelines for the establishment of reading academies for adult illiterates.

Current evaluation of the Special Emphasis projects in the Right-to-Read program has already led to agreement among project directors, during a meeting of February 27 - March 1, 1978, to make the appropriate modifications in operations to bring the projects into full compliance with program regulations. An example of these modifications would be an expansion in the number of students with reading problems who will receive services during Summer programs.

IMPACT ON THE BUDGET

Question: What impact have they had upon Budget Recommendations for 1979?

Answer: The moderately positive fundings of evaluations in compensatory education, with regard to program effects and student participation, were part of the basis for the requested increase in budget for ESEA Title I.

Findings in bilingual education supported the requested increase in research funds for the programs, so that OE may eventually provide guidance to the field towards planning and operating more effective projects than the ones we are funding at present.

The generally positive results of evaluation of the Upward Bound program have supported past increases in program funding.

Studies of student financial aid programs have pointed to the problems of families at middle-income levels in meeting the costs of postsecondary education. These findings assisted OE in the development of proposals for a "middle income strategy" in student financial aid.

Conclusions from the Follow Through experiment, which compared the effectiveness of various models of compensatory education, indicated that only one model had been generally and consistently effective. These findings were part of the basis of the Administration's decision for a gradual phasing out of the program which would not remove currently participating children. The increase in Title I appropriation which has been proposed will absorb many features of the Follow-Through programs.

Question: What would you list as the five most important findings of Office of Education evaluations during the past year?

Answer: The findings of the Office of Education are as follows:

1.) Bilingual Education:

Less than one-third of the students enrolled in ESEA Title VII classrooms in grades 2 through 6 were of limited English-speaking ability, the target population Title VII is intended to serve.

In English-language arts, Title VII students generally did not progress more rapidly than comparable non-Title VII students. Both groups generally performed at about the 20th percentile.

In Mathematics also, Title VII students progressed at about the same rate as comparable non-title VII students. Both groups of students generally performed at about the 30th percentile.

2.) Compensatory Education: Effects

The Title I services that students receive in reading are

supplementary to the regular school program and they appear to benefit from them.

Compensatory students receive more resources in reading than do non-compensatory students.

During the school year Title I students do not fall further behind their more advantaged peers in their reading skills.

In unusually successful compensatory reading projects students advance by 7 to 10 percentile ranks during the school year.

3.) Compensatory Education: Participation

Title I funds are moderately well focused on elementary school children who do poorly in reading and math.

Thirty percent of all elementary school students who can be regarded as low achievers are selected for Title I while another 15% are selected to receive compensatory services from other programs.

Seven percent of non-low achievers are selected for Title I but because of their greater absolute numbers more non-low achievers are reached by Title I.

One-third of the students judged in need of compensatory services are not now receiving them.

The typical student selected for compensatory reading in Title I ranks at about the 20th percentile in reading achievement.

4.) Upward Bound Program:

Upward Bound (UB) students attend colleges at 18% greater rate than comparable non-participants.

UB students had relatively higher enrollments at 4-year than at other types of postsecondary institutions.

UB participation was found to be associated with the entry into postsecondary education of more ethnic minorities, more poverty-level students, and more students classified as academic risks in high school.

5.) Federal "Change-Agent" Programs in Education:

Developers of exemplary projects do not promote and spread their innovations to new sites in the absence of funding to do so.

Well-developed materials, in addition to personal assistance, are necessary for successful implementation of examplary projects at new sites.

Implementation of exemplary projects at new school sites involves some modification of methods and materials to accomodate local conditions and characterized as a gradual and cumulative process.

OFFICE OF EDUCATION

STATEMENT OF ROBERT C. LEESTMA, ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT AND INTERNATIONAL EDUCATION

ACCOMPANIED BY:

JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, HEW
MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION

EDUCATIONAL ACTIVITIES OVERSEAS

Senator BURDICK. The educational activities overseas program, designed to assist schools to improve their instruction in foreign cultures. What specific activities are funded with the $2 million in this program? Can you identify the elementary and secondary activities and the post-secondary activities funded by this program? How many educational institutions benefit from your program? What have we gained as a result of the funds we have spent on this program?

Mr. LEESTMA. We have four broad categories of programs under that appropriation, beginning with doctoral dissertation research done abroad. Faculty research grants abroad to help universities specialists maintain or increase their competence in their special fields of foreign study.

We have a program called group projects abroad, which is a category that permits a number of research and training activities in both elementary and secondary and in higher education.

And finally, we have a small program called foreign curriculum consultants, which brings people from other countries to this country to help large school districts, small colleges, teacher training institutions, and State departments of education improve their teaching about other countries.

BENEFICIARIES

Senator BURDICK. How many educators and institutions benefit from this program?

Mr. LEESTMA. In an average year, from 500 to 600 individuals and approximately 50 institutions, depending upon the year.

Senator BURDICK. What have we gained as a result of the funds we've spent in this program?

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Mr. LEESTMA. You could categorize the benefits in a number of ways. Certainly, the improvement of teaching materials about those countries in which the foreign currencies are found; that is to say, bringing curriculum materials about India and Pakistan up to date, particularly in those school systems and States where State requirements or local school district requirements mandate the teaching about non-Western cultures as a part of the required curriculum.

At the higher education level, a good illustration would be not only maintaining or extending the competence of faculty members specializing in Middle Eastern studies or South Asian studies, but in the case of graduate students permitting field research on their dissertation topics, and, in the case of Arabic, advanced language training in Arabic for those who are going to become scholars on the Middle East and require bilingual fluency in Arabic.

Ms. BERRY. Senator, I would like to add just one point to the answer. These funds are also used to develop teaching materials that are also used in this country. They are not only used in foreign countries. They develop instructional materials that we use here in the United States.

Senator BURDICK. For my information, where do these students come from?

Mr. LEESTMA. With one small exception, all of the students and teachers who benefit under this program are Americans; whereas, the activity, with one exception, takes place overseas. They are Americans who engage in the activities, extend their knowledge of the other countries, and produce materials about the other countries to bring back to enrich and improve American education in dealing with the rest of the world.

The one exception is the small foreign curriculum consultant programs—and we don't happen to have an example in this year's budget—which brings specialists from other countries to work in American institutions for a year, not as exchange professors, but rather as consultants on the curriculum to analyze what is being taught in terms of its accuracy and representativeness, to survey the library holdings, and to hold in-service training programs for teachers.

In those few cases where we use this money for foreign curriculum consultants, because this is foreign currency, it buys the roundtrip ticket for the consultant to come to the U.S., and then, under the companion appropriation, which you heard the other day, the Fulbright-Hayes appropriations, the dollars are used to pay part of the monthly stipend for the consultant in this country, with the school district or the State education department sharing the cost.

CONSTRUCTION

Senator BURDICK. Well, then, the school plant itself, in these various countries, are maintained by the various countries, the plant, the buildings and everything else?

Mr. LEESTMA. I think, with no exceptions, none of this money is used for construction or anything of that sort abroad. American educators go to Egypt, India, and Pakistan for research and training activities which are carried out in the facilities of the host

government or in the villages or whatever. And the money is spent, basically, on cost-of-living allowances, to some extent travel, on the instructional costs for materials development and for making the various kinds of instruction and research facilities available to the Americans who are there.

[The statement follows:]

STATEMENT OF ROBERT LEESTMA, ASSOCIATE COMMISSIONER FOR INSTITUTIONAL DEVELOPMENT AND INTERNATIONAL EDUCATION

Mr. Chairman and members of the committee, I am pleased to appear before you in support of the Educational Activities Overseas Appropriation. We are requesting for fiscal year 1979 $2 million in U.S.-owned foreign currencies to assist American education in providing selected training and research programs abroad in foreign languages, area studies, and world affairs.

The fiscal year 1979 request is the same as the 1978 Appropriation, but $298,000 less than the total program obligations for that year. The 1978 Appropriation of $2,000,000 was supplemented by $298,000 recovered from unexpended portions of grants from prior years.

This program seeks to improve the quality of foreign language and area study instruction in the United States by developing or upgrading the abilities of selected educational leaders. The objective is accomplished by providing opportunities for educators to work and study abroad and to become immersed in the languages and cultures they expect to teach.

The $2,000,000 requested in fiscal year 1979 will enable new emphasis to be placed on assisting States to retrain teachers in new curricula. This request will support approximately 63 projects using currencies from Egypt, India and Pakistan.

In summary, the use of excess foreign currencies in support of American research and training programs abroad will help ensure that our educational institutions will be better equipped and our citizens better educated to meet the challenge of international understanding that permeates the contemporary world.

My colleagues and I will be happy to answer any questions the committee may have.

SUBCOMMITTEE RECESS

Senator BURDICK. We will now be in recess.

The statements for each of the three accounts will appear in their regular order in the record. As long as we're taking things out of order here, they will be orderly in record, so we'll be in recess until the call of the chair by the chairman.

[Whereupon, at 4:25 p.m., Monday, March 6, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, March 7.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1979

TUESDAY, MARCH 7, 1978

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 2:20 p.m. in room 1318, Everett McKinley Dirksen Office Building, Hon. Thomas F. Eagleton presiding.
Present: Senator Eagleton.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF HUMAN DEVELOPMENT SERVICES

STATEMENT OF ARABELLA MARTINEZ, ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES

ACCOMPANIED BY:

ROBERT C. BENEDICT, COMMISSIONER, ADMINISTRATION ON AGING
MERWIN HANS, EXECUTIVE DIRECTOR, NATIONAL COORDINATION COMMITTEE
MICHIO SUZUKI, ACTING COMMISSIONER, ADMINISTRATION FOR PUBLIC SERVICES
KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

INTRODUCTION OF ASSOCIATES

Senator EAGLETON. Good afternoon, ladies and gentlemen. The Subcommittee on Labor-HEW Appropriations of the Committee on Appropriations is now in session to continue its hearing on the fiscal year 1979 budget.

Today we are hearing from the Office of Human Development Services, as well as special institutions.

We have Assistant Secretary Martinez. Would you introduce your colleagues, and we would be delighted to have your testimony.

Ms. MARTINEZ. Thank you, Mr. Chairman. Let me introduce my colleagues.

First let me introduce Commissioner Robert C. Benedict, Commissioner on Aging.

The second person is Mike Suzuki, Acting Commissioner for the Administration for Public Services.

Merwin Hans is the Executive Director of the National Coordination Committee of the Department of Labor and is here to help with the testimony on WIN.

Wilford Forbush is the Deputy Assistant Secretary for Budget at HEW.

Ken Levine is Deputy Assistant Secretary for Legislation.

Senator EAGLETON. Ms Martinez, we welcome you. We have someone from the Department of Labor, since the WIN program is jointly funded. Go ahead.

REVIEW OF FISCAL YEAR 1979 BUDGET REQUEST

Ms. MARTINEZ. I am pleased to appear before you today to discuss the fiscal year 1979 budget request for the Office of Human Development Services which, for the first time, includes the title XX, work incentives and other related programs which were transferred to our agency in March 1977.

The testimony I have prepared will be submitted for the record.

[The statement follows:]

STATEMENT OF ARABELLA MARTINEZ

I am pleased to appear before you today to discuss the fiscal year 1979 budget request for the Office of Human Development Services, which for the first time, includes the Title XX, Work Incentives and other related programs which were transferred to our agency in March of 1977. We are requesting $5,311,163,000 to support programs which serve low income individuals and special populations, including children and youth, older Americans, physically and mentally handicapped people, developmentally disabled individuals, and native Americans. In addition, we are requesting $284,750,000 under proposed legislation; $200,000,000 for Child Day Care, and an additional $84,750,000 for Child Welfare Services. We are requesting $1,284,000,000 in advanced funding for Titles III, V, and VII of the Older Americans Act and the Basic State Grant Program in Rehabilitation Services.

In 1979, the major policies of the Office of Human Development Services are to address more adequately the service needs of the populations we serve, particularly those who are unserved or underserved; and to improve the delivery and quality of services, while increasing efficiency and reducing unnecessary program costs. In addition, the 1979 budget reflects increases for programs which serve children, youth, and their families in an effort to expand programs which support the Department's family strengthening initiatives. In keeping with these major policies, the following activities are particularly noteworthy:

-- For Title XX we are requesting $2.45 billion, an increase of $68 million over the 1978 level. This reflects the States' greater utilization of Federal assistance to improve the quality of a variety of social services, including day care, foster case, family planning, counseling, education, training,

and protective and health-related services, to millions of low-income Americans.

— We are requesting $731 million for Administration for Children, Youth, and Families programs, an increase of nearly $61 million over the 1978 level. Of the $731 million, $680 million would support Head Start programs which emphasize cognitive and intellectual development, physical and mental health, and parent involvement to enable each child to develop and function at his or her highest potential. This is a $55 million increase over the 1978 level and a $205 million increase over 1977. The $55,000,000 increase for 1979 would extend Head Start services to an additional 29,000 children, bringing the total served to 429,500 children. Of the $55 million increase, $7.7 million is for enhancing basic educational skills in existing Head Start programs to demonstrate effective ways of helping children acquire skills during pre-school years which will prepare them for elementary school achievement. This initiative will focus on about 30 Head Start programs that have demonstrated exemplary educational practices and show promise of enhancing basic education skills.

— We are requesting $545.7 million to continue programs for the elderly. These programs provide physical and mental health services, suitable housing, opportunities for employment, meaningful activity in retirement, community services, and nutrition programs to millions of elderly Americans. Advance funding requested for Titles III, V, and VII will enable State and area agencies to better plan coordination and delivery of services. In

the Nutrition Program we are proposing to replace the food commodities now donated by the Department of Agriculture with direct cash payments to Nutrition projects to give the projects added flexibility to either continue to use the Agriculture commodities or to purchase more readily available foods from community sources. We are proposing $37 million for this initiative in 1979.

— For the Rehabilitation Services Administration we are requesting $973.8 million, an increase of $44.4 million over the 1978 level. This level includes $62 million for programs for the developmentally disabled for which we are proposing a $3 million increase over the 1978 level. These funds will support programs to prepare physically and mentally handicapped persons for gainful employment, and for research and training in the field of vocational rehabilitation. In 1979, these programs will focus on serving and rehabilitating increasing numbers of severely disabled. For vocational rehabilitation basic state grants, the budget proposes $785 million, $25 million over the 1978 amount. Advance funding is requested for the Vocational Rehabilitation State grant program so that States can better plan for the use of resources for 1980.

— For State and local training, we are requesting $71.5 million, an increase of $8 million over the 1978 level. These funds will provide training to over 300 thousand people. The demand for training by provider agencies for social services has steadily increased. Our request will enable us to meet these needs as well as to provide specialized training in the area of day-care to upgrade skills and knowledge in developmental needs of children.

— We are requesting $33.8 million for programs which focus on promoting economic and social self-sufficiency for Native Americans. In 1979, we expect to provide direct services to over 200,000 Native Americans with emphasis on previously underserved groups.

Thank you, Mr. Chairman. My colleagues and I will be happy to answer any questions you and the Committee may have.

Biographical Sketch

NAME	:	Arabella Martinez
POSITION	:	Assistant Secretary, Office of Human Development
BIRTHPLACE AND DATE	:	Trinidad, Colorado, July 31, 1937
EDUCATION	:	B. A. University of California at Berkeley, 1959
		M. A. University of California at Berkeley, 1966
EXPERIENCE		
Present	:	Assistant Secretary, Office of Human Development
1974-1977	:	Self-employed Social Program Consultant to such organizations as the Ford Foundation, University of Houston Graduate School of Social Work, Spanish Speaking Unity Council, Chicano Alliance of Drug Abuse Programs, and Peralta Services Corporation.
1969-1974	:	Executive Director of the Spanish Speaking Unity Council, a community development corporation, in Oakland, California.
1966-1968	:	Executive Director of the Valley Communities Economic Opportunities Organization, an anti-poverty agency, in Livermore, California.
1964-1966	:	Graduate Student - unpaid Field Work Placement: 9/64-6/65 Caseworker in the International Institute in San Francisco two days per week. 6/65-9/65 Research Assistant in the Graduate School of Social Welfare at the University of California in Berkeley. 9/65-6/66 Community Organizer in the City of Berkeley's Social Planning Division three days per week.
1959-1964	:	Caseworker: Old Age Security, Aid to Needy Blind, 8/59-12/62 Aid to the Disabled (all now under SSI); and Aid to Families of Dependent Children (single parent and unemployed parents), Alameda County in Oakland, California. 9/63- 5/63 State of California Department of Welfare: Special AFDC Study. 8/63- 8/64 Contra Costa County Social Services Department.

GENERAL REMARKS

I would like to make a few comments, however, before we get into the question and answer period.

Before I address directly those programs of AOA, title XX, and the WIN program, I would like to make a few general remarks about the construction of the fiscal 1979 budget.

The proposed budget reflects for the first time in a very long time support by the executive branch for social services and rehabilitation services. Not only does this budget for the first time reflect increases, but also it reflects no decreases in any category.

The Office of Human Development Services——

Senator EAGLETON. Talking across the board?

Ms. MARTINEZ. Across the board. Human Development Services didn't decrease one program in the budget.

Senator EAGLETON. What area of legislation are you talking about?

Ms. MARTINEZ. All the programs in the Office, including aging programs, title XX, child welfare services, Head Start, native American programs, programs for citizens with disabilities. It includes all the programs in the Office of Human Development Services.

I am not speaking about HEW, as a whole.

As you know, HEW got a massive increase. The Office of Human Development Services' budget request and the legislative program is a modest start toward our objectives of service improvement and more adequately meeting the needs of our target populations, especially those individuals that are unserved or underserved.

My purpose in coming to HEW was to contribute to rationalizing the delivery of services to our senior citizens, children, adolescents, families, native Americans, and citizens with disabilities. Having worked at the local community level as a social worker, I know firsthand the difficulties encountered by the citizens of this country in securing the services they need and to which they are entitled.

One report from the National Conference on Social Welfare indicated that out of every 100 persons who seek social services, only 40 actually are let in the door. Of those 40, only 17 are actually served. Of those individuals who are referred from one agency to another, only one in five actually ever get to the service to which they were referred.

Senator EAGLETON. Let me have you suspend your testimony for a minute to read some material here, so I can follow better what you are saying.

[Pause.]

TITLE XX

Ms. Martinez, would you flip to page 19 of a document called "Justification of Appropriation Estimates, Committee on Appropriations, Fiscal 1979"? A brown-covered document. Do you have that?

Ms. MARTINEZ. Yes. Page 19?

Senator EAGLETON. It says, "Social Services Costs." I take it those are all the title XX programs?

Ms. MARTINEZ. Yes.

Senator EAGLETON. All right. Start with "Day Care" and take me down the line and tell me who does what to whom in each of these

categories. By whom, what governmental agency provides what services, to what groups of people, and are these automatic formula allocations on a capitation basis—just take me through the whole range of the title XX programs.

Ms. MARTINEZ. Essentially, as you know, the title XX program is an entitlement program to the States with very few strings attached in terms of types of programs which are to be provided. We leave to the discretion of the States the decision as to how they will allocate resources and for what purposes.

There are some very broad, general objectives which they must follow, but they are extremely broad. The States really decide where they will put the money. In fact, in some States—for example, in New York—approximately 60 percent of the money goes to day care. Overall, nationwide, 22 percent of the money goes to day care. In some States such as Arizona, where there are considerable numbers of elderly, and programs for the elderly are a priority, more of title XX goes to serve the elderly of those States. States are required to submit a comprehensive annual State plan. The Department is not required to approve that plan. All the States must do is submit their plan and meet the very broad guidelines established by title XX. They submit the plan in terms of what the needs are, what their resources are, and what they propose to do with the money, in general terms.

Senator EAGLETON. Then you are a conduit?

Ms. MARTINEZ. We do shovel out the money.

Senator EAGLETON. They submit an annual plan, but you have no veto or input? You keep it on file?

Ms. MARTINEZ. What we plan to do——

Senator EAGLETON. Why are you here?

Ms. MARTINEZ. Because I was selected by the Secretary.

Senator EAGLETON. If you have very little control over it——

Ms. MARTINEZ. There are some requirements which they must meet, mostly by regulation, which we do monitor. We have, in fact, at times had disallowances against a State. That has been a major problem. But, basically, the States can decide how they think the money ought to be allocated. Part of that philosophy is that the States and local governments know best what the needs are and therefore know best how to set priorities within the State.

One-half of the money that goes out is through third-party contracts such as the Red Cross, or family services agencies or a local community agency.

Almost any type of agency that you name could receive money through third-party contracts.

STATE ALLOCATION OF TITLE XX FUNDS

Senator EAGLETON. Let's start at the beginning. How is each State allocated its fair share?

Ms. MARTINEZ. There is a formula based on population.

Senator EAGLETON. No poverty factor? Straight population?

Ms. MARTINEZ. That's right.

Senator EAGLETON. So the State of New York will get a pot of money. Could they spend it all on day care?

You say they spend 60 percent. Could they go 100 percent on day care?

Ms. MARTINEZ. Not really, but almost. Do you want to answer that Mr. Suzuki?

REQUIRED SOCIAL SERVICES UNDER TITLE XX

Mr. SUZUKI. The title XX legislation mandates certain basic minimums of service. One is that there must be at least three services directed towards the SSI population, which would be the aged, blind, and disabled covered under SSI.

In addition, title XX forces the States to use what is referred to as a "Sunshine Provision" or open planning process. Based on the statute, the States must provide the three services directed toward the SSI population and they must have at least one service directed toward each of the 5 statutory goals—economic self-sufficiency, social self-sufficiency, prevention of inappropriate institutionalization arranging for effective institutional services where needed, and protection of children and adults from abuse and neglect. It would be hard to think of day care covering all of that.

There is maximum flexibility. The protection against this being skewed totally toward one type of service is the so-called open planning provision.

Ninety days before the beginning of a program year, the State, with the Governor or his representatives signature, must publish a plan and say, "This is how we expect to spend our share of the title XX moneys we got on the basis of population." The dynamic that takes place is the expression of the community interest through their review of the State plan.

I would not say the typical man on the street is even aware of the State plan, but certainly the family planning interests, child care interests, and senior citizens groups are.

You have an interplay. Some people refer to it positively as a democratic process and negatively as a politicization of the social services allocation processes.

There is this dynamics that takes place.

CAP ON TITLE XX

Senator EAGLETON. Was it title XX that a few years ago—in the late 1960's or maybe early 1970's—appeared to be a rather modestly funded program, and then took off to the surprise of most people, and then we had to cap it at $2.5 billion?

Mr. SUZUKI. The $2.5 billion ceiling was a response to the explosion of program costs. In 1970 fiscal year, we were spending about $700 million for social services.

Costs jumped between 1971 and 1972 from about $700 million to $1.7 billion. Congress capped program costs in October 1972, but it was not title XX at that time. The services provisions were attached to the cash payment provisions, so there was an AFDC service provision, and an aged, blind, and disabled provision.

Title XX was part of an attempt to change the public social services program in this country. The $2.5 billion cap was the first step in October 1972. Title XX came along in October 1975. Title XX is only 2½ years old.

Senator EAGLETON. But once the State submits this general spending plan, if it is basically in order, that is it. They can dramatically change the percentages in this category?

Mr. SUZUKI. Yes.

PUBLIC REVIEW OF TITLE XX PLANS

Senator EAGLETON. New York decided in its best judgment that day care is vital and 60 percent of all title XX money goes to day care. Children's day care.

Mr. SUZUKI. Yes. The State has consciously tried to reverse this trend. They have probably reduced day care costs to 50 percent by now, but, again, the State must publish their plan 90 days before they begin their program year and that plan is subject to public review. The program year is either their fiscal year or the Federal fiscal year. The statute and regulations are very rigid in the public review requirements. The State plan must be published in a newspaper of largest circulation in each area of the State. The title XX statute attempts to force this sunshine provision, so that interest groups in the State can look at the State plan.

This is the process under title XX. This is what I think was substituted for the Federal review of what proportion of funds should go where. This is in effect, substitution of citizen participation for Federal mandate.

HOMEMAKER AND CHORE SERVICES

Senator EAGLETON. All right. Tell me what kind of services are rendered under what is called homemaker chore services. Still on page 19 of the document.

Mr. SUZUKI. Homemaker service is a very specific service that provides help for a few hours a week to several hours a day to assist the aged or the disabled person to be able to remain on an independent basis within the community.

The method of providing homemaker service is defined in various ways by the State. The Federal Government does not have a specific definition of homemaker service. Basically, homemaker service is provided by supervised and trained people who can go in and assist in the maintenance of a particular home. Chore service is somewhat simpler. It tends to cover the less skilled, less personal services that may be required. Literally chore service is, as an example, to help the elderly to remove the snow, to do the window washing, to do those things that a frail, elderly person or an incapacitated parent in the AFDC program would be unable to do.

Senator EAGLETON. How much of those services go to the elderly, of the $275 million in 1977?

Mr. SUZUKI. It is not broken out.

Senator EAGLETON. A big hunk of that goes to the elderly?

I am talking about the 1977 estimate or 1978 estimate. Whatever one of those figures you want. The range between $275 million and $300 million. Would it be fair to say that half of that goes to homemaker services for the elderly?

Mr. SUZUKI. The larger portion is directed toward the aging and disabled, not to recipients of the AFDC program.

TITLE XX IN-HOME SERVICES VERSUS AOA, TITLE III

Senator EAGLETON. How does that program differ from in-home services under title III of the Older Americans Act, community services, State and area plans?

Mr. SUZUKI. Some of the activities that are funded under title XX are also funded under the aging program.

Senator EAGLETON. Why have two, if they do the same thing?

Mr. SUZUKI. The title XX program makes it possible for a State to assess what funding they may get on categorical programs and then look at the relatively free funding they get under title XX to see which area of service needs to be built up.

HOMEMAKER SERVICES UNDER THE AGING PROGRAM

Senator EAGLETON. If the State has a pretty wide latitude, as we have been told—New York spent 60 percent on children day care—If the State has a wide latitude to decide it wants to do homemaker services under title XX, what do they need title III community services for in-home services? Do you work just on title XX?

Mr. SUZUKI. Yes.

TITLE III

Senator EAGLETON. Who does title III?

Mr. BENEDICT. I do.

Senator EAGLETON. Why both doing the same type of thing?

Mr. BENEDICT. I think the response to your question is to observe that the Congress and the administration over the years have initiated a number of service programs that have two characteristics to them. One is that they tend to focus on particular groups of people with needs.

The second is that they focus on the development of services.

Perhaps one observation might be that we are only now, with the reorganization and bringing together of many of these programs, beginning to see where some of the duplication exists with regard to services development in the community.

POSSIBILITY OF SERVICE DUPLICATIONS

Senator EAGLETON. When you testified at your confirmation, I asked you if you had to name a No. 1 priority for America's aging—that was a difficult question—what would you single out as the top priority?

You paused and reflected, as we hoped you would, and said, "If I had to narrow it down to one, I would say in-home services."

Why in-home services under title III and homemaker chore services under title XX? I don't understand why we have to have two parts of two different titles doing the same thing.

Mr. BENEDICT. Title III of the Older Americans Act, essentially, was put into place to create for the first time in the community a system of area agencies on aging whose primary function was to plan, to coordinate the development of services for the aging in the community. It is primarily, a planning function.

Senator EAGLETON. The money under title III goes to the planners?

Mr. BENEDICT. No. Title III, in addition to developing the capability for planning and organizing services, made available to those agencies funds to extend services, either to expand them where there were gaps in terms of populations not served, or to add new services.

The title XX program, historically, as Mr. Suzuki indicated, was an outgrowth of public assistance and social services and is limited in terms of income to those who may participate.

Many of the title III dollars in in-home services tend to make services available to groups of individuals who happen to fall just above the income lines for eligibility in title XX, but nonetheless who need services.

What State and area agencies on aging are doing is defining needs in terms of people and in terms of priority services, using the area agencies as a vehicle for coordinating and then maximizing various sets of Federal and State resources to see that the broadest spectrum of the needs can be met.

Senator EAGLETON. I hear you, and I won't pursue it further.

EXPLANATION OF GAPS IN SERVICE

Ms. MARTINEZ. May I speak a bit more broadly on this issue?

I mentioned to you earlier that there were great gaps in services as well as duplication, and that many people go for services and are turned away, or not served.

As I watched this at the local community level, it was atrocious. As I see it from the Federal level, it is atrocious.

Part of the development of social services—and there are many, and there are different kinds—has been historical. They have developed both unevenly and over time in response to critical needs which first were identified by citizens outside and then brought to the attention of the Congress, and the executive branch.

As we look at these programs now, after 10 years, there has been an accelerated growth, a tremendous growth.

One, this is not because the needs are new, but because there was finally a recognition on the part of the Federal Government that they must intervene, that, in fact, the needs of people were not being met by the private sector, and weren't being met by the State and local governments.

So, there must be Federal intervention in the form of financial support for those social services. You can see that development very clearly when you go over the history of social services.

I think the second thing that needs to be said is that as the new administration looks at the social services system, we see that many of the services were directed to very specific target groups with very specific problems, with very strict eligibility requirements; so that is why a lot of people are turned away.

LACK OF CONGRUENCE AMONG SOCIAL SERVICE PROGRAMS

We see another factor. We see very little congruence among programs, very little interface and coordination among programs.

The second thing you see is that there is very little interface between the needs and the mandated programs.

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We are very much aware, both of the major service gaps as well as the duplication, focusing more narrowly on your question, the title XX homemaker chore services are not just for adults and elderly. It is also for handicapped citizens who are not elderly, and for families.

Suppose the mother gets sick and can't take care of the children. One option is to send that child for foster care. This program provides the option of keeping the children together at home with their families.

So, it is not just a program for elderly that is here in title XX. It addresses the needs of a lot of different citizens with a lot of different needs.

Senator EAGLETON. I didn't say it all went to the elderly. I was talking about homemaker chores.

TARGETING OF HOMEMAKER SERVICES

Ms. MARTINEZ. Homemaker Services itself goes to a variety of types of citizens.

Senator EAGLETON. The majority of it went to the elderly, one of the witnesses said.

Ms. MARTINEZ. That is part of it, but a lot is used for families and disabled people.

Senator EAGLETON. What percentage of the Homemaker Services totaling $302 million in the 1979 estimate goes to elderly people?

Ms. MARTINEZ. We will try to get that figure for you.

Senator EAGLETON. Half? Ball park guess.

Mr. SUZUKI. Yes.

DEFINITION OF TITLE XX SERVICE CATEGORIES

Senator EAGLETON. Supply the breakdown for the record. Take 1977 and tell us the percentage breakdown. What is the next line there?

[The information follows:]

The percentage of homemaker/chore services by category of eligibility for fiscal year 1977 is as follows:

Services provided to income maintenance recipients:	*Percent*
AFDC	13
SSI	66
Medicaid	5
Services provided to income eligible recipients	15
Service provided without regard to income	1

Senator EAGLETON. Education, training and employment, $248 million in 1978 and $272 million in the 1979 estimate.

Mr. SUZUKI. We will submit for the record the definitions used for these various service categories. The education and training there really refers to those types of activities which are typically supportive of training for jobs—job related training in addition to the other programs covered.

[The information follows:]

TARGETING OF TITLE XX FUNDS

Definition of Selected Title XX Services

Day care service for children

Comprehensive and coordinated sets of activities providing direct care and protection of infants, preschool and school age children during a portion of a 24-hour day inside or outside of the child's own home.

Homemaker/chore services

Services to individuals and families in their own homes including helping individuals overcome specific barriers to maintaining, strengthening and safeguarding their functioning in the home through the services of any agency trained and supervised homemaker.

Chore services

The performance of household tasks, essential shopping simple household repairs and other light work necessary to enable individuals to remain in their home when unable to perform such tasks themselves and which do not require the services of a trained homemaker or other specialist.

Education, training and employment services

Services directly associated with securing education and training below the baccalaureate level (except that post secondary vocational training for up to two years is permissible) which would otherwise have to be paid for by the recipient, that is, fees, books, supplies, and transportation.

Employment services

Services to enable individuals to secure appropriate paid employment through educational and vocational training, medical diagnostic assessment, and through training leading to employment.

Protective services

Preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families means, by the provision of services, an individual achieves a living situation which is safe and conducive to his well-being; and appropriate, that family stability and unity has been restored.

Foster care services-children

Staff activities in recruitment, study and approval/certification of foster family care homes; in the placement process, i.e., "matching" of individuals and family care homes; staff supervision of the home; re-evaluation of the home including reassessment of the individual's need for such care, counseling services with, or in behalf of, individuals and their families to attain other living arrangement when indicated.

Counseling services

One or more discussions between an agency representative and a client(s) directed at improving individual or family functioning or resolving an identified problem.

Health related services

Services provided to assist individuals to attain and maintain a favorable condition of health by helping them to identify and understand their health needs and to secure and utilize necessary medical treatment as well as preventive (including Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program) and health maintenance services including services in medical emergencies.

Residential care and treatment

Care and treatment provided for individuals with behavorial and/or emotional and developmental problems who require periods of separation from their home setting to effectively provide the treatment services.

Family planning services

Social, education, and medical services to enable appropriate individuals (including minors) to limit voluntarily their family size or to space their children.

Other services

Services not listed above but defined in either the Social Services reporting forms and States Comprehensive Annual Service Program Plans.

Senator EAGLETON. Support for vocational/technical education.

Mr. SUZUKI. That is right. There is probably not a single service in title XX that is not provided for in some other mechanism.

I think that we must be frank to recognize two significant facts:

One is that while title XX is not targeted either to the aging or the children or youth or handicapped, it is targeted to the poor. There is a statutory provision that cash recipients and medicaid recipients must get the lion's share of these programs.

Statistics indicate that approximately 61 percent of these title XX services, because of the historical tie to the cash assistance program, and because of the law, go to the bottom of the socioeconomic group. These are the welfare recipients and the very poor.

Senator EAGLETON. I don't quarrel with that. That is where it ought to go. Why only 60 percent there? Where is the other 40 percent?

Mr. SUZUKI. The law permits services to range as high as families who are at 115 percent of median income. Approximately 30 percent of the services are rendered to families based on median income. In addition, approximately 9 percent of the services are rendered without regard to income.

COMBINING RESOURCES TO MEET NEEDS

There, again, the law permits the State to provide services in relation to the median income. But to be responsive to your question, there are other funding mechanisms. Let's take another aging program, for example, which is the provision of meals for the elderly.

What we hope to see at the community level, through provider agencies, is a combining of the kind of funding that title XX may offer with some of the funding that may be offered through other mechanisms.

Even with those combinations, I don't feel that many of the service needs of the country are met. We are really still trying to meet the critical demands.

I don't think any of us would pretend that all these needs for some of these programs, such as meals for senior citizens, are fully met by the funding under the Older Americans Act, and the funds the States allocate under title XX.

If you are suggesting there may be a more efficient way in which legislation may target the use of all these funds, I think there has to be a very careful examination of that.

In one sense, if you try to target funds to particular categories of service strictly from the Federal level, speaking as a title XX advocate, you leave no discretion in terms of the community and State perception need.

What makes sense in terms of a ratio of one kind of service to another in one State does not make sense in another State.

I think what you really have to be able to do is look at these services like a matrix. At the local level, it makes sense and to the degree we can make the linkages and coordination more simple, that would help. At the Federal level we should talk to each other and look at programs on a mutual basis.

If you raise the question as to whether these are unique title XX services, none are unique. All of them in one way or another probably have some other funding source.

Senator EAGLETON. I understand that. I am not necessarily quarreling with it. I am trying to understand it. Would there be a fair way to summarize it?

The whole list of services on page 19—day care, homemaker, education, training, foster care, health care, family planning, et cetera—there are one or more specific targeted Federal programs dealing in those respective areas.

Title XX is in the nature of sort of a block grant turned over to the States on a straight population formula basis and saying, "Mr. Governor, or Mr. General Assembly, or Mr. Mayor, here is some money; you supplement some of the other Federal programs on the books."

If you think day care needs more attention than you are getting out of directly funded Federal programs, throw a hunk of money into day care. If that is going OK, you can throw a pretty good wad of dough at homemaker care. Is that a fair layman's understanding?

GAPS IN CATEGORICAL FUNDING

Mr. SUZUKI. One other thing. All the categorical programs don't cover all the services needed.

Senator EAGLETON. There are gaps. Our targeting leaves some space between bullets. This helps fill some of the space.

Ms. MARTINEZ. It is not a block grant. If it were, there would be no requirements. There are relatively few, but we have five objectives that have to be met. Three of the services have to be targeted on the SSI population.

That is very different from general revenue sharing.

Senator EAGLETON. It is not general revenue sharing. That is a check to use for everything under the Sun. If it has certain civil rights, that is about the major control. This is a quasi-block grant targeted at social service areas, poor people in need, young, old, handicapped.

What do we really do on this? Why have I expended this amount of time? We will just send the money out there. What do I need to know about this?

ATTEMPTS TO IMPROVE SERVICE QUALITY AND DELIVERY

Ms. MARTINEZ. One of the hopes of the title XX program was that it would begin to help the States to rationalize the social services system.

I said earlier one of the great concerns and constructs of the fiscal year 1979 budget has to do with beginning to try to see how we improve services delivery when we have so many people being turned away, not getting help from one service or another.

That is a great concern to us. We came into office with the situation as it is. It is our job now to try to propose for the future ways of rationalizing those services and systems out there.

It is our job to try to help States to improve service delivery and to improve the quality of services. There are many, many people who really aren't being served adequately, and that is what we are

trying to address as we develop our concept for the future, and our proposals for the future.

Senator EAGLETON. Can you really do that if this quasi-block grant goes out there and New York can put 60 percent in day care? Maybe New York is doing the right thing; but what are you going to be able to do about it under the present law? You have to pass this money on.

STATE REQUESTS FOR FEDERAL LEADERSHIP

Ms. MARTINEZ. Let me say there was no one more surprised than I was to hear from the States that they wanted the Federal Government to provide leadership and technical assistance to them. They are faced with the same problems we are faced with at the Federal level, both in the executive branch and in Congress.

They want help in beginning to deal with the service system problems that they have, with the quality of services. They want to figure out how they can deliver services more efficiently and effectively, and how they can be more accountable in terms of the services they deliver to the people.

I think what we——

Senator EAGLETON. You haven't heard that from State Governors, have you?

Ms. MARTINEZ. Maybe not, but from State administrators who run these programs.

Senator EAGLETON. They want more Federal direction.

Ms. MARTINEZ. They want more leadership, more help, and they have come and asked us for it. In fact, our reorganization reflects that interest on their part. They are not any different than we are. They have problems. They are as concerned and as compassionate as the Federal Government is. I have never been a States' rights person, so I am not being an advocate for them, but I must say I have been very, very amazed and very pleased with the way States have approached this and asked us for help.

That is what we intend to do, to give them that help.

SPECIFIED EXAMPLES OF STATE REQUESTS FOR HELP

Senator EAGLETON. Give me a specific instance where a State asked for your help in the area of title XX, and what your response was to that help.

Ms. MARTINEZ. Since we have been in office, there have been a number of concerns with respect to, for example, native Americans and how the States can work with that population with respect to title XX and other grants to States.

For example, North and South Dakota are involved with one tribe—there is one tribe that is in both States—the Standing Rock Reservation. Both States have different kinds of eligibility requirements for different kinds of services. Not just title XX, but AFDC, et cetera.

Under State and Federal laws, they can have those differences. They have asked us to help resolve that problem with the Standing Rock Indian Tribe from both those States, and we are working on that with them.

Senator EAGLETON. This was under title XX?

Mr. SUZUKI. Title XX is one of the central services.

Senator EAGLETON. Where did that come under that list of services on the left?

Ms. MARTINEZ. It could be any one of these services.

Mr. SUZUKI. These services are provided by the States either directly or are offered through provider agencies, nonprofit, proprietary, and other public agencies.

KINDS OF SUPPORT STATES REQUEST

But the kinds of support that States are asking for often goes to everything from the planning process to specific problems of service delivery. As an example, in the planning process all studies indicate there was very little planning at the State level before title XX in terms of what kind of resources go toward what kind of services.

There was input from community groups, before title XX, but there was no public hearing requirement. Public hearings on title XX were held in 48 States. They have been looking for, and we have been offering help in terms of needs assessment, needs analysis, trying to package services of a certain kind.

There are a number of service areas for which States have asked for technical assistance, chore services is an example. How does one State provide these services? It is very difficult to develop a good program. Do you hire more staff and provide services directly or should you purchase the services?

You try to find States that have been doing this for years and assist one State to pick up some of the techniques and models developed in other States. So you have, I think, a need for help in planning and technical requirements in those areas.

At the same time, we try to offer help in terms of the way services are delivered and the way services are packaged. Here are the categorical programs and here is an opportunity under title XX to backfill and provide services where there are gaps.

Some States say, how do you know where to go? It is in some of those areas that Federal staff as well as other outside staff that we have brought in to assist States come in.

Using States with successful programs to help other States is a very good mechanism from our perspective. The States are very uneven in terms of their particular capacity to do some of these things.

We do work at this. We don't just write checks.

EXAMPLES OF PROTECTIVE SERVICES

Senator EAGLETON. Give me the illustrations of what protective services are. $262 million.

Mr. SUZUKI. Protective services for children is really the services directed toward the neglected and abused child.

This is one of the services that title XX makes available at State options to be made available to any child in need of protection. This is really the classical intervention of a public agency wherever there is alleged abuse, alleged neglect, in working with other community groups to see that there is a system of response to emergencies.

The other side of the coin is to develop preventive services so some of these extreme situations don't have to happen. The same problem of abuse or neglect can occur in terms of adults. Protective services may be needed for the aged, where there is exploitation, or neglect.

We had a number of situations with the severe winter of last year where funds were directed toward protection because of people being housebound and isolated. A number of these services are directed both toward children and the adult population.

FEDERAL EMPLOYEES ATTRIBUTANCE TO TITLE XX

Senator EAGLETON. How many Federal employees are there in Washington who are attributable to title XX?

Mr. SUZUKI. 124 individuals in the Administration for Public Services. That is the Administration responsible for title XX, and the title XX State and local training programs, and the research and evaluation and demonstration program.

That is in the immediate program unit responsible for title XX. Obviously, we take time of the Office of Human Development Services, of which we are a part. And again, there are obviously resources of the Department that we utilize. But, in terms of people specifically dedicated to title XX, including clerical, financial management, grants administration, it is 124.

CONTINUATION OF OPENING REMARKS

Senator EAGLETON. I interrupted you a long time ago. You were fairly early on in your statement.

Why not go ahead and I will try not to interrupt you again. I am sorry for the digression, but I was trying to get a better handle on what we are doing today.

Please continue.

Ms. MARTINEZ. Let me outline it rather than directly read it.

No. 1, I was mentioning what the situation is with respect to the delivery of services: the great numbers of people who need services and are not served.

This situation exists for a lot of reasons: lack of resources, the way the system is set up, eligibility requirements, lack of transportation, lack of money to get to a place.

HISTORICAL DEVELOPMENT OF SOCIAL SERVICES

So there are all kinds of reasons why people are not served adequately. But the biggest reason for the problem is the way the services have been developed over time.

As people have identified needs and problems which weren't being addressed or were very inadequately addressed by the private sector, by local government or by State government, then the Federal Government intervened with resources and guidelines—lots of guidelines—to begin to address those unmet needs.

Those programs were developed singularly, in a vacuum usually, for very specific purposes, with no thought as to how that impacted upon services for other people, or how it related to services which local, State and private sectors were delivering, so you did get a mismatch of the service system, or nonsystem.

It is not that individual programs do not serve people. They do. They have provided many, many benefits both to the individuals who have received those services as well as to the society as a whole. But as we look at the situation now, as I said, in the last 10 years there had been an acceleration of resources for services.

NEED TO REASSESS FEDERAL SUPPORT FOR SOCIAL SERVICES

We need now to sit back and take a very serious look at what we have created. What we have created is good, but we need now to observe it, to see if it is really working, to find out if there are other ways that we can organize these programs, finance these programs, and deliver the services.

I think there are better ways to do what we are presently doing. We have a very solid foundation that has been built in the past 10 years.

In some cases, we have been building for 50 years, like the Rehabilitation Services program. But we now need to begin to address the system problems, which is one of the things you have been addressing today, Mr. Chairman. You have been addressing not title XX, but the system's problems. Since we have been in office, we have developed a conceptual framework which we are beginning to refine. Hopefully it will serve as the basis for proposals not just to expand existing services, not just more of the same, but to improve the existing services, to improve the system, and to more adequately meet the needs of people desperately in need of these services.

CONCERNS REFLECTED IN BUDGET REQUEST

In our budget we really reflect our concern in terms of children and young people. There has been an expansion for the improvement of the service system. Not just for more people to be served, but the improvement of the service system, especially in terms of the child welfare system.

Our request reflects an expansion in terms of grants to States through title XX, in terms of States utilizing more and more of the ceiling.

PROVISION OF ADVANCE FUNDING

The budget reflects advance funding, for the first time, to provide advance funding for future years so States can plan ahead with assurance of funding, in the area of the Administration on Aging, and Rehabilitation Services Administration. The request for advance funds is $1 billion. It reflects basically a maintenance of social programs.

The maintenance of our programs at this point is basically to allow us the opportunity to thoughtfully, in consultation with the Congress and constituent organizations, with State and local governments, and other members of the executive branch, begin to build on the existing system to improve the service delivery system, to improve the quality of service so that we can really be efficient in our expenditures, effective in the services we deliver, certainly more accountable because we had difficulties being both accountable and compassionate.

I think, as you look at the budget very closely, you will recognize the items that I have tagged. I don't know if you want me to speak specifically to AOA, Administration for Public Services and WIN. I will if you like.

ADMINISTRATION FOR PUBLIC SERVICES

Senator EAGLETON. Start with Administration for Public Services.

Ms. MARTINEZ. Title XX is in the Administration for Public Services.

Senator EAGLETON. What is your feeling about—are the States doing the right thing under title XX? Do I learn anything out of reading that half page of figures?

Ms. MARTINEZ. Generally, the States are doing a good job with title XX. Let me tell you why.

There is no legislation, no legislative authority, and no budget authority specifically for child care. In all of this area, you wonder about the great amount of money used for child care in title XX. One of the reasons is that there is no targeted program within the Federal Government to pay for child care.

So in that sense, title XX has been used to fill a major gap in social services.

CHILD DAY CARE

Senator EAGLETON. Didn't then Senator Mondale have a $200 million program for child day care?

Ms. MARTINEZ. That is part of title XX.

Senator EAGLETON. That was sort of targeted.

Ms. MARTINEZ. It was and it wasn't. It is one of those confusing things which get developed out of compromises. Initially, that $200 million was supposed to assist the States with meeting the requirements of the Federal interagency day care regulations. Then those were suspended. Funding was 100 percent Federal. There was no match for child care. But they could use that $200 million for some social services but then the match would revert to the 75–25 proportion. It wasn't a specific piece of legislation for child care. It was part of XX. It was targeted in a way. But not really.

CONSIDERATION OF CITIZENS' VIEWS

Senator EAGLETON. The committee received some complaints, apparently from interested groups across the country, that they were not given any real influence on the composition of their State plans.

How does HEW insure State compliance with the legislative requirement that States fully consider the views of citizens and interested groups in putting their State plans together?

Ms. MARTINEZ. All States are in compliance with the requirements. The requirements are generally that the State must publish its plan for public comment 90 days before it is put into operation. That is a requirement.

In terms of the requirement in the law, they are in compliance. Some States, however, have done much, much more than what is required and have gone out and sought public comment in the development of those State plans.

Senator EAGLETON. Some have, many haven't, and the way the law is written, there isn't a lot you can do about it.

Ms. MARTINEZ. I am a citizens' advocate for a lot of things, having been on the other side of the fence for so long. I believe that it is necessary to work closely with the States to help them develop their citizen participation efforts.

Mike?

Mr. SUZUKI. I just wanted to point out that aside from the publication requirements, in the beginning of title XX States made a major effort to try to involve groups, citizens, et cetera.

There is no public hearing requirement, but 48 States held them. But I think we must be frank. Once States begin to allocate the money and the closer they get to ceiling, it becomes a situation of not just allocating new money. It is robbing Peter to pay Paul. When you get in that situation it becomes very difficult, no matter how well articulated a need may be, if X group with X service has been in there and Y now comes along, it is more than just demonstrating the need for Y. You have to convince somebody to make that decision to take it away from X. That is a tough one.

EFFECT OF INFLATION ON TITLE XX SERVICES

The other thing is inflation. Title XX has actually been under ceiling for 5 years. If you look at the budget figures, what we now face is a reduction of title XX programs next year. The costs of services are such that the inflation factor really forces not only a standstill, but a backward movement in the amount of services we can provide.

Some States, because they have the money, will fund potential cuts in service with 100 percent State money; other States may have to serve fewer people. I mentioned this because I believe it is important at this time to articulate the problem of the States.

A State that has been at the ceiling for 3 years will not be able to be responsive to new programs.

RECOMMENDATIONS WITH REGARD TO TITLE XX CAP

Senator EAGLETON. Do we still have the $2.5 billion cap in the law?

Mr. SUZUKI. Yes; it has been there since October 1972.

Ms. MARTINEZ. Plus the $200 million.

Mr. SUZUKI. $2.7 billion is what we now have for title XX.

Senator EAGLETON. The administration recommends raising the cap to $2.9 billion?

Ms. MARTINEZ. The administration has not recommended an increase in fiscal year 1979. It has recommended, however, that there be a continuation of the $200 million. The authority for that $200 million expires at the end of fiscal year 1978. We have recommended its continuation in fiscal year 1979.

Senator EAGLETON. Let's see if I have these gross figures right.

For fiscal year 1978, we appropriated as follows: For title XX social services, $2.383 billion. Then the extra $200 million for child day care. Then State and local training, $64 million. Then child welfare services, $57 million.

Ms. MARTINEZ. With the exception of child welfare services those other programs are part of title XX.

TRANSFER OF CHILD WELFARE SERVICES

Mr. SUZUKI. Child Welfare Services is title IV–B. It is combined in the budget display. The child welfare service program is separately administered.

We did administer that in the Administration for Public Services. We are transferring that to the Administration for Children, Youth, and Families.

REORGANIZATION

Senator EAGLETON. Have you begun reorganizing?

Mr. SUZUKI. Yes.

Ms. MARTINEZ. We are almost finished.

PROPOSED LEGISLATION FOR CHILD DAY CARE

Senator EAGLETON. Tell me how it comes out in the end. Anyway, those four items I read off, you add those up and that is $2.703 billion.

Now, fiscal year 1979 request, title XX social services, $2.450 billion. Child day care center, $200 million again. These figures don't add.

Mr. SUZUKI. In the budget display there will not be anything for child day care, because legislative authority will have to be passed again.

Senator EAGLETON. No request for the $200 million?

Mr. SUZUKI. It doesn't appear in the budget justification. There is a legislative package to add the $200 million again for fiscal year 1979. That will come to you later when legislation is enacted.

Mr. HANS. It is included in the budget total even though it cannot officially be before you at this time.

Mr. SUZUKI. In the budget display, it shows 1979 as being lower than 1978, and you would have to add the $200 million to bring it up to the 1978 level.

Ms. MARTINEZ. You need to add those two columns.

Senator EAGLETON. OK. If we pass the authorization for the $200 million, then that total will come to $2.778 billion; right?

Mr. SUZUKI. Right.

Senator EAGLETON. Compared to $2.703 billion.

PROPOSED LEGISLATION FOR CHILD WELFARE SERVICES

Ms. MARTINEZ. There is a missing figure, which is the increase on the proposed legislation for child welfare services.

Senator EAGLETON. OK.

Mr. SUZUKI. That $56.5 million will go to $141 million in the legislative proposal which would then add another $85 million, as I recall.

SUMMARY OF BUDGET REQUEST FOR SOCIAL SERVICES

Senator EAGLETON. That will make the total bottom-line figure what?

Ms. MARTINEZ. I have $2,862,802,000.

Senator EAGLETON. $2.703 billion to $2.862 billion for an increase of——

Ms. MARTINEZ. The increase is $67,394,000 for title XX grants to States. Another $200 million for the child day care is part of title XX. Another $8 million with respect to State and local training. And another $84,750,000 for child welfare services.

Now two of those increases are proposed leased on legislative action.

Senator EAGLETON. The increase is $159 million, which is about a 5½-percent increase; is that correct?

STATE CEILINGS

Ms. MARTINEZ. Not all States are at their ceiling yet.

Senator EAGLETON. Most are; 47.

Ms. MARTINEZ. No; we project for 1979 between 43 and 47 will be at or close to ceiling.

Senator EAGLETON. At the end of fiscal 1979, 47 States will be at their maximum.

Ms. MARTINEZ. We project that but there could be some variation.

Mr. SUZUKI. The criteria we use is that States at 98 percent plus of their allotment are at ceiling. Some States are under tight fiscal rules. They can't go above the ceiling, so they have to stop somewhat short of the actual ceiling.

We figure 98-plus percent of allotment is at ceiling. If a State is spending 99 percent, we call that ceiling.

MATCHING REQUIREMENTS

Senator EAGLETON. Any of these moneys we have been describing here with the total being $2.862 billion, is there any matching requirement at all?

Ms. MARTINEZ. Yes.

Senator EAGLETON. It varies from account to account?

Mr. SUZUKI. Yes; when you say title XX as an account, yes. Title XX is a 75–25 match.

Senator EAGLETON. And the child day care, it is 100–0, but if——

Ms. MARTINEZ. Yes.

Mr. SUZUKI. State-local training is 75–25 and the IV–B, Child Welfare Services, is a straight formula grant, but the State has to be expending so many dollars in the area of child welfare to earn that money. It is not an exact match as in XX. I will provide a table of matching rates for the record.

[The information follows:]

Title XX matching rates

Category of service:	*Percent*
Child Day Care—Public Law 94–401	100
Family planning	90–10
State and local training	75–25
Other services	75–25

CHILD WELFARE SERVICES TITLE IV–B FEDERAL SHARE PERCENTAGE

The Federal share percentage for Child Welfare ranges from 33⅓ percent to 66⅔ percent. Each State receives a uniform grant of $70,000 and an additional grant

which varies directly with the child population under 21 and inversely with average per capita income.

Senator EAGLETON. Would it be fair to say that the administration of these programs with various formulas tends to be a bit cumbersome?

Ms. MARTINEZ. Yes, it would.

Mr. SUZUKI. But States have little difficulty making their claims, sir. [Laughter.]

SERVICES PROVIDED FROM PRIVATE AGENCIES

Senator EAGLETON. What is the proportion of services provided directly by the State and local welfare agencies versus those purchased from private agencies?

Ms. MARTINEZ. About 50 percent. 50 percent are what we call third-party contracts. The other 50 percent is by the State agencies.

Mr. SUZUKI. We have an extreme, though. We have 51 jurisdictions arrayed on a continuum. There are some States now who spend 85 to 90 percent of their services dollar through purchase under title XX.

Interestingly, there is now a reaction setting in. At the beginning, there was a feeling that purchase ought to be encouraged and title XX and some of the earlier legislation made it very easy to purchase services rather than increasing the number of "welfare workers" on a State or local payroll. Some States have now reached the point where they are buying 85 percent of their services. They have almost no capacity to do anything but write contracts. As a result, they hardly have the capacity to even look at what is happening.

There is a reaction setting in to go the other way, perhaps. The State agencies are moving to hire more staff at State and local levels to provide more services directly.

THIRD-PARTY CONTRACT SERVICES

Senator EAGLETON. Do we have a feeling as to whether we like it when we buy third-party services, or do we like it better when the States administer directly with Government employees? I asked the question, what percentage is State and local agencies versus purchase from private agencies.

Ms. MARTINEZ. It was 50–50. Some States much more and others much less.

Senator EAGLETON. Having asked that and getting that answer, are we pleased with that answer?

Ms. MARTINEZ. I think this is what Mike was referring to. There has begun to be some concern on the part of States as to the amount of purchase of service contracts. Some States purchase as much as 80 percent of their services. I think one of the reasons that——

Senator EAGLETON. Is that bad? I don't know.

Ms. MARTINEZ. I am not sure. You get different answers from different people. I have asked that same question when I visited States. Some States think it is fantastic. Other States don't like the purchase service contract concept at all and don't use it.

What we need to do is ask the clients at this time whether they are getting better services delivered.

EVALUATION

In the past we have not had evaluation funds for in the Administration for Public Services. We are for the first time hoping to be able to use some money for evaluation.

We have used research and demonstration money for evaluation, but that has been very limited.

STATE GOVERNMENT RESPONSIBILITY

Mr. SUZUKI. You asked for our view of the purchase of services concept. When you ask the question, "What are we as Federal bureaucrats doing if the money passes through us to the States?", the question being asked is: "Isn't the State responsible for planning this program?" But if the States are also ending up as a conduit for the purchase of services, the State ends up being the public "United Way," disbursing money, and it becomes a second conduit without really putting its imprint on program policy.

I think, both at the Federal level and the State level, that we believe that there is a responsibility for the Federal Government and a responsibility for the State government, to look at the use of purchased services and determine not only that these are legitimate claims, but that the mixture of services are responding to the needs of the citizens.

I think the question is now clearly there for those States where much of the money is just flowing through them by a purchase of services arrangement. In some ways the choice of which agencies will be the provider agencies are less based on the needs of the citizens than where the matching money can come from, and you get distortion of the services made available.

We are concerned about this at the Federal level and the people in the field of social services are increasingly concerned with whether there ought to be more leadership without that leadership, both at the Federal and State levels, the program process is an expression of almost laissez faire—whoever happens to have the match or which agency mounts a better demonstration at the public hearing can easily take over the program.

There should be greater rationality and responsiveness to the needs of the citizens.

Senator EAGLETON. Well, we will be moving off of this into something else in a moment. When we were back to the analysis of where these title XX funds went, New York State puts 60 percent in child day care.

I am not faulting it, but that means some of those other areas described on that list are not faring quite as well.

Conversely, in Missouri, let's say they are only putting 20 percent in child day care, they are not faring as well there but maybe a little better in some of the things than New York.

This leaves me confused. [Laughter.]

CHILD WELFARE SERVICES INCREASE

For several years, I am told this child welfare services money was constant at $57.8 million and you are proposing to increase it some $80-or-so million.

We based the sums when we retain it at $57 million that the current Federal share represents only one-third of total expenditures. In the past, the agencies used this rationale for limiting the title IV–B budget request.

Now that you are going to increase it by $80 million or more, will that necessitate new regulations in a way that would restrict the State ability to use the additional money to replace their current expenditures?

REVISED REGULATIONS

Ms. MARTINEZ. The new child welfare proposal is not just an expansion of the existing child welfare services. That is the first thing you should know.

Yes, there will be different regulations and different requirements. The most important thing in the new proposal is to foster the return of the child to the home whenever possible to make sure that that child is not left in some foster home or some institution; or two, if it is not possible to return that child to home, to free up the child for adoption, including to subsidize the adoption in those cases in which children are hard to place for whatever reason, such as having severe handicaps, or being minorities, or being a part of a sibling group, or being older children.

So the child welfare proposal is different in concept. It does not allow, for example, the payment of this additional money for additional foster care.

We want to reduce foster care. We want to reduce institutionalization of children. We want to foster family care, whether it be in one's own home or in an adopted home.

Senator EAGLETON. We will take about a 1-minute recess.

[A brief recess was taken.]

WORK INCENTIVES PROGRAM

Senator EAGLETON. We will go on to WIN.

How well is this one working and how could it work better?

Ms. MARTINEZ. I think the evaluations for WIN, and I will let Mr. Hans speak about it more specifically, have indicated that for its limited purpose, WIN works fairly well in the sense of its purpose to place people on jobs.

With respect to reductions in welfare benefits, they are projected to be fairly high.

Senator EAGLETON. What is?

Ms. MARTINEZ. The reduction in welfare payments for people who get jobs through the WIN program.

However, the program itself generally has not resulted in what I consider to be the breaking of the cycle of poverty.

Again, that's by design of the program, not because there couldn't be a different kind of alternative.

EFFECT OF PRESIDENT'S WELFARE PACKAGE ON WIN

Senator EAGLETON. Is this program in the process of being redesigned as part of the President's welfare package?

Ms. MARTINEZ. It will be folded into the better jobs and income program of the President's welfare reform proposal.

Senator EAGLETON. That's a different caption. WIN is work incentive and better jobs and income—aside from changing the label on the package, what will be the substantive changes between what is being done now in WIN and how it will be done a year from now with better jobs and income?

Mr. HANS. I think there are two significant differences. WIN is specifically AFDC. The better jobs and income program broadens the base and folds in other low-income groups, food stamp recipients and so on.

WIN is a categorical program dealing exclusively with the AFDC recipient.

Senator EAGLETON. Does that make the new program harder or easier to administer?

Mr. HANS. It makes it different. [Laughter.]

It includes a much wider variety of people. The easier part of it would come about because you would be working with more intact two-parent families. You would be working with more males.

The WIN program today, as AFDC, is 75 percent female. When you are working in an employment context, it's more difficult to deal with a single parent, female head of family.

WIN RELATIONSHIP TO BETTER JOBS AND INCOME

Senator EAGLETON. Let's say today you have x thousands of female heads of families; all right? WIN zeroed in just on AFDC. Now the better jobs program will have the same women coming over to this program, but we will add to it male heads of families and it will be broader than AFDC.

OK. What will be new with respect to the same clientele that goes from WIN over to better jobs and income?

Mr. HANS. There is a significant increase in the provision of job creation effort, that is, public service employment. The WIN program does not deal with public service employment jobs in any significant way, though it has the authority to do so—the WIN program created about 5,000 public service employment jobs this last year for the population it was serving.

The better jobs and income program is contemplating 1.4 million job creations. That's a significant change.

CREATION OF JOBS BY WIN

Senator EAGLETON. How many jobs were created by WIN?

Mr. HANS. About 5,000.

Senator EAGLETON. Nationwide?

Mr. HANS. Yes. The authority is there but the money is not. The emphasis on the program has not been——

Senator EAGLETON. $351 million, right?

Mr. HANS. Yes.

Senator EAGLETON. That created 5,000 jobs?

Mr. HANS. Let me go through what WIN does do.

Senator EAGLETON. I want to get my figures straight. In the last year, the WIN, work incentive program engendered or created 5,000 jobs.

Mr. HANS. New publicly created jobs as part of its job creation effort.

This is by comparison with the program that is presently before the Congress. There were 272,000 individuals who went to work in private-sector employment through the WIN program.

Senator EAGLETON. I want the 5,000 jobs straight.

Mr. HANS. We created a job and provided the salary for individuals in public sector employment.

Senator EAGLETON. Go ahead—I don't get the 5,000 yet.

BETTER JOBS PROGRAM TO WIN PROGRAM

Mr. HANS. I was making a comparison between the better jobs program and the WIN program. The WIN program by statute, focuses on placing individuals on AFDC into private-sector employment.

Senator EAGLETON. The new program will focus on that, too, but other things as well.

Mr. HANS. Yes. By comparison, we used the public job creation activity as a last-resort effort and are not funded to create large numbers of jobs in the public sector for people that can't be otherwise employed.

Our major emphasis is direct placement in the private sector. If we can't place them there, it's to provide training services, on-the-job training and that type of activity as our second largest area of activity.

So the emphasis of the program will continue over into the better jobs and income activity, but there's added to it—I think this is the real difference—a very large job creation effort that will in fact create 1,400,000 jobs in public-sector employment for many of these people we are working with today.

Ms. MARTINEZ. I think the difference between the two programs is that in the new proposal, the new welfare reform proposal, people are almost guaranteed a job in the public sector.

In the WIN program at this point, since the concentration is on the private sector, there really is no guarantee of a job.

So if people are in a category of being able to work, there is a job for them in the new proposal as it's spelled out. In the WIN program, they may or may not get a job.

There is an effort in WIN to place them in jobs, but there is no guarantee of a job.

Senator EAGLETON. Is it true that last year we—only 5,000 people got jobs.

Ms. MARTINEZ. No.

Mr. HANS. 272,000 people got jobs.

Ms. MARTINEZ. In the private sector.

Mr. HANS. They were placed in the private sector. In addition, we created public service employment jobs for those 5,000 where no jobs existed and paid the full salary for 1 year for those 5,000 people.

Our main emphasis is placement of people in the private sector.

Senator EAGLETON. In the better jobs and income, you hope to have 1,400,000 jobs. You probably don't expect to do much better than you are now doing in the private sector. So the bulk will be public-service type jobs.

Is that right?

Mr. HANS. The funding for public jobs is expected to be substantial.

BETTER JOBS PROGRAM TO CETA

Senator EAGLETON. What will this program be doing that won't have been done under CETA?

Mr. HANS. The WIN program?

Senator EAGLETON. WIN. Now it will be better jobs and income.

Mr. HANS. The CETA program will be the main delivery agent for the better jobs and income program. The CETA program today is providing jobs through job creation efforts under title VI and title II.

As a matter of fact, just this week it enrolled its 725,000th enrollee into a public job under title VI and title II, which was expanded under the President's economic stimulus program.

That will be continued, that same agent. Those are local units of government. They will continue to develop these jobs.

It's contemplated under the welfare reform proposal that this number of jobs will be expanded up to 1.4 million and will be targeted very specifically to the population—the low-income population and those people that are presently on welfare, either public assistance or general assistance or food stamps.

The 725,000 has a different kind of targeting.

For example, there is a targeting for veterans and other people that may not be in the welfare population.

The program that the President has proposed will be exclusively for those people that are income-tested and unemployed.

ADMINISTRATION OF JOB PROGRAMS

Senator EAGLETON. In a given metropolitan area, would there be one office or is there typically one office that will be the placement agency of all this whole range of job programs?

Ms. MARTINEZ. You mean right now or in the future?

Senator EAGLETON. Both. Is there such a place now? Or in the future, will there be one, one central spot where you would be treating the people who are AFDC recipients, veterans who get special attention because of the staggeringly high unemployment rate of veterans, male heads of households with incomes below a certain level, et cetera: Will there be one packaging center for jobs?

Mr. HANS. It's contemplated there will be local determination as to who will serve this function.

At the present time, under the proposed program, this would be handled probably in most cases by the State employment service that has a wide network of offices in existence.

There certainly would be no intent to duplicate that activity through the CETA program or through any of the better jobs and income programs.

But the provision is that these will be local determinations in terms of establishing a system for this population.

ADMINISTRATION OF ST. LOUIS' EMPLOYMENT PROGRAMS

Senator EAGLETON. As they stand now, in St. Louis there is the Missouri State Employment Service with offices in the St. Louis area. But then there is a separate administration for CETA.

Who administers WIN out there?

Mr. HANS. In the State of Missouri——

Senator EAGLETON. St. Louis.

Mr. HANS. In St. Louis, the State employment service is the agent of the Secretary of Labor in the administration of the WIN program.

Senator EAGLETON. So in St. Louis, we have apparently the division of employment security and then we have a division of family services, and then we have the CETA office.

So we have three, and maybe more.

Mr. HANS. The WIN program is jointly administered by the State welfare agency and by the State employment service agency in Missouri.

In all cases, you will have a welfare agency as being the provider of social and support services for the WIN program. About a third of our appropriation goes for the provision of services, many of the same services you have been discussing in title XX.

We provide large amounts of child care, homemaker services, transportation and minor medical services for people that are specifically targeted to go into employment, and in support of an employment effort.

That's provided by the welfare agency in the State by statute.

So you always have two agencies involved in administering the WIN program as you do have in the city of St. Louis.

The CETA program, under different authority, is in fact a much more revenue-sharing local option program. There is a maximum effort made within the Department to enroll and to move the AFDC recipients into the CETA programs. There is also a coordination between the two programs.

Fairly sizable numbers of people in the WIN program are in fact trained by CETA skill centers using CETA dollars.

Senator EAGLETON. Would it be anticipated in the future that somehow that could sort of be consolidated?

Mr. HANS. Yes. We would hope that that would take place. The welfare reform proposal that is currently before the Congress certainly contemplates that.

FUTURE DIRECTION OF WIN

Senator EAGLETON. Do I detect a bit of reluctance about the WIN program? Are you more than lukewarm about it?

Ms. MARTINEZ. We have different opinions about it within the Department in terms of overall philosophy. I think, as I said, the WIN program does the job that it is set up by law to do.

In my own mind, with my own value system—I want to make it clear it's my own value system that's being spoken about right now—I believe that the WIN program should do more than direct job placement.

In fact, it ought to try to break the cycle of poverty for these women. They are usually placed in very low-paying jobs. They may

or may not keep those jobs. There probably is a reduction in welfare benefits, but for how long?

That's a question.

It's a differing philosophy about what one would want out of a service program. But I think it does the job that it was set up to do.

Senator EAGLETON. The constant level of funding means that we will probably be reaching fewer people next year with the WIN program than this year.

CURRENT EMPHASIS OF WIN PROGRAM

Ms. MARTINEZ. Over time there was a major change in the direction of the WIN program from one of training of the welfare clients to a greater emphasis on direct job placement. That costs much less money.

In fact, I think the average per client is $150.

Mr. HANS. We spent about $150 per individual last year for services in this area. That includes training, job placement, and carrying out our overall responsibility to the WIN population.

The WIN program has a responsibility. It's an eligibility factor in the AFDC. If someone is not exempt from employment, they must be registered and actively participating in the WIN program to be eligible to draw AFDC benefits.

Senator EAGLETON. Go ahead.

WIN I VERSUS WIN II

Ms. MARTINEZ. So one of the reasons there hasn't been an increase is because the program has really drastically changed from what it was originally. They used to call it the WIN I, where they used to train people and try to deal with a broader range of problems than just employment.

Win II is a much more direct job placement effort, so there is much less money invested in social services, training, and in transportation.

So it costs less to run the program than it did before.

Senator EAGLETON. But you prefer WIN I, I take it.

Ms. MARTINEZ. That would be my preference. The second thing, though, is that there are a lot of startup costs with new programs. As the programs progress and people learn how to administer them, they are managed more easily.

So over time, even the WIN II has reduced its cost and been able to maintain its level of clients because of their management procedures. It has become a part of the system.

PHILOSOPHY OF STRUCTURAL UNEMPLOYMENT

Senator EAGLETON. Philosophize with me about this area of structural unemployment, which is—if you listed the 10 most horrendous problems facing the Nation in the domestic sector, I think it's indigenous structural unemployment that would certainly be No. 1 on my list.

I suspect it would be very high on your list as well.

What is the best way to go? There are menial jobs in society. There are many jobs of last choice. Then comes the Government as

the employer of last resort. But at the lowest economic level, there are some very unappealing jobs.

Is it better to have someone take that job for a while and then try to train him or her to move up—then I guess replacing him or her with somebody else in that menial slot, training him or her and moving them up?

Well, my question is: who does menial jobs?

Ms. MARTINEZ. Lots of people. Not just people on WIN. That's one of the answers. All kinds of people do menial jobs. I think one of the things that is important is that I think it's important for people to work. That provides some sense of self-worth, some sense of dignity.

On the other hand, some jobs may end up turning people off of work and creating greater barriers to their becoming eventually independent.

I think if the incentive structure in the welfare system—is greater than the incentive to work, then you have a problem.

One of the things that the welfare reform proposal is trying to address is to reduce the disincentives to work. Part of reducing those disincentives to work is to insure that, in fact, when people get jobs, they are jobs which pay sufficiently well that all of the welfare benefits, social services benefits, medicaid benefits, don't provide a pull to the other direction to not work.

I think if we get to the point where we can create jobs that have a sufficient benefit structure that it pays people to work, you will have fewer people on welfare.

I don't know how we deal with these structural problems, but I do know the welfare reform proposal is trying to change the incentive structures.

SAVINGS IN WELFARE PAYMENTS DUE TO WIN

Senator EAGLETON. For the record, what is the estimated annual savings in welfare payments due to the WIN program?

Mr. HANS. The grants that are reduced reported to us by each of the States in this last year came out to $436 million. That does not count the savings that might have accrued through either food stamps or medicaid payments.

Now we are not saying that this is all directly attributable to the WIN program. What we are saying is those 272,000 people represented that much of a reduction in public payments. Of those we don't know what portion would have gone to work anyway, so we are not saying that is a result of this effort.

We are simply recording what did happen, how much reduction took place there.

We don't have a good measure of whether WIN makes that much difference in the system. We know it makes some difference, but that measure is not readily obtainable.

AFDC RECIPIENTS SERVED BY WIN

Senator EAGLETON. And WIN as presently structured applies only to AFDC recipients.

How many people on AFDC nationwide?

Mr. HANS. Between 11 million and 12 million individuals, about 3½ million families certainly at any point in time.

Our experience with the WIN program over almost 10 years now indicates that there are about a third of those families considered to be mandatory registrants, or not exempt from employment. Most of the exemptions are mothers with small children. Any mother with children under the age of 6 is not required to register.

We have a feeling, though, in terms of employability and in terms of opportunity—there are a lot of individuals—especially young mothers, who could be dealt with and could be brought back into the work force even though they have infants. Not only going into the work force, but perhaps just to complete their education, gain job skills, so they could look forward to supporting themselves in the future.

But we are dealing actively with only about a third of the families presently on welfare at any one time.

AGING PROGRAMS

Senator EAGLETON. Mr. Benedict, we will turn to you on the aging programs.

Do you have any brief opening statement you would like to make?

Mr. BENEDICT. I do not.

Senator EAGLETON. All of the aging programs, practically all, have a constant level of funding. All do except nutrition, but that is a transfer from Agriculture. And if you throw in ACTION, one of their programs, the RSVP program is cut.

Is that about right?

Mr. BENEDICT. Yes, sir, that's correct.

Senator EAGLETON. Now statistics are there will be an additional half-million elderly clients this next year, so we have constant dollars that would be applied to a clientele that would be a half million larger and whatever the annual inflation factor is.

So it's really not a standfast budget, but it's a stand-sort-of-loosely budget, isn't it?

Mr. BENEDICT. With regard to the programs administered by the Administration on Aging, there are two points that I would like to make.

REAUTHORIZATION OF OLDER AMERICANS ACT

First, as you know, this is the year that we are preparing for the reauthorization of the Older Americans Act. Given the various types of services and various specific programs that that act developed over the years, and given our desire to work with the Congress to bring some rationality to the act to try to take into account the experience since the establishment of area agencies 3 to 4 years ago, it seemed to make sense to defer major funding requests.

EXPANDED SERVICES THROUGH COORDINATED EFFORTS

Second, I indicated earlier that a primary function of area agencies on aging was to expand services through coordination efforts and pooling efforts to get additional commitments of resources from other agencies.

Area agencies and State agencies on aging reported to us in 1977 an increase in services for older people from about $220 to over $440 million in a single year as a result of the organizing and planning and coordination activities at the State and local levels.

Those two factors led us to believe that this year with regard to the Older Americans Act, given the facts that you raised with regard to the expanding population of older people, and particularly the need to be more concerned about the very old, the poor, those who live alone, those who are disabled, that we ought to defer at this point any major requests and examine the basic structure of the law itself.

AOA'S FULL-TIME EMPLOYEES

Senator EAGLETON. How many full-time employees are assigned to the Administration on Aging?

Mr. BENEDICT. The current number of positions for the Administration on Aging, full time, is 110.

Senator EAGLETON. 110 full-time positions.

How many of those are filled today?

Mr. BENEDICT. I would have to give you an estimate on that. Six of those positions are assigned to the Federal Council on Aging. The Administration on Aging's direct employment is fixed at 104. I would estimate there are about 18 to 20 vacancies, both professional and clerical, at the present time which have been held specifically because of my coming on board and wanting the opportunity to examine the structure of the agency and make the best placement.

DETAILING OF EMPLOYEES

Senator EAGLETON. From time to time are some of those people put out on loan or assigned to other duties outside of the Administration on Aging?

Mr. BENEDICT. The detailing of employees from one agency to another by common agreement between agencies is a common practice used judiciously by the administration. There have been instances in which some employees of the Administration on Aging have been detailed to other agencies.

Senator EAGLETON. As of now, do you have them all back?

Mr. BENEDICT. No, sir, not at this time. There are one or two employees who were detailed to work on the age discrimination and aging report. We extended that detail for one of those employees for 30 days to finish up part two of that report.

He would be returning within 30 days.

Senator EAGLETON. So basically, you are about 18 or 20 down from full strength, but you are a new man on the job and you will want to see who to hire or what as to those jobs.

Mr. BENEDICT. That's correct.

Senator EAGLETON. Most of the people are with you except one or two tidying up some reports.

Mr. BENEDICT. Yes; in fact, we have begun, with the assistance of the manpower people in the Office of Human Development Services, begun an examination of the manpower needs of the Admin-

istration on Aging in the central office and within the regional offices.

EMPLOYEES ASSIGNED TO NUTRITION FOR ELDERLY

Senator EAGLETON. How many of the 84 full-time employees are assigned in the area of nutrition for the elderly?

Mr. BENEDICT. I can't give you an exact answer on that. I can get it back to you. I don't know right now the exact number.

[The information follows:]

Eleven (11) person years of headquarters staff are allocated to the Title VII Nutrition Program.

Senator EAGLETON. Do you have one assistant whose full-time duties are to monitor and work with the nutrition program?

Mr. BENEDICT. One of the offices in the Administration on Aging focuses on State and community programs. Several of the employees in that office do work on the nutritional program with regard to preparing regulations, preparing standards, providing guidance to the regions.

Other staff also from time to time become involved in the nutrition program. Our planning and evaluation staff, for example, conduct a major evaluation study of the nutrition program.

In our regional offices, some of the staff that work with the States work specifically with the nutrition program. But I would have to go back and do a fairly careful tabulation to give you a precise manpower figure with regard to——

Senator EAGLETON. I won't press you to a precise figure. Your biggest single program in the Administration on Aging in terms of dollars is the nutrition program, $250 million in this budget, $287 million in the next budget. That's a big transfer over there.

We were led to believe that a surprisingly small number of people administered the nutrition program, considering the gross volume of dollars in the program.

We're not trying to encrust your agency with needless employees, but I was wondering——

Mr. BENEDICT. The title VII program, like the title III program, essentially is a federally authorized, State-administered program. The responsibility of the administration with regard to that program involves guidance to the States, regulation of the program, assistance to the States in preparing State plans, training for the States and for local agencies, and some monitoring of the program.

But the bulk of the responsibility for the development of local nutrition programs and the administration of local grants belongs to the States.

Our great concern is to make sure that the States have the capacity that they need to manage the programs at that level.

I am not trying to suggest to you that without examination we are doing all the things we ought to do at the Federal level with regard to that program.

FORWARD FUNDING

Senator EAGLETON. Your forward funding, you recommend forward funding of this nutrition program about which we have been

talking, and the community services, State agency activity—you forward fund that, right?

Mr. BENEDICT. Yes, sir.

Senator EAGLETON. Area planning and social services, that's another one. Why do we select those for forward funding but not the others?

Mr. BENEDICT. Let me speak for a moment as a former State official on this.

State agencies are constantly caught in the development of State plans and the implementation of local plans with inadequate advance information with regard to what their Federal resources are going to be.

The forward planning proposal essentially provides agencies with leadtime to understand and know what the basic resources will be from the Federal Government, from the State legislature, to prepare plans at the State and local level that look to the future 1 or 2 years and put, hopefully, a more rational planning base under the program.

One of the experiences that States have often had is that Federal funds have been available on a very short turnaround basis and they have not always had the opportunity to think rationally about how those funds are to be allocated.

The basic principle in forward funding is to provide a great degree of lapse time between Federal appropriation and State and local execution in the hopes that they will take an opportunity to make more rational decisions at the State and local level in the execution of those programs.

Senator EAGLETON. I think I understand the feeling of a State administrator. I can understand why they like it. There is a degree of predictability and foreseeability that can be better provided on a 2-year basis than a 1-year basis, in essence.

But if in the process we are carrying over into fiscal 1979 the exact budget figures of fiscal 1978 and we will also forward fund fiscal 1980 at the same level, then you have a constant level of funding for a period of high inflation and expanding clientele.

If we follow your recommendations on the forward funding in nutrition and community services and the other one I mentioned, area planning, yes, we are telling the folks out there what to anticipate, but we are saying, by the way, anticipate less effective dollars to deal with a larger clientele.

Maybe that's not the kind of predictability they would like to hear. But it's certain, I guess.

Mr. BENEDICT. Well, I personally am an advocate for forward funding. Whether or not the issue that you're raising was taken into account when this budget was constructed, I can't say. I have no reason personally to believe that there was an effort to say to State and local agencies that the levels would automatically be held constant for 2 years.

You do raise a concern which has come back to us and one that we are examining now.

AVAILABILITY OF NUTRITION SERVICES

Senator EAGLETON. Talking about nutrition, out there in the country, aren't there literally thousands of people who would like

to participate in the meal-in-the-congregate-setting situation, but because of funding restrictions can't get into it?

Right?

Mr. BENEDICT. In several areas.

Senator EAGLETON. Could the same commentary be said of the meals on wheels program?

Again, lots of people out there could use it but can't get it. That specifically ties in with your principal objective. That is, in-home services, of which a meal could be a part, right?

Mr. BENEDICT. I believe that's true.

PRIORITIES WITHIN THE AGING PROGRAM

Senator EAGLETON. How should we decide? How are we faring in deciding which group to cut off, at what juncture?

Mr. BENEDICT. Well, I indicated in my confirmation hearing that I personally felt that we ought to move in several directions. One, without placing a means-test requirement on the Older Americans Act, perhaps we ought to begin to examine the possibility of some needs guidance or needs-test requirement that encourage State and local agencies to concentrate on those who tend to live alone, those who tend to be on low income, those who tend to suffer from various degrees of disability, and those who are very old.

That's the first kind of prioritization I would go through.

Second, I would tend to try to apply the test of least restrictive alternatives to the development of our services system, be they health or social services.

To what extent can we redirect existing resources or channel new resources into fostering the opportunity for more people to stay at home as long as possible? Around three or four primary social goals. First, physical and mental well-being.

Second, a reasonable home to live in.

Third, trying to address the basic kind of services that allow people to maintain social and economic anchorages in the community so they can function reasonably within the context of their communities and not just be isolated.

Fourth, meaningful purpose. Those are the kinds of dimensions that I personally would put up against the resource questions we have to ask.

MULTIPURPOSE SENIOR CENTERS

Senator EAGLETON. Multipurpose service centers, same level of funding and then advanced funding in the same amount.

Right? $40 million? That's for rehab of facilities.

Is that correct?

Mr. BENEDICT. Well, there are two activities. One is for facility improvement. The other is acquisition. The former is where our current experience indicates most of the resources are going.

Senator EAGLETON. No funding for title V–B, staffing grants to support the centers.

Mr. BENEDICT. At this time, no. The authorization for that has expired.

CLOSING REMARKS

Senator EAGLETON. Thank you very much, Ms. Martinez and gentlemen. We appreciate having you with us today.

I must say the gigantic problems with which you have to cope, I fully comprehend are very, very difficult ones, indeed. I'm very sympathetic to the problem you face in administering some of these programs.

I hope that in the process of reorganization, we come up with a better delivery system. No system will be perfect, but I think your motives and your intents are in all instances very good ones.

I compliment you for the good interest that you have.

Thank you.

[NOTE.—The justification material for this account appears in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

Howard University

STATEMENT OF JAMES E. CHEEK, PRESIDENT

ACCOMPANIED BY:

CASPA L. HARRIS, JR., VICE PRESIDENT FOR BUSINESS AND FISCAL AFFAIRS—TREASURER
CARLTON P. ALEXIS, VICE PRESIDENT FOR HEALTH AFFAIRS
LORRAINE WILLIAMS, VICE PRESIDENT FOR ACADEMIC AFFAIRS
ROGER D. ESTEP, VICE PRESIDENT FOR DEVELOPMENT AND UNIVERSITY RELATIONS
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Special Institutions

National Technical Institute for the Deaf

STATEMENT OF WILLIAM E. CASTLE, DEAN AND DIRECTOR, NATIONAL TECHNICAL INSTITUTE FOR THE DEAF, ROCHESTER INSTITUTE OF TECHNOLOGY

ACCOMPANIED BY:

WILLIAM H. WILLIAMS, ASSISTANT TO THE SENIOR VICE PRESIDENT, ROCHESTER INSTITUTE OF TECHNOLOGY
RICHARD L. CATTANACH, ASSISTANT TO THE DEAN AND DIRECTOR OF THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF, ROCHESTER INSTITUTE OF TECHNOLOGY
FRANK B. WITHROW, HEW LIAISON OFFICER FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF, BUREAU OF EDUCATION FOR THE HANDICAPPED

American Printing House for the Blind

Education of the Blind

STATEMENT OF CARSON Y. NOLAN, VICE PRESIDENT AND GENERAL MANAGER

Gallaudet College

STATEMENT OF EDWARD C. MERRILL, JR., PRESIDENT

ACCOMPANIED BY:

PAUL K. NANCE, BUSINESS MANAGER
JOHN S. SCHUCHMAN, DEAN OF LIBERAL ARTS COLLEGE
DOIN HICKS, DEAN OF PRECOLLEGE PROGRAMS

SPECIAL INSTITUTIONS PANEL

Senator EAGLETON. We have a panel of special institutions. We have the American Printing House for the Blind, the National Technical Institute for the Deaf, Gallaudet College, and Howard University.

By the way, Ms. Martinez, we will have questions in writing. We will get them to you and appreciate your response.

Dr. Nolan, you may proceed. If you want to, introduce your colleagues.

Dr. NOLAN. I have been given the privilege of introducing the members of this panel. I will begin by introducing myself.

I am Carson Nolan, vice president and general manager of the American Printing House for the Blind in Louisville.

I don't personally know all the members of the panel, but I will read their names. If each of them would indicate who he is, it would be helpful.

We have from the National Technical Institute for the Deaf Dr. William E. Castle, dean and director. He is accompanied by Mr. William H. Williams, assistant to the senior vice president, Rochester Institute of Technology. He is also accompanied by Dr. Richard L. Cattanach, assistant to the dean and director of NTID.

Next we have Dr. Edward C. Merrill, Jr., president of Gallaudet College. He has with him Mr. Paul K. Nance, business manager, Dr. John S. Schuchman, dean of the Liberal Arts College.

Last but not least, we have Dr. James E. Cheek, president of Howard University. He is accompanied by Dr. Caspa L. Harris, Jr., vice president for business and fiscal affairs and treasurer; and Dr. Carlton P. Alexis, vice president for health affairs.

From HEW we have Mr. Wilford J. Forbush, Deputy Assistant Secretary, budget.

Mr. Chairman, how would you like me to begin our discussion?

PRINTING HOUSE REQUEST FOR 1979

Senator EAGLETON. Why not start with the American Printing House for the Blind? Tell us about your operation and how much better you can do it with this budget request versus fiscal 1978.

PREPARED STATEMENT

Dr. NOLAN. I do have an opening statement that summarizes this.

[The statement follows:]

STATEMENT OF CARSON Y. NOLAN

The American Printing House for the Blind was chartered by the Commonwealth of Kentucky in 1858 for the nonprofit manufacture of books and educational aids for use in education of blind children in special schools for the blind. In 1879 the Congress passed an Act, "To Promote the Education of the Blind," which, as amended, now enables the Printing House to provide educational materials for all blind children throughout the United States, its territories and possessions, through the secondary school level.

Educational Materials

The request of $3,574,000 is an increase of $408,000 over 1978 and when taken together with the $10,000 permanent appropriation will supply an estimated 32,400 students, 1,680 additional blind students and all 1978 base pupils (30,720) with educational materials. The estimated 1979 per capita rate of $110.62 is an increase of approximately 7.0% over that requested for 1978 and the increase in eligible students is 5.5%.

Advisory Committee

The request of $82,000 for expenses for Advisory Committees and field representatives is the same amount requested for 1978. The funds will enable these Committees to continue to evaluate and recommend annually to the Board of Trustees the necessary educational materials and aids to be developed and to be produced. They will enable APH field representatives to continue to assist teachers throughout the country in the use of aids and materials available under the Act.

Educational and Technical Research

The request for $250,000 for educational and technical research is the same amount as appropriated in 1978. These funds will enable the Printing House to develop needed educational materials in a variety of subject areas such as reading, mathematics, science, and for special groups such as the multihandicapped blind. They will enable us to support this development through research in such areas as perceptual development and cognitive development.

The American Printing House continues to serve a growing and complex group of blind children with a wide variety of educational materials in many different forms. In January of 1977, 21,057 blind children were registered through state departments of education, 7,075 were enrolled in residential schools, and 2,456 were in rehabilitation programs. Of this group, 6,284 read braille, 13,224 read large type, and 9,966 used other media for reading. Thirteen hundred ninety-eight students were deaf-blind.

The Printing House produces new educational materials and aids each year. In addition, it reprints and reproduces materials already in its catalogues as new supplies are needed. Last year we carried a finished goods inventory of over $1,800,000. We publish the following catalogues: Braille Publications, Large Type Textbooks, Educational and Other Aids, Braille Musical Publications, and Recorded Materials (both records and cassette tapes).

Progress was made in several areas last year that should have lasting impact on our ability to promote the education of the blind.

1. We produced a new four-track cassette recorder player.
2. We started distribution of a talking calculator especially adapted for education and developed educational manuals for its use.
3. We increased our capacity to supply single copies of books in large type.
4. We doubled our capacity to produce materials in cassette form.
5. We completed development of a extensive set of materials to facilitate sensory development in severely multihandicapped blind children.

Review of our work reveals study progress in meeting the educational needs of blind children. With respect to the current year, we are on schedule in production to meet our committments to the schools for the school year beginning in September 1978.

I am leaving the Committee catalogues and copies of the Annual Report of the American Printing House for the Blind for 1977 which gives a complete account of Printing House activities as well as the work of the Advisory Committees.

STATEMENT SUMMARIZED

Senator EAGLETON. Do you want to summarize the summary?

Dr. NOLAN. I will be glad to.

The American Printing House was chartered in the state of Kentucky in 1858 for the nonprofit manufacture of books and educational aids and other material for use in education of blind children in the then special schools. In 1879 Congress passed an act to promote the education of the blind which, as amended, now enables the Printing House to provide educational materials for all blind children throughout the United States, its territories and possessions, through the secondary school level.

We have three requests this year. One is a request for funds to supply educational materials to the visually impaired children. This request is $3,574,000, which is an increase of $408,000 over 1978 and, when taken together with the $10,000 permanent appropriation, will supply materials to an estimated 32,400 students, 1,680 additional students over last year, that number being 30,720 students. We will use these funds to pay for the labor and materials to manufacture materials which we will supply to these students throughout the United States. In addition, we have requests for $250,000 for educational and technical research and $82,000 for advisory committees and services.

PRINT PRODUCTION

Senator EAGLETON. Do you print and produce all the materials used by students throughout the United States?

Dr. NOLAN. No, sir. We print many of the materials. Of course, many students can use commercial materials of various kinds. We exist to produce those materials that can't be produced commercially at a profit. We produce the very special materials, the textbooks, special textbooks, special educational aids and tools, and special educational supplies that these children use.

DISTRIBUTION OF MATERIALS

Senator EAGLETON. How are those materials distributed?

Dr. NOLAN. They are distributed free to the students, legally blind students throughout this country. A credit is allocated to the States and special schools on the basis of a special census we take as of the first month of each—January of each year.

PARTIALLY SIGHTED STUDENTS

Senator EAGLETON. Do you manufacture or produce materials for partially sighted students?

Dr. NOLAN. Yes, sir. About two-thirds of legally blind students are partially sighted.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the American Printing House for The Blind to be answered for the record.]

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SERVICES FOR PARTIALLY SIGHTED STUDENTS

Question. What types of services or materials do you provide for partially sighted students?

Answer. We provide a wide variety. Large type textbooks represent the most widely used. In addition to maintaining an inventory of such books, we have a program where we will print a single copy of a textbook in large type on special order. Additional materials in large type include dictionaries and other references, educational tests and measures, music, and math. We furnish special school supplies including wide-line writing paper, graph paper, and answer sheets. Partially sighted students can, of course, use all of the recorded materials we make. They can also use about 75 percent of the educational aids we manufacture.

Question. There have been several new technological advances in providing services for the partially sighted during the past couple of years. One is the reading machine for the blind, and another is a new two-way, closed-circuit television system developed by the researchers at the Rand Corporation. Are you aware of these two particular developments.

Answer. We constantly monitor technological developments that are related to the education of the blind. In the case of reading machines for the blind, there are two machines under development which optically sense print and expresses it as spoken speech. I am a member of the Advisory Group for one such project and work closely with the second developer in this and other areas. Several closed-circuit television reading systems have been developed and are available commercially. We have followed the interrelated classroom system developed by the Rand Corporation with interest.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF (NTID) OPERATION

Senator EAGLETON. How about the National Technical Institute for the Deaf?

Dr. CASTLE. I have an opening statement. I would be happy to submit it for the record.

[The statement follows:]

STATEMENT OF RICHARD L. CATTANACH

Mr. Chairman; and members of the Committee, on behalf of the Department, I am pleased to present this request for the National Technical Institute for the Deaf.

As you know, NTID was created by Congress to provide postsecondary technical education for our nation's young deaf people to prepare them for successful employment. NTID is also involved in training professional manpower to serve the nation's deaf population, and conducting research into the educational achievement, communications, personal/social, instructional, economic and employment aspects of deafness.

NTID's appropriation request for FY 79 is $16,625,000, which represents an increase of $1,995,000 over FY 78. More than sixty-five percent of this increase is for Career Development and Professional Training Programs while the remainder is for Research, Information Dissemination, and Management. Viewed differently, almost 77% of the increase is built-in and represents such things as the annualization of FY 78 salaries, salary increments, and increases in the costs of support services. The remaining $461,000 is targeted for program expansion and extension, with particular emphasis on an expanded, nation-wide program of information dissemination. To more fully appreciate the outcomes or products of NTID's activities, I would like to review them briefly with you so you might better understand the program as a whole and evaluate its validity.

Career Development at NTID is principally concerned with providing our students the education and training necessary for them to function as contributing members of the labor force and of society in general. That education transcends the normal technical education provided by an institute of technology and embraces personal/social and communication skills training. Through a coordinated system of direct instruction and support services including tutoring, notetaking, instructional technology development, and career counseling, NTID offers students individualized

educational programs geared to the specific needs of each student. One of the most unique features of the program are the nearly seventy sections of Developmental Education which emphasize attainment of specific personal/social attitudes, knowledge and skills, necessary for success on the job.

The skills developed and lessons learned during NTID's first decade have been extremely beneficial in the development of a professional training program. Nearly fifty training modules covering such topics as linguistics and language development, management practice, and simultaneous communications are provided both for internal and external professionals. The topics are selected to provide professionals the relevant knowledge and skills necessary to serve a unique and sometimes still forgotten segment of our population.

Accompanying the problems of teaching deaf students and training professionals are opportunities for research in such areas as our students' learning processes, their speech, hearing and language development, their career development, and their cognitive strategies. The prevailing philosophy influencing research at NTID is that by understanding our students and their special problems, we can develop methods that yield effective solutions. An attendant benefit of such research is that to the extent our students are representative of the deaf population, our findings can be used to improve the circumstances of all deaf people across the country. An excellent example of the broad-based applicability of a typical research product is the growing use of NTID's Communication Profile as a diagnostic and evaluative tool in secondary and postsecondary deaf education programs.

Dissemination and implementation of research findings and new educational techniques offer another measure of success for NTID. Specific campaigns for such items as the explanatory materials on the responsibilities and use of interpreters; training methods for student notetakers; multimedia technical instructional modules; and programmed

English grammar and vocabulary texts are scheduled for distribution to selected sites on a national basis.

Although the responsibility for the success or failure of each NTID student, program, or research project is established and the appropriate responsibility identified and assigned, the coordination and articulation of these multivarious efforts into a cohesive whole must rest with NTID management. Our management team tends to be young and dynamic with a personal and professional commitment to deaf education. Their contributions to the field of deaf education at NTID, nationally and internationally, have been recognized by their peers and have served to move NTID to the forefront of educational institutions for the deaf.

STATEMENT SUMMARIZED

Senator EAGLETON. Give me a summary of what the National Technical Institute does.

Dr. CASTLE. The National Technical Institute for the Deaf was established by law in 1965 specifically for the provision of post-secondary educational opportunities in technical education for the young deaf people of our Nation.

Senator EAGLETON. We started in 1965; fairly new.

Dr. CASTLE. It started in 1968. The legislation was passed in 1965. As a matter of fact, this is our 10th year of operation with deaf students.

Essentially we are serving a very unique target population among the deaf of our country. They come to the Institute with general educational achievement levels that range from the eighth grade on up. Their reading levels may range from the sixth grade on up. The average age at entry is 19½ years.

The educational aspirations of these young people happen to fall into technical professional areas of interest, and their accomplishments while at the institution will range from nondegree accomplishment up through the accomplishment of a master's degree.

LOCATION OF NTID

Senator EAGLETON. Where is the National Technical Institute for the Deaf?

Dr. CASTLE. It is an integral part of the campus of the Rochester Institute of Technology, Rochester, N.Y.

TRAINING INSTITUTIONS

Senator EAGLETON. Is this the only place where deaf students can be trained for technical pursuits?

Dr. CASTLE. No, sir. It is, however, the only national institution for the provision of technical education of deaf people. There are on the scene of our Nation now close to 40 community colleges and

junior colleges, which in many cases, also offer certain technical educational opportunities to deaf youngsters.

Senator EAGLETON. Is your institute in Rochester—is it fair to describe that it is for research and demonstration and experimentation? What you learn in the way of techniques and approaches you then try to see get out into the field?

Dr. CASTLE. Yes, that is a very fair description of the Institute. It was established as a multipurpose institution. We are not just providing technical education to young deaf people. We must go beyond that for those young people also in the provision of curricula that will improve their personal and social skills, and additional curricula that help to improve their communication skills, all of which are also important for them as they move into job situations or as they move into greater participation in the general community.

As we do those things for the deaf students, we also have been given the charge of pursuing active research which has as its primary goal the enhancement of the social, educational, and economic accommodation of all deaf people of our Nation. In addition to that, we have a specific training charge which says we should also train new professionals for dealing with the deaf population.

Senator EAGLETON. That type of training is done in Rochester at your institute?

Dr. CASTLE. Yes.

Senator EAGLETON. You said 40 community colleges have some kind of technical program for deaf students?

Dr. CASTLE. There are some 40 community colleges and junior college programs to date, many of which do provide technical educational opportunities to young deaf people. In most instances, these technical educational opportunities are of a different sort than those provided at NTID, but in some cases they are similar.

In cases where there is similarity, obviously, what is learned at the National Technical Institute for the Deaf may have value for these other institutions. We expect that a good part of the energy expended by NTID in its second decade will be for educational extension, the lending of a helping hand to other institutions as they pursue the endeavors they now have under way.

Senator EAGLETON. I don't quite have it straight.

Are there 40 different types of programs all around the country, or are there only 40 sites, junior colleges, where there is some sort of technical program for a deaf student?

Dr. CASTLE. I am alluding essentially to 40 different sites. Also, the number of such sites tends to grow each year, as more institutions of higher learning, particularly at the community college and junior college level, become more interested in the handicapped populations of the Nation.

Senator EAGLETON. Forty different sites isn't really all that many nationwide, when you come to think of it.

In Missouri, I am trying to think of all the junior colleges we have there. I know there are three in St. Louis, one in the county right below St. Louis, three in Kansas City—we might have 15 or more junior colleges in Missouri alone, and we are just one State of the 50. California has over 100, I am told, junior colleges. So 40 isn't all that many, is it?

Dr. CASTLE. No, sir. But the impetus for this kind of thing to happen didn't come into existence until 1968, when there was suggested, in particular amendments to the Vocational Education Act, that 10 percent of the dollars that would be expended should be used for handicapped populations. At that time, many community colleges began to develop an interest in handicapped populations and have since developed specific programs for certain deaf youngsters.

PLACEMENT RECORD

Senator EAGLETON. What are the placement records for these young people out in the field?

I will also ask you about your placement record at the National Institute.

Do we have any hard placement figures in those 40 sites that are offering this kind of educational program? What is the job placement?

Dr. CASTLE. I am not in a position to offer that information. I can talk to you about the placement record with respect to program completers at the National Technical Institute for the Deaf. We have graduated from our programs in the 10 years 630 deaf students. Of those, 516 have been placed in jobs which are quite commensurate with the kind of training which they received at the institution.

That 516 is 96 percent of the graduates who actively sought job placement. Others of these students decided not to seek placement because they wanted to get married. Still others decided to pursue more advanced education after having completed their programs at NTID.

Senator EAGLETON. But that 516—how many students placed over what period?

Dr. CASTLE. Over the period of time we have been in operation, 10 years. The NTID placement activity was initiated in the second and third year of operation at the time we were producing our first graduates.

Senator EAGLETON. What is your enrollment at your institute?

Dr. CASTLE. Current enrollment is 850 deaf students.

Senator EAGLETON. Of a wide range of ages?

Dr. CASTLE. The range is 17 to 48.

KINDS OF TECHNICAL DISCIPLINES

Senator EAGLETON. How many different kinds of technical disciplines do you offer?

Dr. CASTLE. In 1968, 43 disciplines were available to the deaf students at NTID. Today the number is 160.

One of the reasons the number has been enlarged is because NTID is an integral part of a larger institution which has a long-standing history of providing technical education to hearing youngsters. That is the Rochester Institute of Technology.

Senator EAGLETON. Name me the one that is the simplest and the one that is the most complex.

Dr. CASTLE. Of those programs, the simplest, as you stated it, would be the certificate program provided by the NTID. The most advanced are the master's degree programs. Six deaf students thus

far have completed master's degrees, one in the College of Business, three in the College of Fine and Applied Arts, one in the College of Science, and one in the Institute College which provides engineering technology.

JOB PERFORMANCE OF HANDICAPPED

Senator EAGLETON. Correct me if I am wrong, but there are situations in life where a person with a handicap is more adept in fulfilling that function or that role than one without a handicap—at least, somebody once told me that. (A) Is that correct? (B) What kind of jobs are deaf people better at even than a person with his hearing? Or am I giving you an old wives' tale?

Dr. CASTLE. There is some smattering of truth to it.

I would suggest it is not so much a matter of being able to do the job better than the hearing person. It may be that in certain job situations deaf persons are not as disrupted or as distracted, and may have a greater stick-to-itiveness in a job situation because of the particular handicap.

APPLICANT WAITING LIST

Senator EAGLETON. If you didn't have funding constraints, how many applicants would you have in your institute that, for lack of space, funding, et cetera, you have to turn away?

Dr. CASTLE. In our history, we really have had a very small waiting list, because we have a rolling admissions process and have been able to take off the waiting list all those applicants who have been placed on it. As we look to the next year of endeavor, we anticipate a waiting list between 50 to 80 applicants.

DROPOUT RATE

Senator EAGLETON. What is your dropout rate?

Dr. CASTLE. The rate is 17 percent of all the students we have thus far served.

Senator EAGLETON. Seventeen percent who come there to pursue a certain program——

Dr. CASTLE. And fail to actually do that. We are not including in that 17 percent those students who make up their minds that NTID is not necessarily the best place for them to get a higher education, because we endeavor in positive ways to help them transfer to another institution that seems to be more appropriate for them.

STUDENT FUNDING

Senator EAGLETON. Suppose I am deaf and live in St. Louis and from a very poor family. How do I get to Rochester and stay there? How do I get in?

Dr. CASTLE. It is designed so that an individual who is not capable of paying whatever fee may be required for entering the institution should not be kept out of the institution because of that. There are certain ways at the State level in which students find the helping hand.

One of them is the local vocational rehabilitation agency. There are other granting arrangements they may depend on. If, in the

end, they can't gain the financial aid that they need, there is a special grant-in-aid possibility within the institution itself.

STUDENT POPULATION

Senator EAGLETON. Are the bulk of your enrollees from the Eastern half of the United States?

Dr. CASTLE. I think it is fair to say yes, the bulk would be from the Eastern half—they tend to fall in large proportion in the Northeast, the North Central, and in the Central part of the country. The clustering seems to be lower when we talk about the west coast or the Western section of the Nation.

INCREASED ENROLLMENT

Senator EAGLETON. How many more could you take in if you had expanded facilities?

Do you have a large sort of turnaway list, and there is no room, no space, no money?

Dr. CASTLE. As I indicated, the turnaway that occurs has generally been temporary. But we predict a turnaway, in terms of establishing a waiting list for acceptable applicants, of 50 to 80 applicants in the coming year. It may very well be that some may not be able to come into the institution, because that is the largest waiting list we will have accrued.

AFFILIATION WITH NIH

Senator EAGLETON. Do you have any connection, direct or indirect, with the Neurology Institute at the National Institutes of Health?

Dr. CASTLE. We have no direct contact. We have established a specific relationship with one researcher in the area of epilepsy in the National Institute of Mental Health. Otherwise, our specific relationships with NIH are not numerous.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted to NTID to be answered for the record:]

TRAINING

Question: Your 1979 Budget lists $1.9 million for training activities. Can you briefly explain your training program?

Answer: At NTID our training programs have both an internal and external perspective. For our staff, we have a program of on-going professional development that focuses on continuing institutional vitality with emphasis on maximizing each individual's contributions to NTID's objectives. These programs are designed to assist in preparing and maintaining staff proficiency through provision of special training modules related to teaching, refinement of management and leadership skills, development of skills in sign language, and use of instructional technology to assist in the delivery of course content to deaf learners.

Another dimension of our training program is our educational extension efforts which include national dissemination of instructional products, applied research results, and NTID's educational models and processes. Practical application training programs in the use of the products will soon be offered to external audiences, both on-site and off-site, in the field of higher education, deaf education and clinical speech pathology and audiology.

Question: Do you concentrate your efforts on retraining teachers or upon training new teachers?

Answer: In addition to the areas previously mentioned, our training efforts include individualized graduate and professional intern programs to provide training and practical application experience in such areas as speech pathology, audiology, job placement, counseling, and English instruction. Historically, approximately half of our interns have been graduate students while most of the remainder have been professionals currently working with the deaf. We are currently exploring a joint program with the University of Rochester which would significantly increase our ability to train new teachers of the deaf.

GRADUATES

Question: In the past, the National Technical Institute for the Deaf has had an excellent placement record for its graduates. What percentages of your June, 1977 Graduates were you able to place in jobs for which they were trained?

Answer: Of our June 1977 Graduates, approximately 80% desired job placement while 20% elected to further their education. Of those seeking placement, 95.2% have been placed and 93.6% were placed in positions directly commensurate with their training. Placement efforts are continuing for those not yet placed.

HOWARD UNIVERSITY

Senator EAGLETON. Dr. Cheek, Howard University.

Do you have a summary you would like to give?

Dr. CHEEK. I have a summary statement, but I will summarize the summary, if you wish.

[The statement follows:]

STATEMENT OF JAMES E. CHEEK

It is my privilege to present to you the budget request for Howard University for the 1979 fiscal year. Our total request of $113,393,000 is presented in three categories: The Academic Program, $81,287,000; Construction, $10,000,000 and the Howard University Hospital, $22,106,000.

Our 1979 University budget request represents an increase over our 1978 budget in the amount of $14,275,000. This increase is presented in two of our budget components; $8,200,000 in the Academic Program component and $6,075,000 in the Construction component. No increase has been requested for the Howard University Hospital.

The Academic Program increase of $8,200,000 represents built-in increases of $7,200,000 and program increases of $1,000,000. The built-in increases represent $3,200,000 for faculty salary increases in line with the latest AAUP projections for Level I of the AAUP 1979 salary guidelines; $2,300,000 for non-faculty salary increases representing a 5.8% salary increase as determined by our consultants, Hay Associates which were engaged to install a new pay scale for non-faculty personnel; $900,000 for periodic step increases which will be continued in our new non-faculty pay system; $500,000 to support the operational costs of our new Cancer Center building scheduled to open in fiscal year 1979 and $300,000 as partial support for the general University Retirement Plan.

The program increases for the Academic Program request represent $1,000,000 in additional funds for two of our colleges and an increase in funds to support the University Library System. Specifically, we are requesting $300,000 for the College of Medicine for eight new faculty positions, supplies and teaching equipment; $300,000 for equipment for our School of Communications and $400,000 for additional books, supplies and periodicals for the University Library System.

The Univerity is also requesting additional funds in the amount of $10,000,000 for seven construction projects. We are seeking $1,000,000 to continue payment on the notes for the acquisition of the Dunbarton Campus; $1,000,000 for power plant improvements to expand the electrical power lines and electrical capacity required for the opening of four new buildings in fiscal year 1979; $1,875,000 as the initial effort of our energy conservation program which will require insulation of steam pipes, replacement of defective steam valves and the installment of insulation in some of our classroom buildings; $1,000,000 as initial funds to remove architectural barriers to permit immediate access to all campus facilities for handicapped persons as required by Section 504 of the Rehabilitation Act; $2,000,000 as the second phase of the renovation of the old Freedmen's Hospital buildings; $3,000,000 as the first phase of a long overdue program to renovate our dormitories and $125,000 to conduct a feasibility study of our Physics and Sherman Avenue classroom buildings in order to determine the renovations or modifications necessary to make these facilities more adequate for continued use as classroom buildings.

I am prepared, Mr. Chairman, to answer questions that you and members of Committee may have regarding our FY 1979 budget request.

BUDGET REQUEST

Dr. CHEEK. Mr. Chairman, our budget request for this year in the academic program is $81,287,000; and in the construction category,

$10 million; and for the university hospital, $22,106,000. This represents an increase of $18,200,000, with $8,200,000 for the academic program component of the university and $10 million in the construction component category. We are not seeking any increase in the budget for the university hospital.

HOWARD UNIVERSITY HOSPITAL

Senator EAGLETON. With the enormous increase in health care cost, hospitalization, and all that, which is exploding at a rate much faster, of course, than the general average inflation rate, how will you hold the line at Howard University Hospital in constant dollars, $22 million last year, $22 million—well, it has been constant since 1977—$22 million in 1977, and in 1978, and in 1979?

Dr. CHEEK. We opened a new hospital 2 years ago, and at the time the old Freedmen's Hospital was transferred to the university as a part of the transfer agreement. Provision was made to build a new hospital, with a further provision that 2 years after the new hospital had been in operation, we were to submit to the Congress a plan for the university to become more self-sufficient.

We have submitted such a plan in accordance with that legislation which proposes to maintain the Federal request or the Federal appropriation at the present level and meet increased costs through increased charges to patients.

Senator EAGLETON. This plan you describe, is it a big, thick document?

Dr. CHEEK. No, quite small.

Senator EAGLETON. Could we have that and make it part of the record? We don't need it right now.

Mr. FORBUSH. We just got it for review in the Office of the Secretary. I would like to look at it a bit before we submit it, if possible.

Senator EAGLETON. It doesn't have national security secrets in it?

Mr. FORBUSH. No; if you would like it as submitted, we would be happy to give you a copy.

Senator EAGLETON. Sure. I am not asking for anybody's blessing on it.

[The report follows:]

HOWARD UNIVERSITY HOSPITAL REPORT

TO BECOME MORE SELF-SUFFICIENT

I. Background of this Report

Freedmen's Hospital, the predecessor of the present Howard University Hospital, was chartered by the Congress in 1867 as an emergency facility to provide care for the sick and destitute black people who had come to Washington in large numbers after the Civil War. Since the need for care of such people remained and since the Hospital served as the teaching facility of Howard University, support of the Hospital was continued without substantive legislation by the enactment of annual appropriations until on September 21, 1961, Public Law 87-262 (75 Stat. 542) transferred the Hospital to Howard University and included provisions pertinent to our statement to the following effect:

A. The construction of a new hospital "not to exceed 500 beds" was authorized.

B. Appropriations to the University were authorized for partial support as the teaching hospital for Howard University with the condition that the cost of operating the facilities, the appropriations for the support of the hospital and any other income derived from such operation or other income available for such purpose should be identified and accounted for separately in the accounts of the University.

C. It was declared to be the policy of the Congress that, to the extent consistent with good medical teaching practice, the Howard University Hospital facilities should become progressively more self-supporting. To further this policy, the Congress bade the President of the United States to submit to them, "a report based on a study of the financing and operation of the Hospital, containing his recommendations on the rate at which, consistent with the above policy, Federal financial participation in such cost of operation shall be reduced. Such report shall be submitted not later than the end of the second calendar year following the year in which the construction of the new hospital facilities authorized by Section 3 is completed."

The new Howard University Hospital was completed in 1975. This report, due at the end of the calendar year 1977, is submitted in response to the bidding of the Congress as expressed above.

II. The Mission of the Howard University Hospital

The mission of the Howard University Hospital is rooted in its history, location and association with Howard University. The Hospital has been the primary teaching hospital for the Howard University College of Medicine throughout the history of the College. As other health professions schools were established at the University, the Hospital's role in the

clinical training of students in the health professions expanded to include the training of nurses, dentists, pharmacists and allied health professionals. As a major teaching hospital, the Howard University Hospital has the expanded mission of education and research, as well as patient care.

From its inception as Freedmen's Hospital to the present day, the Howard University Hospital has provided medical care for the black, mostly low income, population of Washington. It is fully accredited and offers forty-nine specialty inpatient services and sixty-six outpatient clinics as is appropriate for a teaching hospital. The goal of its medical operation is to attain and maintain excellence in the furnishing of needed health care to its patients.

The Howard University Hospital serves an important function by means of its contribution to the pool of skilled black health manpower. More than half of the currently practicing black physicians of this country were trained in this Hospital. To the extent of its capabilities for furnishing a site where superior training can be conducted, the Hospital also provides a substantial complement of individuals trained in other professional and paramedical skills. This role is important in view of the general need for health manpower and the special and far greater need for health skills in the national black community.

The Howard University Hospital is in a unique position with intrinsic values as a potential contributor to the advancement of health science. The Hospital serves a predominantly black patient clientele so that particular health problems of this large segment of our population such as sickle cell, heart, hypertension, and cancer, to name a few diseases, can be studied.

It is not proposed that research, as such, be of primary consideration by the Hospital. However, the peculiarity of the patient clientele, the broad scope of health programs and the presence of the talented staff of professional practitioners in the various specialties, provide the environment for the development and production of research by the members of the University's faculty.

III. The Expenses of the Howard University Hospital

In common with other health service delivery organizations, the Howard University Hospital is subject to escalating costs which have increased far in excess of the general cost of living increase in the country. A part of the cost, salaries, is not out of line with the economy as a whole. The Transfer Act and the Transfer Agreement included a commitment to maintain the salary plans and therefore the comparable federal salary levels of transferred employees. At present, transferred employees constitute about 11% of the regular full time personnel of the Hospital. The salaries of other employees have been maintained at a comparable wage level for two reason:

First, it is inequitable and unfair to maintain a dual system of remuneration. Second, the salary increases of the transferred employees, based as they are on the annual Civil Service Commission analysis of pay in comparable positions, reflect the general increase in salaries throughout the country.

Other general medical factors, also influential in the rise in health care costs, apply to the Hospital. One is the general cost of medical supplies which is not too different from the rise in the consumer price index. The second is the continual improvement in medical technology which permits more complete analysis of the patient's condition and better management of his health care. This latter factor has the general effect of increasing expenses above and beyond the more static situation of the economy as a whole because more professional services and better and more expensive medical equipment are applied to get improved health care.

Two other types of expenses require special emphasis. One of these is the exponential rise in the cost of malpractice insurance coverage. The other is the unprecedented rise in the cost of utilities. In calendar year 1975, the annual premium for the Howard University Hospital was $680,000. In calendar year 1976, this had risen to $2,700,000 a year. This unusual increase is complicated by the fact that, even at these rates, insurance may not be available so that the whole malpractice coverage situation can only be described as a large, burdensome and unpredictable expense.

At present, the Hospital is in the process of handling this required expense through a self-insurance trust with commercial coverage for claims that may arise in excess of the self-insurance coverage. The total cost is estimated at about the 1976 level. This was the only arrangement available to us to provide continuity of coverage and protection of the assets of the Hospital and the University.

The new Howard University Hospital, as is common with most totally enclosed modern structures, requires a greater expenditure of energy to warm the building in the winter time and cool it in the summer. The most recent rate for calendar 1977, is $1,000,000 a year for heat and steam which represent the energy used for heating and cooling. Electricity over and above this, will cost $1,042,000 a year in 1977 making a total of $2,042,000 for the energy expense for the operation of the Hospital. In the old Hospital, the comparable annual cost was approximately $500,000. Not only is this a substantial increase, but because of dependency on fossil fuels, the rate of increase could be substantially higher than the general cost of other items. For instance, the 1977 cost of $2,042,000 is 19 percent higher than in 1976.

Howard University Hospital as a teaching hospital, has substantial additional costs. Inherent in the conduct of training programs, there are expenses required to maintain a greater range of services and therapeutic resources than those necessary in a private hospital. Returning to revenue

considerations, all of this means more expense than in non-teaching hospitals because, to the costs of normal therapy are added the costs of providing a situation in which training and the practice of specialties and skills can be achieved. Also, we must give serious consideration to the item of the direct payments of salaries, benefits and other support costs needed to maintain the trainee.

Finally, as is proper in a well-run business operation, the Hospital must provide for the depreciation of its building and of its equipment.

These, then, are some of the considerations which must be applied to the expense of running the Hospital, remembering that in accordance with the will of the Congress the major support of these expenses must come from the patient revenues of the Hospital, and that to the extent possible, increases in such revenue should be applied toward reducing the appropriation of Federal funds.

IV. The Income of the Hospital

The primary support of the Hospital at this point is from patient care receipts which in 1978 are estimated to amount to 54% of the total. The Federal appropriation will constitute 46%. Since its transfer, the Howard University Hospital has made substantial progress in the proportion of self-support as shown in Table I.

This represents remarkable progress in a short time, especially when considering the income status of the Howard University Hospital patients. Due to the patient mix, a substantial proportion of the charges, greater than in the usual hospital situation turns out to be uncollectible. As an introduction to the explanation of this situation it is appropriate to state the policy of the Hospital which follows the usual procedure of determining that the admitted inpatient is insured, can place an initial deposit or has a guarantor who assumes joint responsibility for the Hospital bill. This applies to all admissions except the very small proportion, less than four-tenths of one percent, that is admitted without charges because the case has unusual teaching utility, and unfortunately to emergency admissions which constitute 32 percent of the total number of patients admitted.

As a preliminary for further analysis, it is appropriate at this point to tabulate the classes of patients and to indicate the percentage each class constitutes of the total inpatient populations. The following classification, based on the admission record, reflects the Hospital's considered determination that the patient have effective responsibility for payment of their hospital bills. (Table II)

As noted above, these percentages represent the patient class on admission. However, a major adjustment is eventually made in two patient classes that shifts the responsibility for payment from a third party to the patient himself. The first is in the group covered by commercial insurance other than

Blue Cross-Blue Shield. Some of these coverages are in varying degrees insufficient to provide the total funds billed to the patient for his hospital care. The second adjustment applies to the deductible of $104. (this was in effect most of the period studied, July 1, 1975, to January 1, 1977 - beginning January 1, 1977, this deductible was raised to $124.) per hospital admission. Successive admissions with an interval of less than 90 days are considered to be a single admission. The patients in large proportion are unable to pay this deductible. Furthermore, after 14 days of hospitalization a co-insurance proportion of the expense is billed to the patient. After sixty days, the patient may use his personal lifetime reserve also on a co-insurance basis. For the most part, our patients cannot pay the co-insurance and when the personal lifetime reserve is used up it is rare that they can pay anything at all toward the satisfaction of the cost of their hospitalization.

The adjustments leading to final billing configuration and the results of the collection process are shown in Table III A. The final percentage distribution by class of patients and the percentage contribution each class makes to total receipts is shown in Table III B.

As noted above and shown by the table, the Hospital only admits a very small number of patients for medical study purposes. All other patients are admitted by the same criteria of financial responsibility as is applied other non-profit and for-profit hospitals. However, several factors operate to produce the 25.2 percent of our care which is furnished free to inpatients. Outpatients are 71.5 percent free as explained later in the report. Some insurances, including low-option Blue Cross do not cover the total cost of hospitalization. In very many cases, because of the low-income level of the patients, those who presumably were able to pay the charges on admission, find their funds soon exhausted. This occurs more often in this Hospital than in others where the patient clientele has greater financial resources. Further, many of our patients who exhaust the entitlements of Medicare or Medicaid must be permitted to remain in the Hospital because they have no place to go where the conditions will permit retention of the progress made by the treatment in the Hospital. Such patients are kept because sending them away would undo the benefits which hospitalization provided and also expose the Hospital to possible malpractice liability suits. This factor of non-payment is a legacy from the original purpose of the predecessor, Freedmen's Hospital, which was founded to provide medical care for a group of people who would not have any care if it were not furnished by this Hospital.

Table IV shows by significant area, the domiciliary origin of the patients of the Hospital. It shows that a major segment of the clientele of the Hospital originates in the areas of the city which are predominantly inhabited by a low income black population. Thus, historically and by location, there is a built-in non-collection factor with respect to the charges for services rendered.

Another segment of income patient receipts which is even more adversely affected by the patient's inability to pay is outpatient services. The situation is summarized below for the period July 1, 1975 to January 31, 1977:

Average annual patient charges	5,556,515
Average annual collections	1,586,312
Non-collection - amount	3,970,203
Non-collection - percent of charges	71.5%

In this area the factors of operation function even more to reduce collections. We have the same low income, black patient group of which almost half the patients are emergency cases that must be seen and once they are seen, humane and legal considerations do not permit the close attention to admission criteria that is normally possible for regular inpatient admissions. Also, follow-up of these cases in our clinics not only fulfills these considerations but provides our training programs with the cases needed for accredited specialty training programs. Further, the total potential collection per patient is a small fraction of the charges for an inpatient stay. Nevertheless, collection follow-up is carried on in a businesslike manner including referral to outside collection agencies both as a matter of principle and to obtain whatever revenue can be realized as charges for patient care for outpatients.

V. Support Responsibility of the Federal Government

Historically and for the good of the nation as a whole it is appropriate for the Federal Government to accept responsibility for continuing support of the Howard University Hospital. The elements of this responsibility are outlined below:

A. To support the stipends of the health professionals who are in training in this hospital situation, who constitute a resource for the country as a whole, particularly for the black population. In 1978 this cost for salaries and benefits will be $3,493,000.

B. The Federal Government should support the medical care of those patients who can support themselves in health but who in the face of the present high cost of medical care find their resources exhausted and need care for which they can no longer pay.

C. It is the Federal responsibility to support the creation of a locale for superior health care training. Historically and in the interest of the people who are served by this institution, it is appropriate for the reasons given above that Federal funding be continued.

D. Finally, the situation is parallel to support by the States of their teaching hospitals.

VI. The Proposal for a Progressive Increase in Self-Support

It can be seen that the Howard University Hospital, like other hospitals, is in a situation of unpredictable rising costs. At the same time some support of these rises in cost to some extent will be available by raising charges toward costs to the extent permitted by Federal regulations and third party coverage.

It is appropriate to point out that, because of our non-collection of 25.2 percent, the Hospital does not get the full benefit of unit cost increases. For instance, an annual rate of charge increase of 9 percent as proposed by the Federal Administration would yield only an increase of 7.45 percent in collections.

The difficulty lies in quantifying and projecting the extent to which these factors will operate. Accordingly, a certain amount of flexibility should be allowed to the Hospital so that the unexpected can be met without unduly prolonging unneeded Federal support. In order to retain a flexible position and still accomplish the basic purposes of progressively increasing self-support, I would propose the following:

That, (a) the Federal appropriation be continued at the present level; and (b) that this level of support be continued until there exists an excess of appropriation, producing a surplus over the annual cost of the Hospital operations, as determined by Medicare cost finding techniques.

It should be noted that the above two recommendations represent a total absorption of the cost of all budget increases, including the cost of higher salary levels which are applicable to the 1978 fiscal year. These costs, plus a comparable estimate for salary increase, have also been offered for the 1979 fiscal year, without a request for additional appropriation. Also, this proposal projects increased cost of operations consistent with expenditure limitations (nine percent per year) presently being advanced by the Federal Government. Finally, the maintenance of a set annual appropriation of $22,106,000: (a) represents a continuously reducing percentage of Federal support from 48.7 percent in 1977 to 28.5 percent in 1984, as shown on Table I; (b) actually, in consideration of the experienced and expected inflation, represents another facet of reduced Federal support because the true value of this allowance will be annually reduced in terms of constant dollars; and (c) proposes the total absorption by the Hospital of the substantial annual increase in operation expense that both historically and on a projected basis has been and will be characteristic of a hospital health care operation.

For these reasons, we believe that this proposal abundantly fulfills the injunction of the Congress that requires the Howard University Hospital to be "progressively more self-supporting."

TABLE I. PERCENT PATIENT RECEIPTS CONSTITUTE OF TOTAL OBLIGATIONS

Fiscal Year	Total Obligations (Rounded to Nearest Thousand)	Federal Appropriation	Patient Care Receipts	Percent Receipts Of Total	Percent Appropriation Of Total
1967	9,774,000	6,639,000	3,135,000	32.1	67.9
1968	10,460,000	6,937,000	3,523,000	33.7	66.3
1969	13,443,000	9,030,000	4,413,000	32.8	67.2
1970	15,683,000	10,168,000	5,515,000	35.2	64.8
1971	18,958,000	12,285,000	6,673,000	35.6	64.4
1972	22,018,000	14,009,000	8,009,000	36.4	63.6
1973	23,077,000	14,925,000	8,152,000	35.3	64.7
1974	26,758,000	16,786,000	9,972,000	37.3	62.7
1975	34,677,000	19,412,000	15,265,000	44.0	56.0
1976	39,129,000	20,573,000	18,554,000	47.4	52.6
1977 Est.	45,414,000	22,106,000	23,308,000	51.3	48.7
1978 Est.	48,157,000	22,106,000	26,051,000	54.1	45.9
1979 Est.	50,496,000	22,106,000	28,390,000	56.2	43.8
1980 Est.	55,041,000	22,106,000	32,935,000	59.8	40.2
1981 Est.	59,995,000	22,106,000	37,889,000	63.2	36.8
1982 Est.	65,394,000	22,106,000	43,288,000	66.2	33.8
1983 Est.	71,279,000	22,106,000	49,173,000	69.0	31.0
1984 Est.	77,694,000	22,106,000	55,558,000	71.5	28.5

TABLE II. INITIAL DETERMINATION OF PATIENT CLASS AFTER ADMISSION

Title of Class	Responsibility For Payment	Percent Of Total Inpatients
Self-pay	Patient or sponsor responsible for bill	14.2
Blue Cross-Blue Shield	Insured by the Blue Cross-Blue Shield. Most complete private third party coverage	19.9
Other Commerical Third Party	Insured by Commercial Carriers other than Blue Cross-Blue Shield	9.5
Howard University Students	Fully covered by a group policy contracted for by the University	0.5
Community Group Health	Contracts with HMO's for inpatient services based on the average cost per patient day	0.2
Medicaid other than D. C.	Medicaid patients from nearby jurisdictions	1.2
District of Columbia Medicaid	Medicaid inpatient care authorized by the District of Columbia	25.2
Medicare	Patients entitled to care under the provisions of Medicare law	22.9
D. C. Indigents	Care of Medically indigent patients certified by the District of Columbia for which the hospital is paid a statutory inclusive rate of $78 per day	6.0
Free Teaching and Howard University Interns & Residents 1/	Cases admitted for teaching purposes and Howard University Hospital	0.4

1/ Under the terms of their contract, Howard University Interns and Residents and their dependents are provided medical care recorded in this patient class as an employee benefit.

INPATIENT CHARGES, ADJUSTMENTS AND WRITE OFFS BY PATIENT CLASS
July 1, 1975 to January 1, 1977

III-A

	Gross Charges	% of Total	Initial Adjustment	Revised Charges	% of Total	Experienced % Write-Off	Predicted Write-Off	Net Estimated Receivables
Self Pay	5,677,447	14.2%	1,693,633	7,371,080	18.5%	93%	6,855,104	515,976
Blue Cross-Blue Shield	7,933,333	19.9%		7,933,333	19.9%	10%	79,333	7,854,000
Other Commerical Third Party	3,797,486	9.5%	(1,329,120)	2,468,366	6.2%			2,468,366
Howard University Students	201,464	0.5%		201,464	0.5%			201,464
Community Group Health	69,367	0.2%		69,367	0.2%	64%	44,395	24,972
Medicaid Other Than D. C.	474,698	1.2%		474,698	1.2%	3.5%	16,581	458,117
District of Columbia Medicaid	10,045,512	25.2%		10,045,512	25.2%			10,045,512
Medicare	9,112,836	22.9%	(364,513)	8,748,323	21.9%	15.6%	1,366,925	7,381,398
D. C. Indigents	2,390,343	6.0%		2,390,343	6.0%	63%	1,505,916[1/]	884,427
Free Teaching, Interns and Residents	173,577	0.4%		173,577	0.4%	100%	173,577[2/]	-0-
Total July 1, 1975 to January 31, 1977	39,876,063	100.0%	--	39,876,063	100.0%	25.2%	10,041,831	29,834,232
Average Annual Total	25,184,882	--	--	25,184,882	--	25.2%	6,342,209	18,842,673

1/ Difference between payments and costs.

2/ Teaching cases and Personnel Benefits.

TABLE III-B

PERCENTAGE OF PATIENTS BY CLASS
AND
BY CONTRIBUTION TO TOTAL RECEIPTS
July-1975 to January-1977

	Percent of Patients	Percent of Receipts
Private Pay	1.3%	1.6%
Blue Cross-Blue Shield	19.9%	24.2%
Other Commercial Third Party	6.2%	7.5%
Howard University Students (these are insured pay patients)	0.5%	0.6%
Community Group Health	0.2%	0.2%
Medicaid Other than D.C.	1.2%	1.4%
District of Columbia Medicaid	25.2%	30.6%
Medicaid	21.9%	21.6%
D.C. Indigent (District Charities)	6.0%	7.3%
Teaching Patients and House Officers	0.4%	-
Free	17.2%	-
TOTAL	100.0%	100.0%

DISTRIBUTION BY RESIDENCE IN D. C. DEPARTMENT OF HUMAN RESOURCES SERVICE AREA OF HOWARD UNIVERSITY HOSPITAL PATIENTS 1/ SHOWING SELECTED POPULATION CHARACTERISTICS OF EACH SERVICE AREA 2/

IV

Item	Entire District of Columbia	Service Area (1)	Service Area (2)	Service Area (3)	Service Area (4)	Service Area (5)	Service Area (6)	Service Area (7)	Service Area (8)	Service Area (9)	Outside D. C.	Total
	SERVICE AREA 3/											
Number of Howard University Hospital patients in sample	335	41	12	27	17	22	88	108	9	13	53	388
Percent of Howard University Hospital patients in Area	86.3%	10.6%	3.1%	6.9%	4.4%	5.7%	22.7%	27.8%	1.8%	3.3%	13.7%	100.0%
1. Population per square mile	12,058	12,138	8,190	12,724	12,713	14,972	24,207	25,422	6,826	7,641	...	...
2. Percent Black	72.3	82.8	84.5%	96.4	86.0	83.8	91.2	78.0	4.8	32.1	...	...
3. Housing												
a. Percent dwelling units overcrowed 4/	12.2	7.7	8.6	17.8	17.7	16.6	19.5	13.9	2.1	7.4	...	...
b. Percent dwelling units without plumbing	2.3	1.5	0.7	0.5	1.3	2.0	6.8	3.8	0.9	2.8	...	...
4. Percent husband & wife only household of total households	43.2	53.9	59.2	53.6	52.7	42.8	34.8	33.3	42.2	21.9	...	...
5. Median Education of persons twenty five (25) or over	12.2	12.3	12.3	11.7	12.0	10.7	9.9	11.7	14.7	13.8	...	...
6. Percent of family at or below the poverty level	12.7	7.0	5.7	14.5	12.5	18.4	24.2	17.6	2.7	13.5	...	...
7. Percent of persons at or below poverty level	17.0	9.2	9.3	18.8	14.7	21.4	29.1	20.7	6.3	16.5	...	...

1/ From a random sample of 194 outpatients and 194 inpatients
2/ Characteristics by Service Are selected from "Demographic, Social and Health Characteristics of the Residents of the District of Columbia by Service Areas", Office of Planning, Statistics and Education Division, April 1973
3/ A map of the Service Areas is shown on the following page
4/ 1.01 or more persons per room.

MISSION OF HOWARD UNIVERSITY

When was Howard University founded?

Dr. CHEEK. 1867.

Senator EAGLETON. Right after the Civil War?

Dr. CHEEK. Yes.

Senator EAGLETON. Has the mission of Howard University changed as we come out of the darkness of separate and unequal, to use Hubert Humphrey's quote, into the bright sunlight of equal opportunity?

Should Howard—has it changed, or should it change more? Does it fulfill the same mission for which it was created?

Dr. CHEEK. I would like to answer that question in a variety of ways. First of all, the mission has not changed. The mission of Howard can't change so long as we continue to have the tremendous inequity and disparity in the numbers of blacks and other minorities that are represented in higher education. We really have not come out of the darkness of separate and unequal and into the sunlight of equal opportunity. We have in concept, but we have not in reality.

I think the data will show that blacks, particularly in proportion to their numbers in the college-age population, are nowhere nearly represented in higher education. It is my view that we have to continue our mission until we have brought about a situation in our country where students have not only equal access to all kinds of higher educational opportunity but also equal success in that endeavor.

I might point out that Howard University has, percentagewise, more nonwhite students than any national predominantly white university has nonblack students.

NONBLACK ENROLLMENT

Senator EAGLETON. What is your white enrollment at Howard?

Dr. CHEEK. Universitywide, approximately 12 percent. It varies from school to school. We have 17 schools and colleges.

Senator EAGLETON. Is that an increasing percentage?

Dr. CHEEK. It remained rather constant over the past 5 years. It will go up in some fields and go down in others.

EXPANSION OF NONBLACK ENROLLMENT

Senator EAGLETON. Has the Department of Health, Education, and Welfare encouraged you or urged you to expand the percentage of white enrollment at Howard?

Dr. CHEEK. No; I don't think that we ever had any significant discussions about that. On our own, we feel, frankly, that while performing our mission, it was important for us to maintain a university that is desegregated and is also polycultural, in the sense of attracting students from a rather large number of countries around the world.

Senator EAGLETON. If it is deemed wise at all levels of education that schools and institutions more accurately reflect the population as a whole, if it is deemed advisable that institutions that were historically white accept larger numbers of blacks that, again,

more accurately reflect the population as a whole, why wouldn't that same premise apply to Howard?

Dr. CHEEK. It would, if that were to happen. But it is not happening. That is the reason why I said that the mission has to continue until it does occur.

Mr. Chairman, if you don't mind, I might say something further. In the statement I just made, I am not advocating that Howard University become predominantly white. It is my position that one of the strengths of American higher education is its pluralism. I perceive pluralism not only in terms of public and private but also in terms of maintaining the presence in higher education of the various groups that make up the American population. I think it is important that the black presence in higher education be preserved not only in terms of having representative numbers of its students having opportunity in higher education but also be preserved institutionally.

I think that we play a role that other institutions simply can't play. And our institution is the only university that is a true university that is historically related to the black community and represents the black heritage and the black presence.

Senator EAGLETON. You say that is defensible in the interest of education, but it would be unconstitutional for predominantly white institutions to make that same statement of policy, wouldn't it?

Dr. CHEEK. If that is unconstitutional, then they have been violating the Constitution since they were founded. I am not a constitutional expert and wouldn't want to engage in that kind of discussion.

Senator EAGLETON. I am not trying to fence with you. I never really thought it through, maybe never will, because I wouldn't be able to resolve it. But if the thrust is that a student is educated better, as it were, in a total environment, multiracial environment—and that would be true whether it is a white student or black student or Japanese student, Hispanic, or whatever—is the day of a uniracial institution—or is a uniracial institution legitimate?

Should Government policy engender multiracial institutions, or should it continue to support one whose mission has been, and will apparently continue to be, almost exclusively uniracial?

Dr. CHEEK. I think that, certainly, multiracial is our aim. If multiracial means that you accept students from all racial groups, Howard University is already doing that.

We still feel, however, that there is justification, in terms of our history as a Nation, for an institution that has a special focus on attacking a problem that is almost as acute now as it was at the end of the Civil War. I would say, in a sense, it is even more acute in terms of the growing importance of higher education in social and economic ability.

MINORITY ENROLLMENT IN MEDICAL SCHOOL

Senator EAGLETON. For many years, Howard and Meharry were the only two medical schools that accepted black students; is that correct? Going back some years?

Dr. CHEEK. That is correct.

Senator EAGLETON. Is it true that there are today, even with medical schools now accepting a wider range of students, including many minorities—are there—somebody tells me fewer blacks are going into medicine today than back in 1972, or something.

Dr. CHEEK. My information is that black enrollment in predominantly white medical schools is declining rather than increasing.

Senator EAGLETON. Why is that? Do you know?

Dr. CHEEK. I would not like to venture—well, I will.

I think the great acceleration took place in the middle and latter part of the 1960's, when there was a great deal of pressure placed on institutions to expand their doors of opportunity. There was a cultural drift, if you will, in the direction of supporting increasing opportunities for blacks and other minorities. There was an affirmative and supportive mood in the country.

The pressure has diminished. We went through an era where the moral leadership of the Nation was not directed in that area. And without the pressure, without the atmosphere, these institutions are simply drifting back into the pattern that they historically followed.

Now, that is James Cheek's opinion. I have no basis, no specific data on which to base that.

Senator EAGLETON. It is a valuable insight and is probably pretty close to the mark.

MEDICAL SCHOOL GRADUATES

How many graduates each year in your medical school, roughly?

Dr. CHEEK. I think there are roughly 100.

Senator EAGLETON. During that era of the late, mid-1960's when medical schools around the country were opening their doors, did you find that they were siphoning off the brightest prospects and you were being left with the not-quite-the-brightest prospects?

Was there any way to evaluate the competence of your student body vis-a-vis blacks going to other institutions?

Dr. CHEEK. We suspect that initially there was a drain of the better-qualified students away from Howard and probably Meharry, also. That was short-lived.

When we examined the quality of our entering students over the past 5 years, we saw a return to the level of qualifications, if you wish, in prior years.

FUNDING OF MINORITY MEDICAL SCHOOLS

Senator EAGLETON. How is Meharry funded? Purely private?

Dr. CHEEK. Yes. It is a private institution.

Senator EAGLETON. Medical schools are very expensive to operate; we all know that.

Do they fund it through an annual solicitation? Are they part of the United Black College funding appeal?

Dr. CHEEK. No, they are not.

Senator EAGLETON. Thank you.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to Howard University to be answered for the record.]

FEDERAL FUNDS

Question: What specific projects will you be funding with the additional $14.2 million you are requesting?

Answer: The following specific projects will be funded with the additional $14.2 million we are seeking for FY 79.

1979 Budget Increase Request

Academic Program	
A. Built-in	
1. Faculty Salary Increases	$ 3,200,000
2. Non-Faculty Salary Increases	2,300,000
3. Periodic Step Increases and Promotions	900,000
4. Physical Plant	500,000
5. Retirement Program	300,000
Subtotal	$ 7,200,000
B. Program	
1. Academic Program	
a. College of Medicine (8 positions)	$ 300,000
b. School of Communications	300,000
c. University Libraries	400,000
Subtotal	1,000,000
Total	$ 8,200,000
Construction	
Dunbarton Campus	$ 1,000,000
Feasibility Study - Physics and Sherman Avenue Classroom Buildings	125,000
Removal of Architectural Barriers	1,000,000
Power Plant Improvements	1,000,000
Energy Conservation Measures	1,875,000
Renovation of Residence Halls	3,000,000
Renovation of Old Freedmen's Hospital Building	2,000,000
Total	$10,000,000
TOTAL INCREASE REQUESTED	$18,200,000
Less - Non-recurring Construction Request for 1978	3,925,000
TOTAL REQUEST	$14,275,000

Question: What percentage of your budget is made up of Federal Funds?

Answer: Currently the University's budget for the "Academic Program" is 66 percent for the academic program and 43.8 percent for the hospital.

Have you ever explored the possibility of

having Howard reduce its dependence upon Federal Funds?

Answer: In 1970, at the beginning of my tenure as President, we began exploring the feasibility of Howard undertaking a national and international fundraising campaign, while simultaneously seeking to increase the level of support from the Federal Government. After five years of planning a major effort to procure more funds from the private sector to augment funds being sought from the Federal Government, the "New Direction Fund" campaign was officially announced in March of 1977. Under the leadership of an "International Sponsors' Council" headed by Mr. Richard L. Terrell, Vice Chairman of the Board of General Motors Corporation, the University has been able to generate, since 1972, contributions totalling $21.2 million as of June 30, 1977. This program, however, is being conducted not to "decrease the University's dependence upon Federal funds," but rather to supplement or augment the funds received from the Federal Government. It is our judgment that the intent of the 1928 legislation authorizing direct appropriations to Howard University to establish and maintain Howard as a "university of the first rank" has not been fulfilled because Howard still ranks well below the median and mean in resources compared with comparable predominantly white universities.

Question: Do you believe that such a procedure would be feasible?

Answer: Howard will continue its program to solicit more funds from the private sector, but it is not at all feasible to expect Howard to meet its needs and attain the status as a "university of the first rank" envisioned by Congress in 1928 when the present procedure was first authorized. There is a limit to what the University can charge for tuition and fees, taking into account our mission as the only truly comprehensive university with such a mission.

Based on my almost fifteen years' experience as a college and university president, it is my opinion that Howard University cannot undertake any procedure to reduce the flow of federal funds to Howard. If the Congress is to keep faith with the promise of 1928, then the Federal appropriations to Howard must be increased while the University seeks additional funds from alumni, corporations, foundations and individuals.

REMOVAL OF ARCHITECTURAL BARRIERS AND ENERGY CONSERVATION

Question: Howard University is requesting $4.9 million for renovation of campus buildings and residence halls to make them more energy efficient and accessible to the handicapped. The Education Division is requesting $50 million in grant funds in fiscal 1979 to assist Institutions of Higher Education in making their facilities accessible to the handicapped. There are loan funds in the Education Division for energy conservation. In addition, the Department of Energy has $200 million for energy conservation in the schools.

Why shouldn't Howard have to compete for these funds with the other institutions of higher education for renovation funds?

Answer: Almost all of the buildings on the University campus were constructed under standards that are no longer acceptable from the standpoint of energy conservation and accessibility to the handicapped. As a consequence an extensive effort must be put forth, not only to make the buildings more habitable, but also to bring them in compliance with the requirements of Section 504 of the Rehabilitation Act of 1973. Since there are approximately 60 buildings on campus that were constructed with Federal funds, all of them must be brought into compliance with Section 504 by the deadline date of June 2, 1980.

The current condition of buildings, particularly dormitories, is poor. Deterioration of materials and failure of mechanical systems has caused some of the buildings to become unsafe in many respects. This has come about as a result of insufficient resources to maintain the buildings at a reasonable level. Funds for repairing and maintaining buildings that were deficient when built should be sought from the same source that provided the original funds - the Federal appropriation. The Congressional legislation of 1928 committing the Federal government to assisting Howard University to become a "university of the first rank" would seem to set Howard apart from other universities that are better resourced, and consequently can be less dependent upon Federal help. Since Howard has sought funds from the Federal appropriation, based upon the commitment mentioned above, it would appear unfair to now require the University to compete with all other institutions in the country for funds that are certainly not adequate to meet the overall needs of these institutions. Howard would, in all likelihood, be unable to acquire sufficient renovation funds from the Department of Energy. The total cost of building renovations has been estimated at more than $10,000,000, excluding the cost of removing architectural barriers.

Question: How much do you estimate it will cost you to make your campus barrier free?

Answer: The total estimated cost of making the Howard University Campus barrier free is $11,061,000.00.

RACIAL COMPOSITION OF STUDENT BODY

Question: Howard University is a predominantly Black Institution. The Department of Health, Education, and Welfare has been increasing its efforts to integrate predominantly black and predominantly white institutions.

What are the current racial breakdowns at Howard?

Answer: During the academic year 1976-77, the University's student population consisted of 88.7 percent black and 11.3 percent non-black. During the current (1977-78) academic year, the student population is 89.5 percent black and 10.5 percent non-black. For both years, the non-black student population included in the above consisted of U. S. Caucasians, Asians, Hispanics, Europeans, American Indians, the Middle East and the Caribbean Island students whose ethnic background is non-black. It should also be noted that for both years, non-black students, percentage wise, are larger in the graduate and professional schools than in the University's

undergraduate liberal arts.

The following tables illustrate the breakdown for both academic years 1976-77 and 1977-78:

BLACK VS NON-BLACK ENROLLMENT - YEAR 1976-77

	BLACK	NON-BLACK	TOTAL
Undergraduates	6,497 (60.1%)	519 (4.8%)	7,016 (64.9%)
Graduates and Professionals	3,094 (28.6%)	703 (6.5%)	3,797 (35.1%)
Grand Totals	9,591 (88.7%)	1,222 (11.3%)	10,813 (100%)

BLACK VS NON-BLACK ENROLLMENT - YEAR 1977-78

	BLACK	NON-BLACK	TOTAL
Undergraduates	6,646 (60.5%)	491 (4.5%)	7,137 (65.0%)
Graduates and Professionals	3,181 (29.0%)	658 (6.0%)	3,839 (35.0%)
Grand Totals	9,827 (89.5%)	1,149 (10.5%)	10,976 (100%)

Question: Has HEW directed you to take any action to attract more non-black students?

Answer: No, it has not. I believe it is generally known throughout HEW that Howard University throughout its history has always been open to students from all ethnic and racial backgrounds.

Question: Does Howard currently have any programs designed to attract a more diverse student population to Howard?

Answer: The University consists of seventeen schools and colleges and twelve research centers and/or institutes. These programs are widely advertised and the University each year engages in an extensive recruitment program. This program is conducted almost nationwide and is not targeted to a specific student population group. The diversity of the current student population is attested to by the fact that Howard University currently has students from almost all fifty states, the District of Columbia, most American territories and from more than ninety (90) foreign countries.

BELTSVILLE, MARYLAND PROPERTY

Question: Howard was provided with funds in fiscal 1977 to acquire some government surplus property in Beltsville, Maryland. The property was to be used to build an animal research facility.

What have you done with the $500 thousand we provided for you to begin construction of the animal facility?

Answer: On the basis of the $500,000 provided the University to begin construction of an Animal Resource Center at Beltsville, Maryland, the following steps have been taken:

-- An overall plan for use of the Beltsville site has been completed.

-- Appropriate documents have been filed for a Special Zoning Exception in Prince Georges County.

-- Appropriate documents have been filed for water and sewer service.

-- Plans and specifications for an Animal Resource Center have been completed.

-- Bid documents for construction of the Animal Resource Center have been advertised.

-- Bids have been received from seven construction firms.

-- The plans and specifications have been substantially modified to show a reduction in program scope.

-- Revised plans and specifications have been submitted to the seven firms who responded to the earlier call for bids.

The Animal Resource Center construction documents were completed and advertised for construction bids on November 23, 1977. Bids were received on December 14, 1977 after an accelerated bid period. The lowest bid was far beyond the available construction funds appropriated for this phase of development. It became necessary to re-examine and reduce the scope of the program to meet available construction funds. In order to provide some of the much needed functional capability of the program utilization, the architects were required to pare down the program scope for rebidding. This process resulted in revised plans and specifications, bids for which are due before March 21, 1978. Assuming that the reduced requirements will produce at least one response within available funds, a construction contract will be awarded by the end of March. The actual appropriated funds are being held until the above process is completed.

Question: Why is there no mention of the Beltsville Facility in your 1979 budget justifications?

Answer: Although the University has encountered such difficulty in designing a program for the Beltsville site that can be initiated with the originally appropriated amount of $500,000, the position was taken that no new monies should be requested until the project had progressed to the point where all existing funds were either utilized or committed. This point had not been reached at the time the 1979 budget justifications were submitted.

Question: What are your current plans for the Beltsville property?

Answer: The University's current plans for the Beltsville

property include the establishment of the following programs at the site:

-- Animal Resource Center

-- Astrophysics Center

-- Engineering Experiment Station

-- Botanical and Environmental Sciences Center

-- Soil Erosion and Surface Hydrology Center

The establishment of these vital research programs will hopefully be accomplished within a five-year period.

COOPERATIVE EDUCATION

Question: In December The Washington Post reported that several of the colleges and universities in the Washington Area weren't taking full advantage of the Office of Education's Cooperative Education Program. This program permits non-profit, tax-exempt agencies to hire college students to work and be reimbursed upwards of 80 percent. The article stated that the author of the article, William Raspberry, was unable to find any officials on the Howard University campus who knew of any involvement of the University in this program. The article did say that 114 Howard University students do participate in the program.

Does Howard University actively participate in the Cooperative Education Program?

Answer: Yes, Howard University does actively participate in the Cooperative Education Program.

Question: Can you specifically explain how you operate this program at Howard?

Answer: The University's Cooperative Education Program is administered by a full time Director who reports directly to the Vice President for Academic Affairs. The following statement explains the character and nature of the program currently in existence at Howard:

The Cooperative Education Program is a mutually beneficial arrangement in which the University makes it possible for students to be hired by employers in the public and private sector. This arrangement results in the following:

-- Placement of students in training assignments related to their majors (this is referred to as "working on Co-op").

-- Payment (100%) of salaries to the students by the employers at a rate commensurate with their class standing (Freshman, Sophomore, etc.) in the University.

There are approximately 220 students currently enrolled in the program, 120 in the School of Engineering, 60 in the School of

Business and Public Administration, and 40 in the College of Liberal Arts. In some instances, employers provide additional financial aid to students, over and above the salaries they receive. The University provides the administrative staff for the program. No portion of the salary that the student receives while working on Co-op is paid by the University.

The administrative staff notifies students of the program via The Hilltop, ads in programs for all Howard University football games, notices on campus bulletin boards, and through visitation to selected orientation classes in Engineering. In addition, the Howard University community has been apprised of the program via staff communication with department heads and deans in the School of Business and Public Administration, the School of Engineering, and the College of Liberal Arts, the Financial Aid Office, Student Accounts, the Registrar and Director of Admissions. In addition to written communications, personal contacts have also been made in each instance.

Sources of Funding:

HEW

There exists two specific areas of funding from HEW applicable to Cooperative Education at Howard University. They are as follows:

-- Grants to schools for the development of Co-op programs. In this area of funding, the University has received $135,000 ($45,000 in 1973 and 1974 and $40,000 in 1975). The University remains eligible for two more years of funding at the rate of 60% and 30%, respectively, of its total operating costs for the Cooperative Education Program. The program has been able to obtain consideration for funding for 1976 and 1977 because of the director's receiving notice too late in 1976 and receiving no notice in 1977 (i.e., no guidelines were received and an incorrect date of issue was provided in response to an inquiry).

-- Grants for Project Start. The University currently receives funds under this program in the amount of $40,338. This is the second year of funding. In the first year the University received authorization for $43,000. This program is for those students who have completed one year of college and have been incarcerated in a criminal institution. In spite of the restrictive nature of the qualifications for entering this program, two students are presently enrolled.

NAVAL MATERIAL COMMAND

The Naval Material Command has provided funding for two years totaling $125,000 per year for the recruitment, placement, and financial assistance of Co-op students.

PRIVATE SOURCES

General Motors, General Electric, NASA, Proctor and Gamble, American Can Company, and the Department of Education have

contributed approximately $50,000 since 1974 for recruitment and financial aid for students in the Cooperative Education Program.

UNIVERSITY OF THE DISTRICT OF COLUMBIA

	1978 Request	1979 Request
Operating budget in D. C. Bill	$ 41,321	$43,855
Federal Grants	8,000	8,000
Subtotal	$ 49,321	$51,855
Construction	56,700	---
TOTAL	$106,021	$51,855

Question: What impact do you expect the University of the District of Columbia to have on your enrollment?

Answer: We do not expect the University of the District of Columbia to have any significant negative impact on Howard University's enrollment. It is important to point out that Howard's constituency (in terms of students) is both national and international while the constituency of the University of the District of Columbia is primarily the residents of the District of Columbia. Howard, however, does actively participate in recruiting students from the District of Columbia just as we do in all parts of the nation and abroad.

Question: Generally, what are the prospects for post-secondary enrollment in the metropolitan area over the next five to ten years?

Answer: Factually, I do not know what the prospects are for post-secondary enrollment in the Metropolitan area over the nextfive to ten years. I believe, however, that the need will increase as students in this area are made more aware of the importance of post-secondary education and are better prepared to take advantage of educational opportunity beyond secondary education.

Question: What percentage of Howard students come from the District of Columbia? (Please provide this data for each year over the last ten years.)

Answer: In relation to the United States' domestic student population during the current (1977-78) academic year, the percentage of students listing their residence as the District of Columbia is 27.4 percent. In relation to the total student population, the percentage is 34.4 percent.

Over the last ten years, the data on file are as follows:

*ENROLLMENT REPORT OF DISTRICT OF COLUMBIA STUDENTS FOR YEARS 1967-68 TO 1977-78

YEARS	TOTAL ENROLLMENT	UNITED STATES ENROLLMENT	DIST. OF COL. ENROLLMENT	D.C. PERCENT ENROLL. OF TOTAL	D.C. PERCENT ENROLL. OF U.S.
1967-68	11,482	9,727	3,150	27.4%	32.4%
1968-69	12,428	10,385	3,972	32.0%	38.2%
1969-70	11,703	10,040	4,022	34.4%	40.1%
1970-71	12,456	10,493	4,051	32.5%	38.6%
1971-72	13,119	10,521	3,788	28.9%	36.0%
1972-73	13,642	9,146	4,503	33.0%	49.2%
1973-74	10,061	7,739	2,269	22.6%	29.3%
1974-75	10,250	7,814	2,334	22.8%	29.9%
1975-76	10,498	8,282	2,509	23.9%	30.3%
1976-77	10,813	8,640	2,423	22.4%	28.0%
1977-78	10,976	8,845	2,328	21.2%	26.3%
AVERAGE FOR 67-68 TO 77-78	11,584	9,239	3,213	27.4%	34.4%

*Years 1967-68 to 1972-73 INCLUDE Summer; years 1973-74 to 1977-78 EXCLUDE Summer.

It is important to emphasize that these data may be misleading. We have discovered that a large number of our students who are married and/or enrolled in our graduate and professional schools who live in the District of Columbia rather than in University-owned facilities list their place of residence as the District of Columbia and/or are so listed by the Registrar's office. Many students who initially came to Howard from locations other than the District of Columbia, but who live in apartments in the District, are included in the data listed in the enrollment table as D. C. residents when in fact they are not in terms of the original residence.

Much of the inaccuracy of the data concerning the percentage of students enrolled at Howard from the District of Columbia can be attributed to the fact that Howard provides no University housing accommodations for graduate students and the University can accommodate in University housing only approximately 20 percent of its student body with preference given to undergraduate single students.

GALLAUDET COLLEGE

Next is Gallaudet College.

Dr. Merrill?

Dr. MERRILL. Would you like me to submit this statement for the record and give a background on Gallaudet, or would you prefer I just summarize this? I can do either.

[The statement follows:]

STATEMENT OF EDWARD C. MERRILL, JR.

I am pleased to present to this Committee on behalf of the Department of Health, Education and Welfare the FY 1979 budget request for Gallaudet College, including the Model Secondary School for the Deaf and the Kendall Demonstration Elementary School. The College is requesting $33,728,000 for operations, an increase of $3,968,000 over FY 1978, and $11,105,000 for construction, a decrease of $5,111,000 below FY 1978.

The College is organized to meet challenging goals in three areas: Instruction, Research, and Public Service. In the area of Instruction, the College will work continually to improve the quality of the academic programs offered on Kendall Green as well as to share successful instructional materials and techniques with school programs around the country.

In Public Service, we will attempt to deliver a wide variety of services to deaf people around the country who cannot come to Kendall Green to take advantage of the resources assembled there. This outreach effort will include continuing education for deaf adults, orientation to deafness for lawyers, doctors and other professionals, support services for parents of deaf children and on-going training for professionals in the field of deafness.

The College will continue and expand the program of research in areas such as language development, reading and use of educational technology and, in conjunction with other institutions, in areas such as communications, hearing aids and genetics.

The Fiscal Year 1979 budget will help the College to begin implementing these vital programs to provide services to deaf people. The budget request for the College in Fiscal Year 1979 is $44,833,000 which includes $33,728,000 for operations and $11,105,000 for construction.

Two major built-in increases for Fiscal Year 1979 are $728,000 for faculty pay raises and $740,000 for staff pay raises. These increases will enable the College to continue to attract and keep talented staff committed to serving deaf people. The built-in increases also include funds in the amount of $541,000 for operating and maintenance services, $317,000 for operating newly occupied facilities, and $642,000 for educational programs

to enable the institution to maintain its on-going programs at the same level as last year to an increasing student population, and in consideration of the continually increasing cost of providing educational services to the public.

The College: The program increases for the College include $347,000 for staffing new programs in the Graduate School and the Psychology and Romance Languages Departments and meeting increased requirements in Educational Technology, $187,000 for new staff to be hired in counseling, career and medical services, $145,000 to continue support of the National Center for Law and the Deaf as well as other public service programs, and $163,000 for new staff and equipment needed to upgrade security, support improved personnel services and provide heating and cooling service to new facilities.

MSSD: The program increases for MSSD include $22,000 for new staff to be hired to accommodate multiply-handicapped youth admissions and $44,000 for upgraded Business Management and Physical Plant services.

KDES: The program increases for KDES include $71,000 for new staff to be hired late in Fiscal Year 1979 in anticipation of accommodating an increased enrollment after the new KDES facility is occupied during Fiscal Year 1980, and $21,000 for general administration.

Construction: The budget request includes $2,000,000 to equip and furnish the new Learning Center, $2,200,000 to implement recommendations for improving campus security, including modifications to existing facilities and the environment, $800,000 to construct a theater annex, $5,455,000 to renovate the Student Union Building and Ely Hall, $500,000 to continue removal of architectural barriers and $150,000 for completion of the third phase of the installation of the Delta 2000 energy management system.

In summary, the budget request for Gallaudet College for Fiscal Year 1979 includes a modest increase for operations of 13 percent which will enable the College to continue to implement programs to meet its long-range goals. We are excited by the challenge which our goals present. They are ambitious, and we know that we cannot achieve them alone. We look forward to novel and productive working relationships with a wide variety of organizations and institutions around the country to better meet the needs of deaf people.

OPERATING ACCOUNTS

Senator EAGLETON. I am a little familiar with Gallaudet. We had some of your students with us from time to time. But the funding level is down a shade from—well, I guess that is because there is a decline in the construction account.

Dr. MERRILL. Yes, sir.

Senator EAGLETON. Putting that aside, there is an increase in your operating accounts. The academic program goes from $17.5 million to $20.2 million, model secondary school from $8.3 million to $9.2 million, Kendall demonstration elementary school from $3.9 million to $4.3 million.

Dr. MERRILL. That is correct.

Senator EAGLETON. How many——

Dr. MERRILL. We are also requesting $11,105,000 for construction.

ARCHITECTURAL BARRIERS

Senator EAGLETON. Yes, down from $16 million. OK.

Your justification states that part of the construction funds you request will be used to begin the removal of architectural barriers in existing facilities.

The education division is requesting $50 million in grant funds in fiscal 1979 to assist colleges and universities in removing architectural barriers.

How much of your construction budget will be used for this activity?

Dr. MERRILL. We are requesting $500,000 to continue with our effort to remove architectural barriers. Actually, we have tried to do this over the years and have not been proceeding as fast as we should.

We are serving deaf students, but it is not unusual to find they have a secondary handicap. For example, we have eight legally blind students who are also deaf. We have three students who are orthopedically handicapped and are in wheelchairs.

We have had multihandicapped students over the past few years. So we have made an effort to remove architectural barriers. This consists of putting in curb cuts, elevators where necessary, ramps where required, to give these students full access to our programs.

We are also working with the National Center for a Barrier-Free Environment. Gallaudet was one of the founding agencies of this organization, and we are for the next 2 years providing them some physical space. This agency is responding to many of the questions that other institutions have about how to respond to section 504. So we want to demonstrate as much leadership as we can in this area.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to Gallaudet to be answered for the record:]

Cooperative Education

Question: In December the Washington Post reported that several of the colleges and universities in the Washington area were not taking full advantage of the Office of Education's Cooperative Education Program. This program permits non-profit, tax-exempt agencies to hire college students to work and be reimbursed upwards of 80 percent. However, the article made no mention of Gallaudet College. Does Gallaudet College participate in the Cooperative Education Program?

Answer: Mr. Senator, the article to which you refer was written by Mr. William Raspberry. Mr. Raspberry was describing a work-study program. The objective of a work-study program is limited; that is, it is a way to provide work for college students to assist them financially as they pursue a college education.

Gallaudet College is participating in the Office of Education's program. I am submitting for the record a letter written by Paul V. Baker to Mr. Raspberry. The letter indicates that Gallaudet College is participating in the program which he mentioned. Mr. Baker's letter also points out that there is a difference between work-study programs and cooperative education programs. A work-study program is simply an effort to find a student a job so that he can earn money and pay his way in college. A cooperative education program is an effort to place a student in a work situation that is related to his major field of study. In other words it is a vocational placement that supplements the learning activities of the college.

Gallaudet College has applied for and received financial assistance to support its cooperative education program for Fiscal Years 1975, 1976 and 1977. The College is requesting $65,000 for additional support of the cooperative education program for FY 1979.

To summarize, Gallaudet is participating both in the Office of Education's Work-Study Program which is designed to assist students who have financial need by finding them work and also in the Cooperative Study Program which is an effort to make academic instruction more relevant by relating it to the world of work.

Cooperative-Education Programs

With Reference to William Raspberry's Dec. 14 column, "An Education Program in Search of Takers," may I state that while Raspberry's interest and affirmation of cooperative education are commendable, he has confused college cooperative-education programs with college work-study programs.

This occurs quite frequently, and understandably so. Both programs provide for the placement of students in jobs related to their academic major and career orientation, and students are paid for the work by their employer. Also, federal funds are available for both. The similarity ends there, however.

College work-study programs are normally administered through college financial-aid offices and require students to demonstrate financial need to be eligible for program participation. If found so qualified, they then are placed only with nonprofit, tax-exempt agencies and in most cases work on campus. Hiring agencies are reimbursed for up to 80 per cent of students' wages by federal funds.

Cooperative-education programs, on the other hand, do not require demonstration of financial need by students, and 100 per cent of student wages are paid by participating public and private employers. Colleges planning, implementing or expanding cooperative-education programs are eligible for funding on a sliding scale through the U.S. Office of Education. No part of these funds may be used for student wages.

In sum, there are significant distinctions to be made between these two programs, particularly in terms of philosophy, program administration and structure, and funding.

The National Capital Association for Cooperative Education exists to promote programs of cooperative education in the metropolitan Washington area, and we seek to inform the public about the advantages these programs offer to students, colleges and employers.

I would like to add in passing that Mr. Raspberry omitted Gallaudet College, the world's only four-year, liberal-arts college for the deaf, from his list of institutions conducting cooperative-education programs in the District.

PAUL V. BAKER,
Publicity Chairperson,
National Capital Association
for Cooperative Education.
Washington

12/26/77 - Washington Post
Letter to the Editor

Question: If so, how many students at Gallaudet participate in the program?

Answer: To date we have had approximately 125 students participate in the Gallaudet College Cooperative Education Program. This program has been so successful that we have a flyer on it which I will submit for the record. We call our program Experiential Programs Off Campus (EPOC). I am also submitting a detailed report on this program listing the businesses, organizations and agencies cooperating with Gallaudet College as well as the names of students participating in the program.

Question: What are your future plans for Gallaudet's participation in the Cooperative Education Program?

Answer: As I indicated previously we see the continued expansion of the program. This is why we requested a larger sum of money from the Office of Education for the Fiscal Year 1979. The College has eight departments participating in Coop Study now, and we anticipate several more coming in the program soon. Philosophically, we think that the Coop Study Program provides an essential dimension to our liberal arts mission. The broad liberal arts program provides an intellectual base for our students and the Coop Study Program makes their major fields of study much more relevant and meaningful to them. Furthermore, the Coop Study Program has proved to be an extremely useful way of assuring the placement of a student in a job once he has been graduated from Gallaudet College.

Model Secondary School for the Deaf Enrollment Plans

Question: What are your enrollment plans to bring the Model Secondary School up to full enrollment?

Answer: The MSSD draws its student population from a primary service area consisting of the District of Columbia and five area states: Virginia, West Virginia, Maryland, Pennsylvania and Delaware. Students from other states may enroll as space permits with priority given to those persons for whom an appropriate program is unavailable locally. Additional service at the national level is provided to other schools in the forms of information and materials distribution, formal and informal affiliation and other types of technical assistance. Such services are provided cooperatively with the Kendall Demonstration Elementary School and often also include participation by the Gallaudet Graduate School or other collegiate units.

Current MSSD enrollment is 198 which places recruitment and admissions projections for 1977-78 right on target at a 200 figure. Projected enrollment for 1978-79 is set at 270. There is every reason to believe that this figure will be reached. It is the practice of the College administration, however, to review projections annually in order to consider and accommodate any mitigating circumstances or factors that would require an upward or downward adjustment of projected figures. Such factors as the availability of residential spaces, an influx of admission requests from students without adequate services outside the primary service area, and the prevalence and severity of any secondary handicaps in student popu-

lation that would require considerable reallocation of human and non-human resources are examples of factors that would be considered when reviewing projections. Nevertheless, projections at this time leading to full enrollment, both day and residential placements, are as follows:

1977/78	1978/79	1979/80	1980/81	1981/82
169	270	370	440	500

Kendall Demonstration Elementary School Construction

Question: When will the Kendall Demonstration Elementary School construction be completed?

Answer: The most recent report received from the construction manager dated January 31, 1978, places the completed date at late October 1979. Allowing for preparation of the facility for occupancy, our estimate is that the students and staff will be able to relocate by January 1980.

Question: What are your enrollment plans and projections for the new facility?

Answer: Present enrollment at KDES is 195 students. It is a day school and as such draws student population from the District of Columbia Metropolitan area. Its service and technical assistance programs are, however, national in scope and generally are provided jointly with the Model Secondary School for the Deaf and/or other campus units. The school is presently relocated in two separate locations on campus. The Early Education Center serving preschool and primary age children is situated in a converted women's dormitory. This building also provides space for support staff and for most parent related activities. The elementary and middle school populations, and staff and school administration are housed in 11 prefabricated temporary buildings on the north end of the College campus. Experience this past year has shown that these facilities are not adequate for this size student population. Accordingly, and because approximately 80 rubella-year students will be moving on to MSSD in the next two years, enrollment projection for KDES had to be revised downward for the years of the construction of the new facility. A temporary drop in 1978/80 and 1980/81 to an average of about 165 is projected. Thereafter projections are as follows:

1981/82	1982/83	1983/84	1984/85
220	245	270	300

A major component of the new KDES facility will be a comprehensive diagnostic and evaluation center that will serve both our day student population and children from outside our service area (which is that area within commuting distance in Metropolitan Washington, D.C.) on an out-patient basis. In practice, for example, parents and children from outside the service area may come to the school for periods of time determined by needs for extensive diagnostic and evaluation of their children and parent education activi-

ties. The resultant individualized educational prescriptions will assist other programs in prescribing appropriate programing and services.

In keeping with the requirements of P.L. 91-587, the new facility will also serve an increased number of professionals from deafness and related areas as a practicum and study center. Extensive involvement of parents and families, which is basic to the educational philosophy of the school, will also take place in the new facility.

Removal of Architectural Barriers

Question: How much of your construction budget will be used for the removal of architectural barriers?

Answer: Gallaudet College has requested $500,000 or 4.5 percent of the Fiscal Year 1979 construction budget for the removal of architectural barriers.

Question: Why should we appropriate funds for this activity to Gallaudet when you could apply for grant funds from the Education Division?

Answer: Senator, Gallaudet College could request these funds from the Education Division. There are at least two reasons which argue against this procedure. The first is that Gallaudet College now has eight deaf students who are legally blind plus several others who are severely visually impaired. Three of our deaf students are also wheelchair bound. We have other students who need crutches and several who are affected by cerebral palsy and have difficulty walking. The point is that Gallaudet College needs to serve these students as soon as possible and the request for this appropriation seems to be the most direct approach.

Secondly, approximately 3,000 institutions of higher education exist in the United States. A very high percentage of these face very difficult problems in making their respective campuses barrier free. I anticipate that the funds which have been allocated for this purpose will not be adequate and that there will be a great deal of competition for this money. And allocations will necessarily be quite small in view of the anticipated cost of making most college and university campuses barrier free.

Question: How much do you predict it will take to make your campus barrier free?

Answer: National estimates indicated that it will take approximately two dollars per square foot in order to make most college and university campuses barrier free. If this figure is applied to the number of square feet of physical facilities of Gallaudet College, we would need approximately $2 million to do this job. Fortunately, we have been addressing this problem with any available funds we could find for the past five years. When renovations are made, attention is given to making the particular area barrier free. Of course, all new structures are designed and built to be barrier free. I would anticipate that the requested $500,000 would go a long way toward making Kendall Green completely barrier free. In the event we needed additional money I would anticipate that this would not need to be more than $300,000 to $400,000.

HOWARD UNIVERSITY—NONWHITE FACULTY

Senator EAGLETON. Dr. Cheek, what percentage of your faculty is black?

Dr. CHEEK. Mr. Chairman, I must confess I don't know; 65 percent, I am told.

Senator EAGLETON. Do you have any departments headed up by white professors?

Dr. CHEEK. Yes.

Senator EAGLETON. In the medical school?

Dr. CHEEK. Yes.

Senator EAGLETON. And in other university disciplines as well?

Dr. CHEEK. Other units of the university also, yes.

Senator EAGLETON. Well, ladies and gentlemen, thank you very much. That will conclude today's hearings.

[NOTE.—The justification material for these accounts appears in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

SUBCOMMITTEE RECESS

The subcommittee will be in recess until 9 o'clock tomorrow. There are additional written questions that we will supply each of you.

[Whereupon, at 5:15 p.m., Tuesday, March 7, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, March 8.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1979

WEDNESDAY, MARCH 8, 1978.

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9 a.m. in room S-128, the Capitol, Hon. Daniel K. Inouye presiding.

Present: Senators Inouye and Chiles.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF HUMAN DEVELOPMENT SERVICES

STATEMENT OF ARABELLA MARTINEZ, ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES

ACCOMPANIED BY:

ROBERT HUMPHREYS, COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION

SAUL ROSOFF, DEPUTY COMMISSIONER, ADMINISTRATION FOR CHILDREN, YOUTH, AND FAMILIES

BUDGET REQUEST

Senator INOUYE. The subcommittee will please come to order.

This morning we will hear testimony on fiscal year 1979 appropriation requests for the Office of Human Development Services. This office was recently reorganized and expanded and now has a budget request of $6.6 billion, of which $5.3 billion is for fiscal year 1979. The remaining $1.3 billion would provide advance funding for rehabilitation and aging programs in 1980.

This morning, we will focus on programs for children and youth, native Americans, and vocational rehabilitation.

Yesterday we looked at programs for older Americans, social and child welfare services, as well as work incentives.

Here to testify is Assistant Secretary for Human Development Arabella Martinez. Please introduce your associates and proceed with your opening remarks.

INTRODUCTION OF ASSOCIATES

Ms. MARTINEZ. Certainly. We thank you, Mr. Chairman.

On my right is Robert Humphreys, the Commissioner of the Rehabilitation Service Administration.

On my left is Saul Rosoff, the Deputy Commissioner for the Administration for Children, Youth, and Families.

Our Commissioner is now testifying at another hearing.

Senator INOUYE. Without objection, your statement which we have received will be made part of the record.

1979 OVERVIEW

You may proceed.

Ms. MARTINEZ. Thank you.

What I would like to do is, beyond the statement submitted, to try to give you an overview of the way we constructed the budget for fiscal 1979.

First of all, you should know that the proposed budget reflects, for the first time in a very long time, support by the executive branch for social services and rehabilitation services.

Not only does it reflect increases in some major categories, but it also reflects the fact that there are no decreases in any of the categories. That also is a first.

The Office of Human Development budget request and legislative proposals are modest starts toward our objective of service improvement in terms of target populations, and in terms of more adequately meeting the needs of those target populations.

My purpose in coming to HEW was to contribute to rationalizing the delivery of services to our senior citizens, children, young people, families, native Americans, and handicapped citizens. Having worked at the local community level as a social worker in a variety of positions, I know firsthand how difficult it is for citizens to secure the services which they need, and to which they are entitled.

NATIONAL CONFERENCE ON SOCIAL WELFARE REPORT

Last year, we received a report from the National Conference on Social Welfare indicating that out of every 100 people that seek services, only about 40 actually get in the front door.

Of those 40, only 17 are really served, and the number of people who are referred to another agency, only 1 out of 5 actually gets there.

After analyzing in depth the programs of the Office of Human Development Services, I began to understand the reasons for such an atrocious situation. Those reasons include the simple facts that most of our programs have evolved over time in an uneven fashion in response to perceived critical needs, and so we have different levels of funding, different types of organizational structures, different patterns of financing, and different levels of government delivering those services.

In the last 10 years, the programs have grown at an accelerated rate as the Federal Government recognized the need for Federal intervention in addressing social problems which the private sector and State and local governments weren't handling.

Other reasons for the atrocious situation included the fact that most programs, including title XX, focus on very specific problems of certain categories of individuals.

The interface among the programs is a serious problem, not easily amenable to solutions. More importantly than the interface problems among the programs is the interface problems between needs and the mandated programs.

In our budget planning for fiscal 1979, the facts are that the current service programs are valuable to both individuals and families who need and utilize them, and to society as a whole.

INCREASES IN 1979

Although there are serious interface problems, the current service programs provide a foundation for system improvements and for service expansions to fill service gaps. Essentially, our fiscal 1979 budget reflects expansion for improvement of services to children and youth in keeping with the department's priorities, expansion of grants to States in keeping with greater utilization of title XX by the States, advance funding for certain State programs.

The Administration on Aging, Rehabilitation Service Administration, and maintenance of most programs do provide us with the opportunity to thoughtfully and in consultation with the Congress, constituent organizations, States, local governments, and other parts of the executive branch, to build on the existing service programs, and to improve the service system, so it will be more efficient, more effective, more accountable, and more compassionate.

Senator INOUYE. Madam Secretary, if you are expanding a lot of these programs, what programs are being cut?

Ms. MARTINEZ. There are no programs being cut. There is not one single cut in our budget for fiscal 1979.

Senator INOUYE. I gather from the report that was made by our budget office that in order to carry out the current level of activities in the program, you would need an additional $100 million plus.

Is that correct?

Ms. MARTINEZ. I don't know how they determined the figure.

Senator INOUYE. $103 million in order to maintain the same program levels that exist in fiscal 1978.

Ms. MARTINEZ. There was not one single cutback of the budget in any category, not even in any line item.

STAFFING

Senator INOUYE. The committee has been advised that there are about 40 Human Development staff people in grades 14 and above, earning in excess of $30,000, not assigned to any direct program operating unit.

I would like to know what action is being taken to shift some of your overhead staff to the program operation levels.

REORGANIZATION

Ms. MARTINEZ. I don't know where the figure came from, but let me explain our reorganization.

27-001 O - 78 - 40

In March, and then later in July, when the Administration for Public Services, the title XX, the WIN program, and Child Welfare services were transferred, in addition to the actual employees of program units themselves, there was a transfer of what they called the SRS overhead, which was very great.

Of the SRS overhead positions that we received, 150 of those were transferred directly into programs. They weren't transferred into staff units of the Office of Human Development Services, that is throughout the central offices and the regional offices.

So that we, in fact, reduced the number of staff positions within—if we had just done what SRS did, we would have 150 more positions in staff units. We didn't do that. We transferred them down.

With the current reorganization, we have created a staff unit with the name of the Office of State and Community Affairs in June to meet a very desperate need in terms of relationships with States and other constituent organizations.

In the reorganization that we announced in February, the refinement, we eliminated that staff unit. We do have three staff units at this point: The Office of Administration and Management, Office of Policy Management Control which is a new unit that I created, and the Office of Planning Research and Evaluation.

Within my immediate office, we have Legislative Affairs which we transferred from the Office of Policy Research Evaluation, Public Affairs which we transferred from Office of State and Community Affairs, and a few others— special assistants.

We have less staff people per program than practically any other unit in HEW. I don't know what numbers there are, 14, 15, 16, I don't know how many.

Senator INOUYE. Is the ratio 1 to 3?

Ms. MARTINEZ. Probably 1 to 4. I don't know if I have that figure. In the central office, we—let me see if I can get it.

[The information follows:]

SUPERGRADE STAFF

1. How many employees on the Office of Human Development Service Staff (as opposed to program) offices are at level GS–15 and above?

There are twenty-nine (29) employees in Human Development Staff Offices at level GS–15 and above.

2. How many of those are Schedule "C" appointments?

There are two (2) employees out of the number listed in question (1) that are on Schedule "C" appointments.

3. Please provide this committee with a listing of such employees and their responsibilities.

The following is a listing of employees requested by organizational segment, name, title, series and grade:

Organization: *Office of the Assistant Secretary for Human Development Services:* Arabella Martinez, Assistant Secretary for Human Development Services, Level IV. Thomas Parham, Jr., Deputy Assistant Secretary for Human Development Services, GS–301–18. Jerry Sutton, Special Assistant, Deputy Assistant Secretary, HDS, GS–301–15. John Pride, Program Analysis Officer, GS–345–15. Evelio Grillo, Executive Assistant for Policy Development, GS–301–16. Alberta Henderson, Special Assistant to Assistant Secretary (Schedule C), GS–301–15. Margaret Watson, Special Assistant to the Assistant Secretary for HDS for Special Projects (Schedule C), GS–301–15.

Organization: *Office of Planning, Research and Evaluation:* Jerry Turem, Director, Office of Planning, Research and Evaluation, GS–1515–17. Richard Shute, Associate Administrator for Planning, Research and Evaluation, GS–1515–17. Dorothy Lally, Supervisory Social Science Program Specialist, GS–101–15. Jack Summerfield,

Program Analysis Officer, GS-345-15. Mary Jane Cronin, Supervisory Social Science Research Analyst, GS-101-15. Mitsuo Ono, Supervisory Statistician (Social Science), GS-1530-15. David Fairweather, Supervisory Social Science Research Analyst, GS-101-15. Jim Young, Program Analysis Officer, GS-345-15. Marjorie Elsten, Legislative Officer, GS-301-15. Jordan Benderly, Program Analysis Officer, GS-345-15. Gene Bradford, Program Analysis Officer, GS-345-15.

Organization: *Office of Policy Management and Control:* Warren Master, Management Analysis Officer, GS-343-15. Ralph Susman, Operational Planning Officer, GS-301-15.

Organization: *Office of Administration and Management:* Joseph Mottola, Administrative Officer, GS-341-15. Armando Savet, Budget & Accounting Officer, GS-504-15. Billy Wells, Grants Management Officer, GS-101-15.

Organization: *Office of State and Community Affairs:* Ernest Osborne, Director, Office of State and Community Affairs, GS-101-16. James Gigante, Manpower Development and Training Officer, GS-301-15. Donald Thayer, Investigative Research Management Officer, GS-301-15. Mae Helen Mansfield, Social Research Utilization Officer, GS-101-15. Robert Davis, Manpower Development Program Director, GS-142-15. Norman Subotnik, Public Information Officer, GS-1081-15.

HEAD START

Senator INOUYE. I would like to ask a few questions on Head Start.

You have requested $680 million for fiscal 1979, which is $55 million above 1978. What percentage of the eligible population can you serve with this amount?

Ms. MARTINEZ. Of the children? With the new amount of money, it would be about 25 percent. With fiscal year 1978 increase, it was 22 percent. With the fiscal 1979 increase, it would be about 25 percent.

Senator INOUYE. If you increased it by $750 million, what percentage could you serve?

Mr. ROSOFF. About 30 percent of the eligible children.

There are an estimated 1.8 million children living in families with incomes below the poverty line, according to the Bureau of the Census. In fiscal year 1979, Head Start will serve an estimated total of 429,500 children, including children in full-year and summer programs and children served by the parent and child centers and Head Start experimental projects. The total number of children served by Head Start represents 23.4 percent of the eligible population. However, this total includes 10 percent nonpoor children, that is, children whose families do not meet the low-income criteria but who are eligible to participate in the program. If the nonpoor children are excluded from the total, 42,950, this would mean that 386,550 poor children will be served in fiscal year 1979, approximately 21 percent of the eligible low-income population. This does include approximately 26,000 summer children who do not get the full Head Start program benefits.

RELATIONSHIP OF HEAD START TO FOLLOW THROUGH

Senator INOUYE. The Commissioner of Education, Dr. Boyer, last week told this committee the Follow Through program is being phased out, indicating the Head Start program is now performing similar activities.

To what extent is Head Start getting into activities in kindergarten through grade 3 doing its own follow-through work?

Mr. ROSOFF. We work very closely with the school systems. However, Head Start is a developmental program for preschool children. We have two areas where we will be working very closely with schools in the grades, kindergarten through third grade. They are both of an experimental demonstration nature.

One is our developmental continuity program where we have some research demonstrations working with school systems, to find better ways for their receiving, in effect, the Head Start child, and for their undertaking programs in the school that involve similar elements as the Head Start child gets in Head Start, parental involvement, et cetera.

We are working with selected school systems in that experiment.

In addition, we are proposing to undertake a new experiment called basic skills which will also work with approximately 30 school systems and Head Start centers to again find ways to build on the needs of the child as the child is in the school system, to increase the school's and the Head Start program's capacity to help the child in acquiring the basic skills in the grades.

So, we have some demonstrations which work with the schools, kindergarten through grade 3. But we are not undertaking and don't carry out the elements of the Follow Through program per se.

Senator INOUYE. So you won't be assuming all the duties of——

Mr. ROSOFF. We are not assuming any of the functions of Follow Through. We are doing our normal kinds of Head Start program which will include two kinds of experiments, but they are not related to the functions of Follow Through.

Senator INOUYE. Follow Through will be phased out.

Mr. ROSOFF. I assume so.

HEAD START EVALUATION

Senator INOUYE. The latest HEW consultant report on your agency indicates approximately $3½ million is spent for Head Start evaluation contracts.

They include such new contracts as $400,000 to evaluate Head Start educational services. Yet apparently similar Head Start evaluations have been going on for years.

How do you justify spending so much money on what appears to be very vague Head Start evaluations?

Mr. ROSOFF. Our evaluation budget amounts to something like slightly less than one-half percent of the total Head Start activity. We have not before undertaken an evaluation of the Head Start education component.

KEY PURPOSES SERVED BY EVALUATION

Basically, the evaluation serves three key purposes, which are really crucial to enabling Head Start to remain a vibrant and effective program.

They are as follows:

One is to examine the effectiveness of the Head Start program components themselves. So we look to see, how is the health element working? How is the nutrition element working? How is the education element working?

Basically, through a structured study, we go into centers, examine what is being done in those areas, perhaps compare to groups of children not in Head Start and see what are the benefits and how can we improve the program.

The key purpose is to constantly look at the program and see how we can do better for the children with whom we are concerned.

The second element relates to evaluating our special projects. Here it is very crucial we not only undertake a variety of experiments through the years, but also evaluate those.

Perhaps the best example is the demonstration in Home Start, which we launched 5 years ago. We established 20 sites where Head Start type programs were carried out in the home in conjunction with parents and Head Start centers.

The evaluation showed that in those special cases where those with the most appropriate types of program—these are especially appropriate in rural areas where it might be difficult to operate the normal Head Start program—through our evaluation we found, in fact, those children could achieve very similar benefits to what they would have achieved in the center.

This enabled us to move out from just the Center concept and to view Head Start as a total program, rather than a program within some walls. Based on that, the Head Start programs themselves have now launched 300 Head Start type activities which enables them to be more effective in providing programs to meet the needs of children.

Ms. MARTINEZ. One thing I would like to say in terms of evaluation is that we are constantly being asked for evaluation data from all kind of sources, from the Congress, from the agencies, constantly being asked to prove that Head Start really works, or doesn't work, and what elements of it work best, and what elements don't.

It is part of our responsibility to be responsive when we do evaluations. I think, generally, the Head Start evaluations have significantly documented the value of the Head Start programs and have, as a result, provided us with the kind of backup information to continue to increase the resources for that extremely good program.

Senator INOUYE. It is a continuous activity.

Ms. MARTINEZ. Yes; and there is money actually earmarked in the budget for evaluation.

Senator INOUYE. Can you give us any idea of how much was spent throughout the years to evaluate Head Start?

Ms. MARTINEZ. We could get that for you.

[This information follows:]

Head Start evaluation funding fiscal year 1971 to fiscal year 1979

	Total appropriation	Funds for evaluation	Percent
1971	$353,500,000	$2,500,000	0.0070
1972	368,500,000	2,500,000	.0067
1973	392,200,000	3,000,000	.0076
1974	392,200,000	3,000,000	.0076
1975	441,000,000	3,000,000	.0068
1976	454,500,000	3,373,000	.0074
1977	475,000,000	3,373,000	.0071
1978	625,000,000	3,373,000	.0053
1979	680,000,000	[1]3,373,000	.0049

[1]Estimated.

HEAD START DISCRETIONARY FUNDS

Senator INOUYE. In a letter to Senator Magnuson, Secretary Califano complained HEW's flexibility was being impaired by requiring utilization of Head Start discretionary funds to guarantee all States at least cost-of-living increases as part of the fiscal 1978 appropriation.

Isn't it true that the main Head Start discretionary fund still exceeds the total amount of such funds available in any previous fiscal year?

Ms. MARTINEZ. I don't know. Do you have that figure?

Mr. ROSOFF. Yes. Basically, the amount has become smaller and we will provide details on that.

As part of our discretionary funds, we support not only research, technical assistance, and evaluation, but we also support the Indian and migrant Head Start program itself.

Doubling the Indian-migrant program represents our largest single increase using funds that still remain within the discretionary account.

Ms. MARTINEZ. One of the things that happened as a result of increase for fiscal 1978 was an increase in the discretionary funds—the discretionary funds are based on a percentage of the total Head Start appropriation.

So when you get an increase in the Head Start appropriation, you are going to get an increase in the amounts of money available for discretion.

We decided, prior to the decisions on the formula for 1978, that there was one group of Head Start children that really needed many more services available to them throughout the country, many more projects, and that was the Indian and migrant programs.

So we had initially, prior to the decisions, more than double the amount available for the Indian-migrant Head Start programs which do come out of that discretionary money.

What we had to do when the Head Start formula was determined by the Congress was to reduce the amount that we were going to use for that purpose. On the one hand we had more; on the other hand we earmarked it for what we thought was a very needy population.

CHILD ABUSE

Senator INOUYE. May we go to child abuse?

The Child Abuse Prevention and Treatment Act mandates the maintenance of an information clearinghouse for all child abuse and neglect programs. Yet the National Center on Child Abuse and Neglect was unable to provide committee staff with information on the incidence of child abuse.

Three questions here:

Can you now supply the committee with information on the national incidence of child abuse and neglect?

Two, why does it take so long and cost so much money to collect basic information about child abuse when much of this information seems to have been available at the time Congress originally enacted this regulation?

And three, when will you be able to concentrate a greater share of the appropriation on direct treatment services, rather than research and conferences?

INCIDENCE OF CHILD ABUSE

Ms. MARTINEZ. Let me speak first to the second question, which was whether there was sufficient information when the act was enacted in terms of incidence.

Obviously, there was not. The act mandated that we develop an incidence study and try to determine what the incidence was.

This is an extremely difficult area in which to define incidence. Some people might consider that certain kinds of child discipline would be an incident of child abuse.

In fact, we have reported cases in which they were later counted as not being child abuse and neglect by the standards set up in local communities or by the State.

So I think in terms of the first question, there was no evidence about the incidence. That was a mandated study in the law to get an incident study going.

Senator INOUYE. Do you have any information on it?

Ms. MARTINEZ. Yes. We have performed an incident study. It is, as almost all of these things are, late.

I think Saul can give you the details on the incidence studies at this point.

Senator INOUYE. OK. You will provide that for the record.

Ms. MARTINEZ. Yes. We can.

[The information follows:]

NATIONAL INCIDENCE OF CHILD ABUSE AND NEGLECT

At the present time, we estimate that there are approximately 1 million abused and neglected children in our country. Of this total, about 100,000–200,000 are physically abused, from 60,000–100,000 are sexually abused, and the remainder are "neglected"—an omnibus term used to mean parental failure to provide such basic necessities of life as food, clothing, and shelter. It is estimated that 2,000 children die each year from child abuse and neglect related injuries. We are now in the midst of a nationwide study of the actual incidence and severity of unreported as well as reported cases of child maltreatment in the United States.

By giving us a more precise idea of the extent of child abuse and neglect—by State, by demographic and geographic characteristics, and by type of abuse and neglect—this incidence study is expected to facilitate the better allocation of limited

service resources and, perhaps more importantly, it should help mobilize greater public support for treatment and preventive efforts.

COLLECTION OF BASIC DATA

Existing information concerning the incidence of child abuse and neglect suffers from substantial flaws which must be overcome before reliable information can be developed. The problems in the existing data are:

(a) There are no estimates of child neglect based upon systematic studies.

(b) There is no definitional consistency about what is meant by child abuse and neglect.

(c) There is inconsistency in the units of measure, that is, some studies report on the number of reports, others on the number of families, and others on the number of children involved.

(d) There is inconsistency in the source of the incidence estimate, that is, some studies are based on official reports, others on clinical findings, and others on questionnaire or household responses.

(e) Finally, and perhaps most significantly, we are dealing with an illegal as well as anti-social set of behaviors which occur behind closed doors. For this reason, it is exceedingly difficult to develop a reliable methodology which can accurately reveal the scope of maltreatment against children.

The following is a brief description of the major activities being performed during Phase I (development pre-test) of the National Study of the Incidence and Severity of Child Abuse and Neglect:

(1) A prospective survey in selected communities of those professionals, such as doctors, protective service workers, law enforcement personnel, and teachers, who because of the nature of their work are most likely to deal with children who may have been abused or neglected. This Community Professionals Survey was conducted in four communities in each of two states and involved approximately 150–200 agencies and 3,000–4,000 individuals.

(2) Retrospective data was also collected from Child Protective Services records for the 12 months preceding the pretest period in all eight sites.

(3) The feasibility of both telephone and personnel interviewing of parents will be pretested. A 20–30 minute interview with two samples of 800 parents each will be conducted—one to be interviewed in-person, the other by telephone. It is aniticipated that a total of approximately 4,000 households will need to be screened in order to locate the required number of households with children.

(4) The pretest also provides for the use of some existing ancillary sources of data which will contribute to the development of a national survey strategy. One of these sources of data will consist of existing case records to be obtained from case workers in the field. These will be used to form a basis for the refinement of operational definitions for the national survey.

A second activity making use of secondary data involves the examination of various sources of statistics which may shed light on the scope of particular aspects of the child abuse and neglect problem and thus aid in the evaluation and assessment of the reasonableness of the data generated by the primary data collection methods.

DIRECT SERVICES PROVIDED BY THE CHILD ABUSE PROGRAM

Senator INOUYE. When will you begin going into direct services instead of research?

Ms. MARTINEZ. The law, as you know, hasn't come out of conference committee yet, and it is basically in design a program for planning and advocacy. It has never been, by design in the law, a direct services program.

In fact, the law states that only 20 percent of the funding may go to States for direct services. States are only entitled to that money when they meet certain model law requirements which have been established.

So the law itself, as it is currently designed, limits it to 20 percent of the money for services.

The other thing I think that is important to know is that there are direct services out there provided by other authorities and by the States themselves.

For example, the title XX program does fund protective services, including child abuse sort of services, which the States provide.

But that is at the State's discretion. So, essentially, the answer to that question is that the law determines whether the program is to be a planning and advocacy program, or whether it is to be a direct service program.

As currently constructed, it is much more of a planning and advocacy program.

Senator INOUYE. The Senate report which accompanied the 1978 appropriations bill contained a directive, and I quote, "To make necessary arrangements for the Office of Child Abuse to coordinate data with other agencies within the Department and all other Federal agencies."

The question is, What have you done to carry out this committee's directive?

Mr. ROSOFF. We have established an interdepartmental committee that has representatives from every department, that has representatives from a number of constituents in HEW.

We meet with them. We exchange our plans, so we can see what each one is planning and get some suggestions.

We exchange our research and demonstration reports. In our program planning, we get comments from them. There is a regular exchange of information and ideas between ourselves and other agencies.

We can provide, if you would like, a list of the committee members and some information as to their meetings and the kind of things they have discussed.

[The information follows:]

FEDERAL COORDINATION

In response to the requirement of the P.L. 93-247, the Secretary created an Advisory Board on Child Abuse and Neglect. Reflecting the relevance of many areas of human services to child abuse and neglect, the Board includes representatives from the Departments of Justice, Labor, Interior, Agriculture, Housing and Urban Development, and Defense as well as from HEW agencies. The Board meets at least quarterly, and often semi-monthly to discuss areas of mutual concern.

Through the Federal Advisory Board on Child Abuse and Neglect, we work to encourage an increased level of cooperation and program coordination among the member agencies. Information is shared and agencies are encouraged to utilize to the maximum extent feasible their existing programs, activities and/or service delivery mechanisms in order to more effectively identify, report, treat and prevent child abuse and neglect.

In addition to developing the Federal Standards on Child Abuse and Neglect required by P.L. 93-247, the Advisory Board is responsible for the effective coordination of Federal child abuse and neglect programs. The following have been accomplished:

1. 1975 Report to the President and Congress on the Implementation of P.L. 93-247, the Child Abuse Prevention and Treatment Act.

2. Issuance of Head Start Policy Guidance on Child Abuse and Neglect.

3. Issuance of Regulations on programs supported under Titles IV-A and IV-B of the Social Security Act.

4. Issuance of Regulations to establish a system of coordination and shared planning on Federal programs and activities related to child abuse and neglect.

5. Development of joint National Institute on Mental Health/Law Enforcement Assistance Administration/ National Center on Child Abuse and Neglect funding of sexual abuse projects.

6. Development of joint National Institute on Mental Health/Youth Development Branch/National Center on Child Abuse and Neglect fudning of adolescent abuse projects.

7. Development and publication of policy for school reporting of child abuse and neglect with the constraints of the Family Education and Privacy Act.

8. Development and upcoming publication of policy for drug treatment program service referrals to child protective agencies.

Besides the issues described above, the Board has worked jointly on the draft Federal Standrds on Child Abuse and Neglect Programs, the Model Child Protection Act, the evaluation of Federally funded demonstration projects, the National Center's proposed FY 1978 Research and Demonstration Priorities, and the abuse and neglect of children in residential institutions.

The Board is now preparing a comprehensive report on the long-range plans and budget projections of Federal agencies; and on the results of past activities and contemplated future activities of Federal agencies. It also reviews and coordinates on an interim and continuing basis planned activities of Federal agencies.

FEDERAL ADVISORY BOARD

The members of the Federal Advisory Board on Child Abuse and Neglect are:

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CHILD ABUSE AMONG MILITARY FAMILIES

Senator INOUYE. Have you been able to coordinate data?

Mr. ROSOFF. We coordinate data, in the sense that we share each others' knowledge, and we share our data-gathering plans. That group is aware of our study.

Senator INOUYE. Would you know, for example, how many child abuse incidents occurred during fiscal year 1978 in the Department of Defense military families?

Mr. ROSOFF. I would have to check that out. I believe we would be getting that information.

Let me check it out.

Senator INOUYE. Do you know how many were involved with Indians?

Mr. ROSOFF. I believe we have data on that that we have gathered. We have some studies under way in that.

Ms. MARTINEZ. There are several studies underway involving military families and Indian families.

[The information follows:]

CHILD ABUSE AMONG INDIANS

The few studies on the subject of child abuse and neglect within Indian Communities have examined specific tribes. These studies indicate that the rate of reported child abuse and neglect on Indian reservations is within the middle range (that is, 11 per 1,000 children) compared to state reporting rates.

Because of the special cultural issues involved and the need to define and assess child abuse and neglect with sensitivity, coupled with the complexities of collecting compatible data from approximately 130 tribal reservations, NCCAN has proceeded with caution in developing approaches to estimating the extent of maltreatment on reservations. Our plans are to complete the national incidence study and, based on the operational definitions developed and tested within it, to develop the sensitive approaches needed to measure child abuse and neglect in such special populations as Indian reservations and military reservations.

CHILD ABUSE AMONG MILITARY FAMILIES

It is too soon to provide fiscal year 1978 statistics since we are only 6 months into the year. However, based upon calendar year 1977 reports, the Department of Defense estimates that approximately 1,900 children will be reported as abused or neglected. (That is a rate of 0.878 per 1,000 children, with 2.2 million children within the military community.) It is the opinion of Defense Department officials, and our own, that the actual incidence of child abuse and neglect is considerably higher than these reported figures. The average State reporting rate is 9.8 per children per 1,000.

Senator INOUYE. Will you provide this committee with a list of all Federal activities in the area of child abuse?

From what you tell me, there are many other activities. Include the amounts involved, amounts spent during fiscal 1977 through 1978.

Ms. MARTINEZ. Yes.

[The information follows:]

FEDERAL ACTIVITIES IN THE AREA OF CHILD ABUSE AND NEGLECT

The National Center on Child Abuse and Neglect has not funded any projects for fiscal years 1978–79. Similarily, most other Federal agencies have also not yet funded any projects for fiscal years 1978–79. Therefore, we are providing the following information for fiscal year 1977 only. In fiscal year 1977, the National Center funded:

(1) 8 Research Projects—$893,810 (includes $35,000 data processing costs); (2) 42 Demonstration Projects—$10,171,312; (3) 5 Evaluation Projects—$1,196,422; (4) 5

Technical Assistance Projects—$2,254,414 (includes allocation to regional offices for 35 T/TA projects); (5) 1 Clearinghouse Project—$449,152 (includes $90,000 for data processing); (6) Preparation and distribution of publications—$177,890; and (7) State Grants to 42 Eligible and Conditionally Eligible States—$3,785,000.

Two major sources of Federal monies to assist states in the provision of protective services to children and families are:

Title XX of the Social Security Act has as one of its five goals to prevent, or remedy neglect, abuse or exploitation of children unable to protect their own interests or preserve, rehabilitate or reunite families. A total of approximately $200 million of Federal funds was spent for services to abused and neglected children and their families out of the total fiscal year 1977 appropriation for title XX of $2.376 billion.

Title IV B of the Social Security Act has as one of its goals to prevent, remedy, or assist in the solution of problems which may result in the neglect, abuse or exploitation of children. A total of approximately $3.4 million of Federal funds was spent for services to abused and neglected children and their families out of the total fiscal year 1977 appropriation for title IV B of $56,376,000.

In addition, at local option, general revenue sharing funds are sometimes used to support community based child abuse prevention and treatment projects.

Research and demonstration funds for projects relating to child abuse and neglect are also available from other elements of HEW, including the Alcohol, Drug, and Mental Health Administration (ADAMHA), the National Institute on Child Health and Human Development (NICHD), the Public Health Service (PHS), the National Institute on Mental Health (NIMH), and the Administration for Public Services (APS). In addition, research and demonstration funds are available from the Justice Department's Law Enforcement Assistance Administration (LEAA).

REHABILITATION SERVICES IN THE PACIFIC BASIN

Senator INOUYE. I would like now to get to rehabilitation services. What are your plans for developing rehabilitation services for more than 1 million residents of the Pacific Basin, specially in light of the geographical isolation and cultural differences that are involved?

Mr. HUMPHREYS. Senator Inouye, that has become a matter of increasing importance to us. In my recent visit to the Pacific area, I consulted with a number of people in Hawaii, on Oahu, and with the region IX representatives, concerning the needs in rehabilitation for the Pacific Basin.

I was privileged to receive from the Rehabilitation Hospital of the Pacific a rather lengthy proposal for the development of medical rehabilitation provided through that facility to the trust territories. It was a most exciting proposal to me. One thing that we are doing which may facilitate our increased attention to that area is our pending development of legislative changes which would create a special project grant authority for the Trust Territories, American Samoa, the Northern Marianas, and Guam, rather than tying them to the specific allotment fund under which they now operate. It would give us additional flexibility to provide specialized and needed services to culturally different areas which need some different treatment.

Senator INOUYE. I think it is very important, because the people in Micronesia are watching our relationship with the Northern Marianas very closely to see how we carry out our responsibilities and our obligations.

So something like this may be very helpful.

Mr. HUMPHREYS. Certainly. We do recognize there is a very difficult problem of rehabilitation, if for no other reason than the great expanse of distance in that area.

FORWARD FUNDING FOR RSA

Senator INOUYE. Why do you need forward funding of the vocational rehabilitation program?

Mr. HUMPHREYS. It is important, we believe, to give the States the capability of planning in advance of the fiscal year in which they obtain the money. Too often in the past it was very difficult for the States to develop any kind of long-range plan based upon an assured appropriation. The advance funding for fiscal year 1980 would give them some additional ability to plan, and a base upon which to develop their plans for the following fiscal year.

AUTHORIZING LEGISLATION

Senator INOUYE. We find this rather strange, because the authorizing legislation has not been enacted here to renew these programs.

Mr. HUMPHREYS. Of course, but we expect the authorizing legislation will be enacted prior to the beginning of the next fiscal year.

Hearings are beginning on the Senate side for authorizing legislation on the 10th. I will appear on the 14th before the Subcommittee on the Handicapped.

House hearings are going to be held in early April. A bill was introduced by Senator Randolph and others, S. 2600. The administration also will propose a bill.

Senator INOUYE. When will that bill be ready?

Mr. HUMPHREYS. We are in the process of developing the specifications now and are, in fact, meeting with OMB today to discuss this.

REHABILITATION CONSTRUCTION ACTIVITIES

Senator INOUYE. The report accompanying the 1978 appropriations bill encouraged HEW to submit a budget request for rehabilitation construction activities. We note once again that you have not requested any money for this.

Mr. HUMPHREYS. That, of course, is a policy judgment of the administration that services are in greater need of emphasis than construction at this time.

Senator INOUYE. I have many questions here I would like to submit to you. Most of them are of a technical nature requiring statistics.

STATISTICS

Ms. MARTINEZ. May I make a comment on statistics?

I think it is important to the Congress to know the kinds of pressures that we find ourselves in as we have come into office.

First, within the Office of Human Development Services, there was little and almost no capacity in terms of a program information system. There was no conceptual framework for an information system.

Second, we depended on bits and scattered pieces throughout the Office of Human Services for different kinds of reports from States. Many of the reports contained very little information, part of that as a feeling that we were demanding too much information from States and it was too much of a burden on them.

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Our research efforts were scattered and the possibility of feeding them into a computerized management information system didn't exist because of the design.

There was no congruence between the way research data was gathered and any kind of information system. We had no relationship with the Census Bureau, or any other demographic organization within the Government.

DEVELOPMENT OF INFORMATION SYSTEMS

So what we have tried to do in our reorganization is, for the first time, have a section within our Office of Planning Research and Evaluation of a program systems development component.

It will take us a considerable amount of time to develop an adequate information system and an adequate information base. There is interest on the side of not having a centralized kind of system because, according to some people, that gives some people extra power if they have information.

I, for one, believe that if we don't have the information, centralized information system, with capacity to collect data which at least has some congruence, and if we don't develop both the software and hardware, that we can't be responsive to the Congress, to constituents, or to States.

The fact of the matter is that we have not been. But part of that has been a system problem within HEW, some of that created by various interest groups, both within HEW and without HEW.

We are now trying to develop that system. For the first time in our budget, OMB finally agreed with us that we needed to have a systems capability. We have a very, very inadequate computer system.

So it is going to take some time to really answer your questions. We don't have the information and also we don't require that the states provide us with a lot of the information which Congress wants.

EVALUATION

Senator INOUYE. Do you have amounts set aside for evaluation in every program?

Ms. MARTINEZ. In title XX we are asking the Congress to allow us to use some of the leftover balances under the $2.5 billion for evaluation purposes.

All the other programs have small sums of money for evaluation; for example, the Rehabilitation Administration has about $2.5 million for a program of almost $900 million. The Administration for Children, Youth, and Families seems to have a little over $3 million: one-half of 1 percent.

There are varied amounts in varied programs. Some have very little evaluation money. None of them have very much evaluation.

Senator INOUYE. All of these would be continuous efforts on your part?

Ms. MARTINEZ. No; especially now, they won't be continuous, in terms of types of evaluations.

We have a great concern about the quality of our evaluations research and demonstrations of the past, and we have selected for the head of our Office of Planning Research and Evaluation, a

person of great knowledge and skill who used to be the head of the Urban Institute's social services research department.

Senator INOUYE. You don't think that the amounts being spent for evaluation are unreasonable?

Ms. MARTINEZ. No, I don't.

Senator INOUYE. You're convinced you are getting your money's worth out of that?

Ms. MARTINEZ. No, I'm not. I am convinced in the future we will get our money's worth.

Senator INOUYE. Have you been able to make improvements as a result of findings on the evaluation studies?

Ms. MARTINEZ. In some cases, we have, yes; not extensive improvements.

DEVELOPMENTAL DISABILITIES

Senator INOUYE. There is a $14 million cut in developmental disability service grants.

Will this stifle some of the innovative projects which you have had in dealing with problems of the developmentally disabled?

Ms. MARTINEZ. I don't believe so. As we testified last year, there was great concern that the greatest portion of the money for the developmentally disabled was going into special projects and that very little was going to the States for putting their service programs into operation.

In my own mind, as I looked at some of the special projects, I felt that they weren't contributing much to our knowledge about that area, and that it would be better to give the money to the States to provide services, especially in the areas of advocacy and planning.

As a result of their activities in advocacy and planning, they have developed additional resources for the developmentally disabled in States. They have brought to the attention of the public some of the serious problems of institutionalization. They have helped to deinstitutionalize some of the populations. So it is my belief that the States can do a better job of using the money than we would.

Senator INOUYE. Many of the existing projects will be just phased out.

Ms. MARTINEZ. That is correct.

Senator INOUYE. Like——

Ms. MARTINEZ. Many of them were just 1-year projects anyway.

NATIVE AMERICANS/NATIVE HAWAIIANS

Senator INOUYE. I would like to get to the native Americans.

Ms. MARTINEZ. I will try to answer your questions.

Senator INOUYE. Your budget proposes $800,000 increase in the native American program funds. As you are aware, native Hawaiians have been, by law, included in the category of native Americans.

What proportion of that increase do you plan to spend on native Hawaiian programs, and what kind of activities are being planned to be funded?

Ms. MARTINEZ. Of course, the whole $800,000 will be used for the native American programs. I think, if I remember correctly, $200,000 of that—$200,000 of that is earmarked for native Hawai-

ians, which would bring them in total to $1 million over the next few years. The $800,000 will be used for essentially the same.

Senator INOUYE. It is a small one.

Ms. MARTINEZ. Yes; $800,000 will be used essentially to fund additional grantees and projects. We anticipate that probably we will fund something like 13 additional projects. They could be with the same grantees. They will be for areas of building self-capacity in terms of Indian tribes and Indian organizations, for the resource development of urban Indian programs because much of their activities are based on trying to get services to Indians, existing services, and for economic development, especially in terms of energy resource development, because there is a considerable amount of energy resources on land that belongs to Indian tribes, Indian nations, generally, for the same purposes that we are currently funding programs.

Senator INOUYE. This may sound a bit parochial, because I have the pleasure of representing most of the Hawaiians in the United States—incidentally, about 40 percent of the Hawaiians in the United States live on the mainland, the bulk of them in California.

The Hawaiians today, I think, are in a rather sad state. At one time they were members of a very proud, sovereign nation, culturally, religiously, socially, and politically distinct. They have been emasculated, and physically decimated in numbers, because they weren't able to cope with the new diseases.

So today in Hawaii we find the highest number of dropouts are Hawaiians; the largest group in prisons are Hawaiians; the greatest number of welfare recipients are Hawaiians.

To put it very mildly, they are the bottom rung of the social, political, economic ladder. Anything that your agency can do to give them just another boost, as you have for the other native Americans, I think, will be very much appreciated.

Ms. MARTINEZ. Thank you.

HAWAIIANS ON THE MAINLAND

Senator INOUYE. Have you received any requests for assistance from Hawaiians living on the mainland?

Ms. MARTINEZ. Yes, we have. We have not been able to respond very well, primarily because we have felt that with the limited resources—as you know, there has not been any increase until this fiscal year 1979 for the program—with the limited resources that were available that we should be channeling those resources to the islands rather than the mainland.

We have, as you know, serious political problems with the Indian nations here in the United States, because they feel that this money belongs to them. And they don't mind native Americans—native Hawaiians receiving resources, but they don't feel it ought to be out of their pocket.

Senator INOUYE. We will make certain it doesn't come out of their pocket.

Ms. MARTINEZ. So we have had a very serious problem, a political problem and a resource problem, with supporting services to native Hawaiians here on the mainland. But we have felt that we needed to at least be responsive to the law in terms of the native Hawaiians on the islands.

ADEQUACY OF NATIVE AMERICAN FUNDING

Senator INOUYE. It appears to this committee that since fiscal year 1975, the appropriations for native Americans have been set at $33 million. It seems to be frozen at that number. Since fiscal 1975, you have had added responsibilities, such as being concerned with off-reservation Indians, which I think has doubled your target population. In addition, you have added the Hawaiians.

Do you think an increase of $800,000—which wouldn't even buy pencils for the Department—would be sufficient to cope with this added responsibility?

Ms. MARTINEZ. I think it is fair to say that this particular program can't possibly meet the needs of all of the target populations that it is supposed to address. Prior to 1975, it did have as broad a mandate as nonreservation Indians and Alaskan Natives. Its new addition is the native Hawaiian programs, since 1975.

I think it is a valuable program. It deserves support. I think that there is a recognition within the Department—and for the first time with OMB—that it is a valuable program. There is an effort underway, both within the Department and within the President's office, to begin to grapple with some of the major policy issues affecting native Americans. Also within the reorganization, the President's reorganization efforts.

What will happen, I don't know. How they will decide to resolve some of the policy issues, how they will decide to resolve the fact that Indian programs are spread throughout the Government, that some Indian programs are only for federally recognized tribes and other Indian programs cover the waterfront—there is an awareness within the agency that we need to be cognizant of the issues, cognizant of the problems, and that we need to develop some kind of policy with respect to native Americans. There has not been one for quite a while.

Senator INOUYE. I agree with you. There seems to be a great need for coordinating all of the Federal activities. I doubt if all of the native Americans are aware of some of the programs that do exist that have been set aside to assist them.

PENDING GRANT APPLICATIONS

What is the total dollar amount of pending grant applications for funding through your Office of Native Americans?

Ms. MARTINEZ. I understand there is something like $32 million in pending proposals.

Senator INOUYE. Obviously, you won't be able to fund all of them.

Ms. MARTINEZ. Not with $800,000.

PRIORITIES FOR SELECTION OF PROPOSALS

Senator INOUYE. What sort of priorities do you establish for selection of these proposals?

Ms. MARTINEZ. Essentially, we are going to establish those priorities which, one, will leverage resources—especially social service resources—for native Americans, so that you will begin to pool together the other resources to which native Americans are entitled; two, States and many offices don't recognize that native

Americans have a right to those mainstream programs which exist for all Americans. So we think an important emphasis is to fund those types of programs which are going to try to leverage resources from the mainstream programs. That is No. 1.

No. 2, I think, is in terms of economic development. We very much believe that the native Americans, through history and through many other kinds of situations, have not had the opportunity to interact with the private sector. In many ways they have become too involved with the public sector. Many native Americans are now saying they want to be independent, to realize their own aspirations, and not to always have big brother looking after them, or over them, or something.

So it is our feeling that one of the ways to help native Americans is to help them with their economic development activities, especially in terms of their energy resources. I think they are sitting on top of one-quarter of the energy resources of this country. At least, that is estimated.

SUPPORT FOR EXISTING PROJECTS

Senator INOUYE. With this budget request of $33.8 million, how much will be set aside for existing projects?

Ms. MARTINEZ. Probably 75 percent.

Senator INOUYE. So about one-fourth of that will be available—$7 or $8 million—for new projects.

Ms. MARTINEZ. Yes.

CLOSING REMARKS

Senator INOUYE. As I have indicated, I would like to submit to you a whole booklet of questions here. I would like to say it has been my pleasure.

Incidentally, I am not a member of the subcommittee, but I am pinch-hitting for the chairman. He had a hearing of the Defense Subcommittee, and he is taking care of my interests there, and I am taking care of his interests here.

I learned a lot this morning. You may be assured that we will do our best to help you in serving your constituency.

One final question: If we added $10 million for the native Americans, would you be able to utilize that effectively?

Ms. MARTINEZ. I assume we could. [Laughter.]

Senator INOUYE. Everybody would be happy with that.

Thank you very much.

JUSTIFICATION

[CLERK'S NOTE.—The justification material for this account appears in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

SUBMITTED QUESTIONS

Senator INOUYE. You will be given additional questions for the record.

[The following questions were not asked at the hearing but were submitted to the Office of Human Development Services to be answered for the record.]

SOCIAL WORK TRAINING

Question: In appropriating an increase for social work training last year, the Committee instructed the Department to give this activity more constructive attention.

Training was to be made broader-based and more flexible, enabling professionals to more easily adapt to changes in Federal policy and restructured social service delivery systems.

The Committee also directed you to develop a social services manpower plan that identified areas of shortage and excess as regards social work professionals.

Will you give us a status report on how we have addressed the Committee's concerns?

Answer: On February 23, 1978, the Assistant Secretary for Human Development Services sent a letter to the Honorable Warren G. Magnuson, Chairman of the Committee on Appropriations. In that letter, we proposed three alternatives for addressing the concerns. They are as follows: (1) a quick and dirty study through the program administrations to their State/local grantees for data, (2) program-by-program studies, and (3) a project that examines manpower and training based on recruiting pools rather than program-by-program.

We have determined that the third alternative is more feasible and are proceeding along those lines. We are also currently gathering and codifying information that is readily available and are making decisions on how we will proceed to remedy the appalling lack of information.

In April, we will transmit a report which identifies what we know, and what we plan to do about what we do not know.

EFFECT OF REORGANIZATION

Question: Please indicate some of the demonstrated positive outcomes resulting from the reorganization of the Office for Human Development which went into effect in August 1977. We are interested in the impact upon the vulnerable populations served by the Congressionally mandated programs. Please comment.

Answer: The reorganization of the Office of Human Development initiated in August 1977 focused on consolidating programs serving similar target groups in order to create a more rational organization structure with a greater potential for responding comprehensively to the needs of these groups. The second phase further improved services delivery by organizing each program administration functionally to increase program coordination. For example, within the Administration for Children, Youth, and Families (ACYF), the child welfare services (CWS) and CWS training programs are placed with the National Center on Child Abuse and Neglect and the programs of the Youth Development Bureau under an

Associate Commissioner for Services for Children and Youth. Combining CWS with the major child advocacy office, as well as with the primary programs focusing on the needs of youth, promotes a more comprehensive approach to policies affecting delivery of services to children and their families. Similarly, RSA has developed a structure which will enable it to focus on the total needs of handicapped individuals and improve services delivery to these people. Most importantly, the expanded mission of the Administration for Public Services (APS) provides for Federal leadership in the planning and coordination of a broad range of human services activities. In addition, strengthened analysis capabilities and improved data collection efforts will increase the ability of HDS to critically evaluate program activities and seek appropriate administrative or programmatic changes to improve services delivery. At the staff level, new focal points for initiatives in reducing regulatory and reporting burdens on the public will improve our efforts to place fewer administrative demands on our clients, thereby freeing resources for services delivery.

Question: What evidence of leadership has the Office for Human Development provided to its program unit in establishing priorities for areas such as legislative initiatives, long-range planning and research activities?

Answer: In June 1977, the Assistant Secretary for Human Development Services outlined in a policy overview paper the primary goals and priorities for the Office of Human Development Services. This policy overview was based on common elements and mutual goals among the HDS programs in serving their target groups and carrying out mandated responsibilities. The goals addressed (1) responding more adequately to the service needs of HDS target groups, (2) improvement of service delivery, including greater access to services and closer cooperation among Federal, State and local agencies, and (3) improvement of the quality of services.

These goals provided the context for development of legislative and administrative initiatives, as well as development of research, demonstration, and evaluation (R,D & E) plans. The R, D & E planning process, in addition to structuring program initiatives around mutual goals, addresses development of initiatives which cut across a number of program areas and can therefore be must effectively addressed through cooperative activities.

REORGANIZATION OF PROGRAMS FOR HANDICAPPED

Question: The reorganization of the Office of Human Development consolidated the six programs serving handicapped persons into an Administration for Handicapped Individuals. This consolidation creates an additional bureaucratic layer between the Congressionally

mandated program units and the Office of the Assistant Secretary for Human Development Services. Documents prepared by the Developmental Disabilities Office, for example, must pass through the Office of the Administration for Handicapped Individuals and the staff office before reaching the Assistant Secretary for Human Development Services.

Is there not a danger that these two intervening bureaucratic layers will create duplication of effort and excess paperwork?

Answer: The consolidation of the six program offices serving handicapped individuals into one program administration was merely the first step in reorganizing efforts to aid handicapped people. By reducing the number of offices reporting directly to the Assistant Secretary and giving one Commissioner the responsibility for serving as the principal advisor on matters concerning handicapped individuals, this phase of the reorganization assured that the Assistant Secretary would have more time to devote to the problems of handicapped citizens. It also eliminated the need for much interagency coordination and the attendant paperwork. The second phase of the reorganization, announced in February 1978, realigned these consolidated program activities to further eliminate duplication and layering and to improve coordination of these various activities. This further refinement of the organization also ensures that the several differing priorities of the various programs for handicapped citizens recieve equal attention.

Question: Will these two layers not increase communications problems between the program units and the Assistant Secretary?

Answer: The second phase of the reorganization realigned program activities within the Administration for Handicapped Individuals, now the Rehabilitation Services Administration (RSA). This further reorganization eliminates the layering that occurred during the first part of the reorganization in which several separate program units were simply placed together under the Commissioner without being fully integrated into a new organization. The Commissioner, of course, is the chief person responsible for program operations and reports directly to the Assistant Secretary.

Question: Under the reorganization of the Office for Human Development, the Commissioner of the Rehabilitation Services Administration serves also as the Commissioner of the Administration for Handicapped Individuals.

Under this dual leadership, please comment on whether the priorities of the smaller program units can be kept in perspective or whether, in fact, they may not be overshadowed by the priorities of the Rehabilitation

Services Administration, by far the largest program unit within the Administration for Handicapped Individuals.

Answer: As you know, during the second phase of the reorganization the name "Administration for Handicapped Individuals" was dropped in favor of "Rehabilitation Services Administration." Thus the Commissioner no longer has to serve in a dual capacity. The change also emphasizes our commitment to go beyond the scope of vocational rehabilitation to identify and provide for the multiple needs of handicapped individuals and the developmentally disabled. While there will be units within the new RSA which will be dedicated to the needs of specific handicapped groups, the organization's new emphasis is perhaps best illustrated by the creation of an Office of Advocacy and Coordination, which will work for the interests of all handicapped or developmentally disabled individuals, and the proposed expansion of the National Advisory Council for the Developmentally Disabled to represent the interests of all handicapped citizens. We are convinced that the newly organized RSA will be able to be a stronger advocate for handicapped citizens than it was possible for six competing program units to be. However the organization is also designed to ensure that differing priorities in the programs for handicapped citizens will continue to receive attention.

REGIONAL OFFICE

Question: Could you describe the role of the Regional Office and could you compare the number of personnel in the Regional Office as compared with the central office under the Reorganized Office for Human Development Services?

Answer: The relationships between the central and regional offices are still being defined as functional statements and delegations of authority are being drafted. In general, the role of the regional staffs is to provide daily support and technical assistance to States, communities and grantees. Within the context of national programs and priorities, the regions administer programs that suit the particular needs of their regions. The reorganization will not withdraw authority from the field, rather authority will increase now that the Commissioners for Children, Youth and Families and Rehabilitation Services and the Commissioner on Aging have direct authority over their field staffs. The Regional Program Director (RPD) for Public Services will report to the HDS Regional Administrator (RA), who is expected to play significant intergovernmental and program coordination roles, although Title XX program direction will continue to come from the Commissioner of the Administration for Public Services. Because of its limited size, Administration for Native American field responsibilities will be handled within the

office of the Regional Administrator, which in some regions has a full-time position devoted to the Native American Programs.

There are 1053 authorized positions at headquarters and 911 authorized positions in the regions.

REORGANIZATION OF THE OFFICE OF HUMAN DEVELOPMENT
EMPLOYEE MORALE

Question: Reorganization sometimes has adverse effects upon employee moral. What steps have been taken to insure employee input and productivity is enhanced under the reorganized Office of Human Development Services?

Answer: Work groups of HDS employees - both at headquarters and in the field - were involved in the development of organization options, and efforts have been made to keep them informed of the reorganization process. A letter from the Assistant Secretary went to all employees once the Secretary had approved the reorganization, and a Fact Sheet describing the major accomplishments of the reorganization and the new HDS structure was made available.

Naturally, any organizational change causes apprehension among employees who want to know what the impact of that change will be on them. One of the objectives of the reorganization is to place employees where their skills and interests can best be utilized. We are working with employee unions to develop a procedure to identify employees for reassignment that will preserve employee rights and, to the extent possible, meet employee preferences. Once the uncertainties of the reorganization have been resolved and reassignment decisions have been made, many of the causes of poor morale will have been removed. HDS is an open organization, and we will be working to further improve morale and productivity.

STAFF DUPLICATION AND OVERLAP

Question: You have an Office of Community Services that seems to duplicate many of the functions of your Administration for Public Services. Why can't these offices be merged, with excess staff assigned to beef up direct program operating units?

Answer: The need for HDS to assume a leadership role in providing technical assistance on social services planning and delivery was acknowledged in the July 1977 reorganization by the creation of the Office of State and Community Affairs (OSCA). In the months that followed, it became increasingly clear that OSCA's technical assistance functions could be consolidated with those of the Administration for Public Services (APS), whose Title XX Comprehensive Annual Services Plans already serve a broad social services planning function. Consequently,

the current reorganization abolishes OSCA and transfers its technical assistance and special concerns responsibilities to APS, thus further strengthining APS' program operation and freeing resources to support other priority needs (e.g.Title IV-B). Certain of OSCA's staff function (e.g., Public Affairs, regional liaison) will not be merged with APS, but will be transferred to the Immediate Office of the Assistant Secretary for Human Development Services.

REDUCING OVERHEAD STAFF

Question: There are apparently 40 Human Development Staff in Grades 14 and above earning in excess of $30,000 not assigned to any direct program operating unit. What action is being taken to shift some of your "overhead" staff to the program operating levels?

Answer: One of the principal objectives of the HDS reorganization was to provide program units with greater support through the addition of some human resources and through increased responsiveness to program needs on the part of staff offices. In order to assure that program administrations have sufficient administrative support capability of their own, three overhead positions were transferred to the Administration on Aging, and one position was transferred to the Administration for Native Americans. Fifteen headquarters overhead positions are also being transferred to the Administration for Children Youth, and Families for the expanded Child Welfare Services (Title IV-B) effort. All of these positions come from the administrative overhead, although the indiviiduals to be reassigned and their grade levels have not yet been determined.

Question: What action is being taken to reduce the excessive number of highly paid staff working for the Office of Human Development?

Answer: The grade levels and functions of HDS employees are reviewed on a routine basis to assure that employees are working in and paid for jobs commensurate with their skills. Any reorganization is bound to impact on the positions of at least some employees, and their jobs are being critically reviewed at this time. It must be remembered, however, that the bulk of employees have protected career civil service status and that the President has promised that Federal employees will not lose job or salary status as the result of reorganization. Consequently, the degree to which resources can be shifted or grade levels reduced in the immediate future is greatly constrained. As vacancies occur throughout the organization, however, I am certain that additional changes will occur.

HIGHEST PERCENT SPENT FOR CONSULTANTS/R

Question: It appears that the Office of Human Development spends the highest percentage of its salaries and expenses budget on consultant costs--18.4 percent in fiscal year 1976, representing $8.7 million for consultants.

What are you doing to control the amount spent for consultants?

Answer: The $8.7 million spent by the Office of Human Development for consultant services includes all program categories and not just salaries and expenses. Most of this money, $5.3 million, was spent for program evaluations. Only about $407,000 of salaries and expenses monies was spent for consultant services.

Based on new guidelines for consultant services issued by HEW in August 1977, the Office of Human Development Services has instituted new planning and clearance requirements. Programs and staff offices are required to develop in the second quarter of each year estimates of amounts to be spent in the next fiscal year, and to develop in the beginning of each fiscal year a consultant services plan showing proposed projects using consultant services and refined estimates of cost. These two planning steps will now enable HDS to review consultant services use on an overall basis, rather than simply project by project. In addition, revised procedures are being put in place to strengthen clearance of individual project proposals prior to contract procurement.

Question: Estimate what percent and amount of your salaries and expenses budget is for consultant cost in each of fiscal years 1977 through 1979.

Figures for consultant services use for Fiscal Years 1977 through FY1979 are as follows:

FY1977: $ 971,000 = 2.1% of Total Salaries and Expenses
FY1978: $2,220,000 = 3.4% of Total Salaries and Expenses
FY1979: $2,445,000 = 3.6% of Total Salaries and Expenses

These figures are estimates and will be refined as individual projects are developed.

CONSULTANTS

Question: Please provide the Committee with a list of the ten consultants who received the highest amounts of money from the Office of Human Development Services in fiscal years 1976 and 1977.

How many contracts was each consultant awarded during each of the two fiscal years?

What activities were performed by the consultants in each contract?

Answer: Following is a listing of the ten contractors in FY1976 and in FY1977 who received the highest total amounts of funds in consultant services contracts. Included are contract amounts and a brief description of activities for each contract.

FY1976

1. Westat, Inc. $1,055,000 (2 contracts)
   . Contract for the evaluation of the Aging Area Planning and Social Services Program. $543,000

   . National study of the incidence and severity of child abuse and neglect. $512,000

2. High Scope Educational Research Foundation $797,000 (2 contracts)

   . Contract to perform an evaluation of the implementation of Developmental Continuity projects in Head Start. $599,000

   . Follow-up evaluation of former Home Start children and evaluation of the Home Start training centers. $198,000

3. Development Associates, Inc. $771,000 (2 contracts)

   . Contract for the delivery of training and technical assistance to 40 Native American grantees in the eastern and Great Lakes states. $390,000

   . Contract to conduct an evaluation of the implementation, effects, and costs for the Head Start Child and Family Resources Program. $381,000

4. Herner and Company $424,000 (2 contracts)
   . Contract to develop and operate a clearinghouse on child abuse and neglect.

5. Associate Control Research & Analysis $406,000

(2 contracts)

. Contract for the evaluation of parent involvement in Head Start programs. $101,000

. Contract for the evaluation of Child Abuse and Neglect resource projects. $305,000

6. Educational Testing Services $378,000 (1 contract) Adaptation of Educational Testing Services examinations in visual discrimination, memory, listening comprehension, and other areas into Spanish.

7. Meta/4 Production, Inc. $372,000 (1 contract)

To produce 180 minutes of audiovisuals to support the National Center on Child Abuse and Neglect training curriculum.

8. American Indian Institute $314,000 (1 contract)

Training and technical assistance to 45 Native American grantees in New Mexico, Oklahoma, Louisiana, Kansas, Nebraska, and Texas.

9. Centaur Management Consultants, Inc. $312,000 (2 contracts)

Contract for the development of a program data system for the Office of Native American Programs. $256,000

Contract to develop planning and management tools and techniques for the Office of Native American Programs. $56,000

10. JWK International Corporation $260,000 (3 contracts)

. Contract to establish performance levels for vocational rehabilitation evaluation standards. $58,000

. Contract for the development of instrumentation and provision of technical support services for the RSA FY1976 program administrative reviews. $149,000

. Contract to survey evaluation reports and other information relating to Federal programs for the handicapped. $53,000

FY1977

1. Kirschner Associates, Inc. $901,000 (2 contracts)

. Dissemination/replication of the Child Development Associate (CDA) concept and credential. $99,000

. Evaluation of the Nutrition Program for the Elderly $802,000

2. ABT Associates, Inc. $893,000 (4 contracts)

. Evaluation of the Child and Family Resource Program. $98,000

. Evaluation of Head Start Health Services $198,000

. Impact evaluation of Child Abuse and Neglect Demonstration Treatment and Innovative Programs. $473,000

. Comprehensive review and evaluation of the instrumentation utilized by programs for the developmentally disabled. $124,000

3. Westat, Research, Inc. $818,000 (2 contracts)

. Evaluation of the Social Service Programs of the Area Agencies on Aging $798,000

. Changes in the system being made by the Area Agencies on Aging $20,000

4. Development Associates, Inc. $673,000 (2 contracts)

. Dissemination and utilization of training course for residential child care workers. $149,000

. Training and technical assistance to 57 Native American grantees in the eastern and Great Lakes states. $524,000

5. JWK International Corporation $625,000 (4 contracts)

. Development of instrumentation and provision of technical services for the 1978 program administrative reviews (RSA). $137,000

. Contract to conduct a follow-up study on former vocational rehabilitation clients $194,000

. An assessment of the impact of rehabilitation training grant support in selected areas of academic and non-academic training on improving the effectiveness of the vocational rehabilitation delivery system. $195,000

. Recommendations for development of a comprehensive policy development and promulgation system in the

State/Federal Vocational Rehabilitation Program. $99,000

6. Alaska Federation of Natives, Inc. $583,000 (1 contract)

   Training and technical assistance to 27 Native American grantee organizations in the northwest states and Alaska.

7. Tribal American Consulting Corporation $548,000 (1 contract)

   Training and technical assistance to 32 Native American grantees in the western states and Hawaii.

8. Associate Control Research & Analysis $490,000 (2 contracts)

   . Evaluation of parent involvement in Head Start projects and comparison of Head Start families with others. $273,000

   . Contract for the evaluation of Child Abuse and Neglect resource projects. $217,000

9. ACKCO, Inc $464,000 (1 contract)

   Training and technical assistance to 29 Native American grantee organizations in Colorado, Montana, Wyoming, Utah, North and South Dakota.

10. Portland State University $435,000 (1 contract)

    Dissemination and utilization of permanent planning strategies for children in long-term foster care.

HEAD START EVALUATIONS

Question: Have there been any evaluation efforts concerning tieing Head Start programs more closely with services under Title I of the Elementary and Secondary Educators Act?

Answer: There have been no Head Start evaluations of this specific area. Head Start now is conducting an evaluation of its Project Developmental Continuity, which is a project to institute a continuous learning experience for the child from preschool through the third grade. All of the public schools involved in this project are receiving Title I ESEA funds.

PROLIFERATION OF SUPPORT STAFF

Question: Your new reorganization chart seems to have a proliferation of offices with public information, coordination, and planning functions. How many staff will be assigned to each of these offices? Include grand totals for each of the Public Information, coordination, and planning functions.

Answer: One of the major accomplishments of the reorganization was an increase in accountability for program operations. Based on bringing like programs together under one administrator, HDS has placed a major emphasis on giving program heads greater responsibility for policy development and program performance. To provide the necessary support to Commissioners for their increased responsibilities, each program administration has created identifiable planning, policy development and management control units. In almost all cases, these functions had existed previously in the organization; the creation of identifiable units simply realigned these activities and consolidated existing staff resources for more effective operation. In addition, each administration will have an administrative support unit, previously lacking in some program components. Three positions were transferred from the HDS administrative overhead to the Administration on Aging and one to the Administration for Native Americans to provide additional resources for these support functions.

In the Office of the Assistant Secretary, the structuring of the Office of Policy and Management Control has focused on strengthening capability in three major Secretarial priority areas -- the executive secretariat, policy coordination, including simplification and recodification of regulations, and equal opportunity and civil rights.

Public information functions within each program administration are centralized into a single, small unit to increase the ability of the Commissioners to respond to the information requests of Congress, the Administration and the public. The bulk of public affairs activities, however, will be centralized in the HDS public affairs office, which will be located in the Immediate Office of the Assistant Secretary. This unit will provide centralized graphics, printing management, and distribution services which should result in savings to HDS.

Assignment of staff to these offices is now being determined through the development of functional statements and staffing patterns. We do not expect substantial increases in staff assigned to these activities; as noted above, our intent is to place available staff resources into organizational units that are more

effectively structured to carry out their responsibilities. We can provide you with specific numbers of staff for each office and total figures once decisions have been made on functional statements and staffing patterns.

LACK OF AUTHORIZING LEGISLATION

Question: What are you doing to facilitate early Congressional action on renewed authorizing legislation so that the Appropriations Committees can consider funding them in a timely manner?

Answer: We are making every effort to cooperate with Congress in developing authorizing legislation in a timely manner for those programs unauthorized for fiscal year 1979.

On Head Start legislation, we have testified both in the House and in the Senate on re-authorizing legislation. We are making every effort to respond to committee inquiries and cooperate with committee staff in working out problems in connection with the program.

On Child Abuse, legislation to extend the program (H.R. 6693) has passed both House and Senate and is awaiting final conference action.

On both Aging and Rehabilitation programs, we are in the final stages of developing legislative proposals, and the commissioners are testifying before the authorizing committees.

BARRIERS COMPLIANCE BOARD

Question: Is it not true that placement within the Administration for Handicapped Individuals could substantially reduce the autonomy of the Board and decrease its visibility?

Answer: This question was discussed in conjunction with our reorganization plans and because the autonomy of the Board is an important aspect of it's operation, the Board was not placed within the Rehabilitation Services Administration, formerly the Administration for Handicapped Individuals. The Board operates independently and the Director has direct access to the Assistant Secretary for Human Development Services.

Question: Why was the $1 million appropriations request for the Board not even mentioned in your Congressional Budget Justification material?

Answer: The Congressional Budget Justification material does not specifically mention the $1 million for the Board because the request is included in the Salaries and Expenses request, and that request is discussed in total in the justification.

OVERHEAD STAFF

Question: The reorganization of the Office of Human Development brings more than 60 positions from the Social and Rehabilitation Services into the staff office serving the Assistant Secretary for Human Development Services.

Why were none of these positions placed in the program units where there is such a need for additional personnel?

Answer: Two hundred and eighteen (218) headquarters positions were transferred to HDS from SRS. Of these 93 were program - dedicated, and were retained by the Administration for Public Services. The remainder represented SRS overhead, and about 60 of these positions were also allocated to APS. Eleven positions were reallocated to the Department for grants appeals, cost allocation and accounting. An additional fifteen positions will be transferred to the Administration for Children, Youth, and Families for the child welfare services program as part of the second phase of the reorganization. Many of the remaining positions went to staff offices such as personnel and grants administration, which provide direct support to program operations. In the regions HDS gained 234 positions, 155 of which were program dedicated. Only 27 of the remaining positions were retained at the staff level.

It must also be remembered that the positions were filled by individuals who had job retention rights and skills which had to be utilized properly in the new organization. Consequently, staffing patterns were, to some extent, tailored to fit the human resources available. As new priorities are identified and vacancies occur, some additional shifts may take place.

TREASURY LAPSE

Question: What amount of the fiscal year 1977 Salaries and Expenses appropriation for the Office of Human Development Services lapsed to the Treasury?

Answer: The Office of Human Development Services lapsed approximately 2.2% or $1.1 million of $49.7 million available in FY 1977 for Salaries and Expenses.

Question: What was the reason for these funds lapsing?

Answer: This lapse consisted of approximately $800,000 in Personnel Costs attributable to a higher than normal vacancy rate during the change in administration and the reduction of positions due to the OMB's revised employment ceiling imposed in FY 1977. In addition, there was a travel lapse of about $109,000, which was a direct result of vacancies and the hiatus caused by changing administrations. The remaining lapse of about $192,000 was due to some extent to the President's directive to control end-of-year

buying by restricting fourth quarter obligations to the third quarter expenditure rate.

Question: How much lapse do you anticipate in the fiscal year 1978 Salaries and Expenses appropriation for Human Development Services?

Answer: The current HDS operating plan anticipates full utilization of the amount available for Salaries and Expenses. It is estimated that the FY 1978 lapse rate would be insignificant at this point in time.

LAG IN SPENDING

Question: The President's budget indicates that over $1 billion of fiscal year 1978 Human Development appropriations will not be spent until fiscal year 1979. What is the explanation for this lag in expenditures?

Answer: There are several reasons for a large portion of 1978 obligations to spend out in 1979. In the Head Start area, which represents about one-third of such expenditures, grants are made for one year from the time of award. Since the awards occur at a fairly constant level throughout the year, those grants made at the start of the year will spend out almost completely during the year, and those made at the end of the year will spend out mostly in the next year. On the average about half the funds obligated in any year will spend out in the next year.

The aging area has another third of these expenditures. Most aging activities are conducted through a series of awards. First to the States, then from the States to area agencies, next to the service providers. The time consumed in this chain of awards plus the varying fiscal years of grantees causes many expenditures to occur in the year after the Federal obligation. In addition, the aging nutrition program began with $200 million in appropriations in 1974. The time lag involved with getting the program operational in most States, and the Federal policy at the time to delay Federal obligations, held down the expenditure rate. The program is now functioning closer to the budgeted level and expenditures are becoming more current.

The remaining third of expenditures are distributed throughout the balance of the Office of Human Development Services programs.

Question: Provide for the record a program-by-program table indicating current obligations and outlays against fiscal year 1978 appropriations and your estimate of obligations and outlays by September 30, 1978.

Answer: Payments for all Grants to States for Social and Child Welfare Services activities and half of the Human Development Services and Work Incentives programs are made through the Departmental Federal Assistance Financing System (DFAFS). Funds are outlayed to this system at the appropriation level based on estimated requirements. When grantees report actual expenditures some months after advances are made, the outlays are related back to individual program areas. Below is a table showing obligations and outlays from 1978 appropriations through February, 1978, and annual estimates of obligations and outlays against 1978 appropriations.

(in thousands of dollars) Appropriation/Activity	Obligations thru Feb.'78	Outlays thru Feb., 1978	Estimated Obligations Sept.,'78	Estimated Outlays September 1978
b. Grants for the developmentally disabled				
1) State grants and advocacy.....	21,963	21	33,058	22,810
2) Service projects..	1,588	477	19,567	6,412
3) University affiliated facilities..	16	---	6,500	2,470
4. Administration for Public Services				
a. Research and evaluation	---	---	2,955	262
b. Child welfare training	---	---	8,150	1,333
5. Administration for Native Americans.....	7,355	1,968	33,000	12,870
6. White House Conference on Handicapped Individuals.	---	---	---	---
7. White House Conference on Families.....	7	7	800	704
8. Salaries and expenses.....	24,675	21,663	68,094	59,894
9. Advances to the Departmental Federal Assistance Financing System		269,731	---	---
Total, Human Development Services.....	890,434	379,008	2,221,702	1,301,739
Work Incentives				
1. Grants to States.....	91,332	83,513 1/	351,995	263,996
2. Program direction and evaluation.....	3,854	1,214	13,005	10,504
Total, Work Incentives....	95,186	84,727	365,000	274,500
TOTAL, OFFICE OF HUMAN DEVELOPMENT SERVICES.....	2,337,863	1,473,883	5,269,061	4,233,873

1/ Includes Departmental Federal Assistance Financing System advances.

(in thousands of dollars) Appropriation/Activity	Obligations thru Feb. '78	Outlays thru Feb., 1978	Estimated Obligations Sept., '78	Estimated Outlays September 1978
Grants to States for Social and Child Welfare				
1. Grants to States for social services	1,207,751	116,977	2,366,989	2,342,264
2. Child day care	92,986		196,417	196,417
3. State and local training	27,074	1,160	62,453	62,453
4. Child welfare services	24,432	---	56,500	56,500
5. Advances to the Departmental Federal Assistance Financing System		892,011	---	---
Total, Grants to States for Social and Child Welfare Services	1,352,243	1,010,148	2,682,359	2,657,634
Human Development Services				
1. Administration for Children, Youth and Families				
a. Head Start	179,477	36,056	625,000	295,859
b. Research and demonstration	1,645	---	15,700	5,689
c. Child abuse	127	12	18,928	11,356
d. Runaway youth	---	---	11,000	2,750
2. Administration on Aging				
a. Community services	140,765	6,046	187,000	61,710
b. Nutrition	197,533	5,472	250,000	75,206
c. Research, training, and multidisciplinary centers	2,247	152	29,300	10,910
d. Federal Council on Aging	88	75	450	315
e. Multipurpose Senior Centers	---	---	40,000	10,000
f. National clearinghouse	---	---	2,000	640
3. Administration for Handicapped Individuals				
a. Rehabilitation services and facilities				
1) Basic state grants	292,561	36,900	760,472	669,215
2) Innovation and expansion	4,158	226	18,000	6,660
3) Service projects	2,311	105	29,728	10,404
4) Research	5,142	15	31,500	18,270
5) Training	8,776	82	30,500	16,000

WHITE HOUSE CONFERENCE ON FAMILIES

Question: When do you expect the Executive Director and Chairman of the White House Conference on Families to be named?

Answer: It is expected that the Executive Director and Advisory Committee Chairperson for the White House Conference on Families will be named within the next few weeks. The announcement will be made somewhat later than originally planned and is a result of the significant interest in the Conference generated by the President's announcement in late January. Following the announcement, the names of several prospective candidates for the two positions in question were brought to our attention. In order to give full consideration to all these persons, and, in keeping with our mission to identify the strongest possible combination of talents in the Executive Director and Chairperson, this process has required a more significant level of effort than anticipated.

Question: How many of the 15 permanent and 15 temporary staff approved last year have been hired so far?

Answer: The Conference did not obtain authority from the Civil Service Commission to begin hiring needed staff until December 1977. Since that time, five of the fifteen permanent staff positions have been filled and three of the fifteen temporary positions are occupied. Informal recruitment efforts are presently being conducted, such as review of job applications, conduct of personal interviews and compilation of listing highly qualified candidates who may occupy identified staff positions. This interim activity will permit selection officials to fully staff the Conference without delay when the Executive Director is appointed.

Question: What is the current status of planning for the Conference on Families now scheduled for December 1979?

Answer: We are moving forward in all areas of planning for the White House Conference on Families which is scheduled to be held December 9-13, 1979. For example, the staff is involved in outreach efforts with organizations, interest groups, and individuals to provide information about the White Hosue Conference on Families and to learn from these constituencies about programs and activities in which they are involved that will be useful in developing a framework for examining the wide range of issues influencing families today. White House Conference staff is also working with Federal and State legislative and executive personnel to assist in planning for State and regional meetings. As a result of the significant response from people throughout the country to the President's announcement about the Conference, we are rapidly becoming a clearinghouse for information about the developments at State, regional and national levels pertaining to families. In addition, we are formulating strategies for responding to the unique needs of urban areas in the context of the White House Conference on Families.

The National Advisory Committee for the White House Conference on Families will play a major role in the development of the Conference and the names of prospective nominees for the Advisory Committee are being incorporated into a roster that will be reviewed by the

Secretary in the next few weeks. From among the hundreds of recommendations received to date and others that will be coming to our attention in the coming weeks, 35-40 persons will be selected to sit on the Committee. The success of the Conference will also be a result of collaborative efforts between the many Federal agencies. The DHEW Liaison Group, which was established last summer largely as a means of coordinating the involvement of representatives of several agencies within DHEW in activities related to the White House Conference on Families, will be expanded to include representatives of all of the appropriate Federal agencies.

These are just a few examples of the many efforts that are underway to promote planning for the White House Conference on Families.

NATIVE AMERICANS/CONTRACTED TECHNICAL ASSISTANCE

Question: We understand the Administration for Native Americans plans to spend $900,000 for technical assistance and training in Alaska. How many contracted staff will be hired to provide technical assistance?

Answer: The Administration for Native Americans (ANA) currently provides grant funds ($243,000) to six of the twelve Alaska Native Regional corporations. In the process of preliminary planning for 1978, it was determined that approximately $900,000 in technical assistance contracts might be necessary to meet Alaskan needs. After more careful study and in response to suggestions from the constituency, it has been determined that it would be more valuable to the Alaskan community as well as more cost-effective, to award six new grants to village corporations at a cost of $400,000, and to support these new grants with technical assistance in the amount of $125,000. The currently funded village corporations are supported with training and technical assistance in the amount of $100,000. In addition, grants to urban centers ($402,000) are supported with training and technical assistance in the amount of $100,000. In 1978, total program grants to Alaska will amount to approximately one million dollars, supported by training and technical assistance of approximately $325,000.

The number of full-time contractor staff to be employed would number four to six, together with several consultants with expertise in various areas being employed on a part-time basis.

Question: Wouldn't it be better and cheaper in the long run to develop your own in-house capability to provide technical assistance?

Answer: Given the travel costs between Washington, D.C. and Alaska, the high per diem and travel costs within the state of Alaska, the variety of technical assistance needs and importance of timely provision of services and the lack of Regional Office ANA staff, it would not be more advantageous to the government to redirect these resources toward the development of an in-house capability to provide technical assistance to Alaska.

CHILD ABUSE TREATMENT

Question: How much is being spent to overcome the lack of treatment resources in the community after physically abused children are released from hospitals?

Answer: This question relates to a major problem facing the child protective field. Too often, the immediate protective needs of children are met by hospitals but the long term need to provide permanent protection for the child (either through treatment services to the parents or, when necessary, through his or her removal from the home) are absent. To address this need, National Center for Child Abuse and Neglect activities have been directed at two mutually supportive goals. First, we have worked to improve overall community child abuse treatment services. Secondly, we have worked to improve the ability of hospitals (1) to identify cases of child abuse and neglect, (2) to provide immediate medical and protective services for the child, (3) to work cooperatively with child protective agencies in developing a long term treatment plan for the child and family, and, finally (4) to act as advocates for the strengthening of child abuse treatment services in the community. In relation to our specific activities aimed at strengthening the ability of hospitals to work with others to overcome the lack of treatment resources in the community, we have: (1) Funded 4 comprehensive treatment demonstrations in hospital settings to develop procedures that meet the long term needs of children and their families; (the total for three years of funding of these projects is $3,513,158). (2) Developed a multidisciplinary curriculum that trained over 30,000 professionals during FY 1978 on the identification and referral for services of child abuse and neglect cases; (one of the curriculum's four special units is directed toward health professionals and hospitals); (3) Developed for publication in FY 1979, "Guidelines for the Management of Child Abuse and Neglect Cases in Hospitals"; (4) Funded specialized training of medical personnel and their relationship to child protective personnel through the American Academy of Pediatrics; (the total for two years of funding of this project is $149,030.) (5) Developed draft Federal standards on child abuse and neglect programs which have standards for health professionals as one of seven specialized groups of standards. The standards as a whole emphasize the need to develop lines of communication and referral between hospitals and community based agencies and the child protective system of a community; (6) Helped support the development of multidisciplinary teams--both hospital based and community based--in over 15 States; (7) Worked cooperatively with the Public Health Service on the evaluation of child abuse demonstration projects which had as an important component the relationship between hospital services and long term treatment services.

Finally, because of their important relationship to community-wide services, we have identified hospital based prevention and treatment activities as an element of our proposed FY 1978 R&D priorities, as published in the January 23 edition of the FEDERAL REGISTER. In this regard, we intend to fund a number of projects designed to demonstrate how already existing human services in medical facilities (1) can prevent child abuse and neglect by encouraging self-referrals providing early services to vulnerable (high-risk) families, (2) can assist child protective efforts through prompt identi-

fication and reporting of known and suspected cases, and (3) can assist diagnostic and treatment efforts by accepting referrals from child protective agencies. The hypothesis underlying these projects is that, even without infusions of large amounts of additional funds, community human service agencies such as hospitals, can help reduce the level of child abuse and neglect in a community by providing preventive services to vulnerable families and by accepting referrals for treatment from child protective agencies. These projects are expected to (1) develop means of identifying vulnerable (high risk) families, (2) identify those early services most effective in preventing child abuse and neglect, (3) identifying those service elements of their present programs of most value in the treatment of cases referred by child protective agencies, and (4) demonstrate that these services are accessible at a feasible cost.

CHILD ABUSE AND NEGLECT
CLEARINGHOUSE

Question: Why are child abuse clearinghouse activities being cut from $685,000 in fiscal year 1978 to $110,000 in Fiscal year 1979?

Answer: FY 1979 clearinghouse expenses will be limited to data processing costs, because the major clearinghouse expense (a competitive contract to collect, abstract, analyze and publish program and research activities) will be funded for 18 months during FY 1978 and will not require refunding until FY 1980.

Question: How much is in the fiscal 1979 budget for operation of the Child Abuse and Neglect Clearinghouse, compared to 1978?

Answer: As indicated in relation to the earlier question, only $110,000 is budgeted for clearinghouse activities in FY 1979 as opposed to $685,000 in FY 1978. The reason for the difference is that the contract for selecting, abstracting, analyzing, and preparing for publication the descriptions of ongoing programs and research will be funded in FY 1978 for 18 months, making refunding necessary until 1980.

Question: Who operates the child abuse and neglect clearinghouse, with how many employees?

Answer: The child abuse and neglect clearinghouse is a staff responsibility of the National Center, augmented by a contractor to collect, abstract, analyze, and prepare for publication program descriptions of service and research projects. Staff of the National Center include a Chief of the Clearinghouse Branch, (GS-14), 3 Technical Information Specialists (1 GS-13 and 2 GS-9's; one a permanent part-time employee), and 1 Secretary. Clearinghouse Staff respond to over 1,000 written and 1,500 telephone requests for publications and other materials each month.

The contractor engaged to prepare abstracted material is Herner and Company located in Washington, D. C. For the present contract period, the contract amount is $361,152. At the present time, Herner employs 6 full-time and 4 part-time staff to support this contract effort.

CHILD ABUSE CONFERENCES

Question: How much is being spent annually for HEW Staff to attend conferences on child abuse?

Answer: Since FY 1975, the following amounts have been spent by National Center staff to attend conferences on child abuse:

	Central Office	11 Regional Offices
FY 1975:	1,081	1,376
FY 1976	2,104	6,026
FY 1977	10,323	10,999
FY 1978 (to 3-1-78)	1,716	1,515
Total:	15,224	19,916

Question: How much is being spent for consultants to attend child abuse conferences, including honorariums.

Answer: The National Center has only one consultant. In 1977, he attended three conferences for the National Center; the travel cost involved in attending the conferences was $1,001.

In addition, it should be noted that many NCCAN grantees hold Conferences, workshops, seminars, and other types of meetings to disseminate findings in connection with their program activities. At the discretion of the grantee and depending on need, such meetings can vary widely in scope from a local meeting to state, regional or national meetings. In FY 1977, conferences of national scope or significance included:

(1) The Second National Conference on Child Abuse and Neglect, sponsored by the Unversity of Texas. One thousand persons attended. Grant funds were used to pay for the travel and per diem of 52 invited speakers, panelists and group discussion leaders in the amount of $16,644.

(2) A National Conference, on "Black Families: A Source of National Strength," was sponsored by the National Urban League in Chicago, Illinois. Nine hundred persons attended. Grant funds were used to pay for travel and per diem of 90 invited speakers and panelists in the amount of $16,875.00.

3) A National Workshop on the Institutional Maltreatment of Children was sponsored by Cornell University. One hundred persons attended. Grant funds were used to pay for or help defray the travel and per diem costs of eighty invited speakers, group discussion leaders, and participants in the amount of $8,000.

(4) A National Indian Colloquium on Child Abuse and Neglect was sponsored by the University of Minnesota. One hundred and twenty-five persons attended. Grant funds were used to pay for the travel and per diem of 68 invited participants in the amount of $14,363.

Question: Why is it necessary to have child abuse prevention conferences when established journals are readily available for communication?

Answer: Conferences bring together the outstanding individuals in the field and give them an opportunity to exchange ideas and information. Conferences are essential vehicles for developing professional interaction and cooperation, indispensible for the sharing of information, development of joint efforts, and early replication of proven program models. Through conferences, the leaders in the field can address and influence a large audience through the presentation of learned papers on research findings and successful program components.

Journals and publications are also important forms of communication. However, there is often a time lag of from six to eighteen months between the development of major findings and their publication. Moreover, there are many detailed research and service program findings which cannot be published because of the lack of interest on the part of professional journals.

CHILD ABUSE CONSULTANTS

Question: Staff analysis indicates $2.3 million was spent for consultants on child abuse programs in fiscal year 1976, including 4 different evaluation contracts totalling $831,000. At the same time, the National Center for Health Services Research was spending another $300,000 on a child abuse study and the Social and Rehabilitation Service $49,000 to develop a guide for services to abused and neglected children.

What are you doing to prevent duplication and overlap between contracts you fund and those of other HEW agencies?

Answer: In response to the requirement of the P.L. 93-247, the Secretary created an Advisory Board on Child Abuse and Neglect. Reflecting the relevance of many areas of human services to child abuse and neglect, the Board includes representatives from the Departments of Justice, Labor, Interior, Agriculture, Housing and Urban Development, and Defense as well as from HEW agencies. The Board continuously reviews the planned and ongoing activities of Federal agencies.

Both of the projects described above were funded only after joint planning and review. Indeed, the National Center for Health Services Research contract was the evaluation component funded as part of a coordinated PHS/SRS/ACYF effort to fund and evaluate 11 Child Abuse and Neglect Demonstration Projects. The demonstration phase of this overall effort was funded by SRS/ACYF.

CHILD WELFARE SERVICES

Question: The authorization (Title IV-B) for child welfare Services is $266 million. This legislation provides a good deal of flexibility in what States can do with the money. What would happen if this Committee were to fully fund Title IV-B?

Answer: If the Committee were to fully fund the Child Welfare Services State Grant Program with no conditions, requirements, or limitations for the increased funds, states would be likely to use the funds primarily for foster care room and board and to increase the number of children in foster care. The Administration's proposal seeks to limit the use of unnecessary foster care and to emphasize permanent families for children through preventitive and restorative program activities.

Question: Couldn't this money be used to compensate for inflation and expand the services provided under Title XX in those states that are at their Title XX ceiling?

Answer: The Child Welfare Services State Grant Program has a different orientation, different plan, and different planning process than Title XX does. Joint planning by the Department and each state for a plan of the program services the state will deliver characterize IV-B. The plan submitted for approval under Title XX is administrative in nature. Inflation is not the major problem of the Title IV-B program; it provides only about seven percent of the funds states spent on child welfare services (and maintenance) costs.

Question: You have consistently funded the child welfare services activity at about 20 percent of the available authorization. This year your budget proposed a supplemental of $84,750,000 for this activity, provided that new legislation is authorized. Why have you been so unwilling to fund the existing legislation?

Answer: We want to re-orient the program to avoid the placement of children in foster care to the extent possible to shorten the length of time a child remains in foster care. Without new requirements and so long as foster care maintenance remains as a service eligible for Federal matching, the program will have limited positive impact. Children will unnecessarily be lost in foster care. We, therefore, do not want to increase its funding unless the new requirements are added.

Question: Don't you have the authority already to do just about everything that H.R. 7200 would authorize you to do:

Answer: Our new proposal would add safeguards for children and their parents and improve case review procedures and information about foster children that would be likely to reduce their stay in foster care. Our proposal would also link the services under Title IV-B and the maintenance for AFDC-Foster Care chilren under Title IV-A, by requiring that a single agency administer the plans for both programs. This would tend to enable problems to be identified and services provided at an earlier stage.

CHILD ABUSE GRANTS TO PROFIT-MAKING ORGANIZATIONS

Questions: The Child Abuse Prevention and Treatment Act was passed by Congress in 1974. It authorized funding to establish a National Center on Child Abuse and Neglect; provide grants for demonstration programs and projects designed to prevent, identify and treat child abuse and neglect; and to establish an Advisory Board on Child Abuse and Neglect.

There has been some criticism over the selection and choice of grant awardees. GAO has been doing some research on this issue but has not produced any evidence of violations.

There has been some criticism which alleges that too much Federal money for child abuse prevention grants has been awarded to profit-making organizations with very little going for non-profit research and demonstration. How do you respond to this criticism?

Answer: During Fiscal Years 1974, 1975, 1976, the 1976 transition quarter, and 1977, the National Center on Child Abuse and Neglect obligated $58,521,000. During that period of time, contracts not grants, were awarded to profit making firms totaling $8,287,820. Thus, the percentage of all funds spent on contracts awarded to profit making concerns averaged a little over 14%. Examined on an annual bases, the figures show a consistent downward trend. The percentage for FY 1974 was approximately 23%; in FY 1975 it dropped to 16%; for FY 1976 and the transition quarter, it was 13%; and in FY 1977 it was 11%.

For FY 1978, we estimate that approximately $1,220,619 or 6.5% will be spent on contracts.

HEAD START COST PER CHILD

Question: What is the average cost per child served by Head Start Projects?

Answer: The National average cost per child served by Head Start projects in FY'78 is approximately $1515.00. For full year programs the cost is approximately $1,603,00 per child; for summer programs the cost is approximately $275.00.

Question: What is the average cost nationwide for serving handicapped children?

Answer: The average cost Nationwide for serving handicapped children is approximately $700 above the average cost of serving non-handicapped children. Thus, the total cost approximates $2220 to serve a handicapped child in Full Year programs.

Question: What is the average cost of serving Indian children?

Answer: The average cost for serving Indian children in FY'78 is approximately $1615.00 per child.

Question: Can you provide us with the average cost information by State?

Answer: Yes. The State average cost per child served by Head Start projects in FY'78, including both full year and summer children, is as follows:

Alabama	$1149	Montana	$1685
Alaska	2179	Nebraska	1501
Arizona	1733	Nevada	2094
Arkansas	1182	New Hampshire	1867
California	2253	New Jersey	1944
Colorado	1243	New Mexico	1036
Connecticut	1198	New York	2511
Delaware	1824	North Carolina	1365
District of Columbia	2600	North Dakota	903
Florida	1257	Ohio	1313
Georgia	1352	Oklahoma	1161
Hawaii	2205	Oregon	1894
Idaho	1749	Pennsylvania	1787
Illinois	1462	Puerto Rico	1670
Indiana	1368	Rhode Island	1479
Iowa	1561	South Carolina	1385
Kansas	1478	South Dakota	1394
Kentucky	995	Tennessee	1308
Louisiana	1229	Texas	1100
Maine	1642	Utah	1448
Maryland	1761	Vermont	1638
Massachusetts	1806	Virginia	1687
Michigan	1314	Washington	1636
Minnesota	1336	West Virginia	1304
Mississippi	1443	Wisconsin	1533
Missouri	1368	Wyoming	1110

EDUCATIONAL TESTING SERVICE CONTRACT

Question: We understand that you had a $378,000 contract with the Educational Testing Service for "Adaptation of Educational Testing Service Examination in Visual Discrimination, Memory, Listening, Comprehension and other areas into Spanish."

Why would the Office for Human Development Services fund such a project which seems more appropriate for the Office of Education with their bilingual education responsiblity?

Answer: The reason that Head Start funded this project relates to the differences in the populations being served by OE and Head Start. This project involves preschoool children, whereas the Office of Education serves school age children.

NATIONAL CLEARINGHOUSE ON AGING

Question: The National Information and Resource Clearinghouse was established by law in 1973 but we understand it is still in its "development stages." Can you tell us when it will be developed and what will be its scope?

Answer: In order to better manage on a timely basis, the collection, abstracting, cataloging, processing, and dissemination of the vast amount of gerontological literature being produced, AoA is currently in the final phases for the development and implementation of a major automated bibliographic information system. This system is identified as the Service Center for Aging Information (SCAN).

The SCAN information system has been designed as a needs oriented system with a high degree of responsiveness to users. The system will concentrate not only on "bibliographic control" of the gerontological literature but also on products and services that derive from the bibliographic control.

The system will be decentralized and contractor-operated. The system will be composed of four units, three Resource Centers and a Central Control Facility. Each component will carry out a specified set of tasks relevant to the collection and dissemination of the gerontological literature. The resource centers will input documents to the Central Control Facility, which in turn will produce the basic products of the information system. The products will then be disseminated to the resource centers and SCAN users.

The basic products and services of the system will include:

a monthly journal containing references and abstracts of current gerontological literature;

indexes to the journal of abstracts;

a continuously updated thesaurus of terms;

computer tapes containing references and abstracts of all literature collected by SCAN;

document reproduction services, in paper copies and microfiche;

reference services, including computer searches of the data base.

Each of three Resource Centers (Biomedical, Behavioral/Social Science, and Social Practice) will be responsible for a broad sector of the gerontological literature.

Users will include practitioners within the "network" and those in other social agencies serving the elderly, researchers, teachers, students, older persons and the general public.

The major developmental work of the Service Center for Aging (SCAN) information system is now complete. The system is ready for full implementation during FY 1978. The first of 4 contract procurements to implement the system is currently being processed. We expect all four contracts (the Central Control Facility and 3 Resource Centers) to be funded by September 30. The system is presently operating on a very limited basis with approximately 2,500 documents available as a literature base. The microfiche edition of the Comprehensive Inventory and Analysis of Federally Supported Research in Aging, 1966-1975 was distributed as the first product of the system on a national basis to the State and Area Agencies on Aging. A number of people wrote to the Clearinghouse expressing their appreciation in receiving the microfiche edition and commenting that it was most helpful.

RUNAWAY YOUTH

Question: How many runaway youth were there during the last year?

Answer: An estimated 1 million young people were runaways last year. Of this number about 733,000 were away from their homes for at least one night.

Question: Do you think that the runaway youth problems should be primarily a State or Federal responsibility?

Answer: We believe that the responsibility for the care of runaway youth should be a shared responsibility of Federal, State and local governments. The Runaway Youth Act calls specifically for Federal involvement in efforts made to locate, care for and return runaway children because of the interstate nature of the problem. The Act also specifies active roles for State and local governments as well as private non-profit agencies. This sharing of responsibilities is evidenced by the multiple public and private funding sources for many runaway houses. The Administration for Children, Youth and Families actively encourages the development of other funding sources for the runaway houses.

NUTRITION FOR THE ELDERLY

Question: What percent of the need is being met under the Nutrition for the Elderly program?

Answer: The needs met by the nutrition program are both nutritional and social. We have no firm data on need. It has been estimated that there are as many as 8 million eligible older persons who could benefit from the activities provided by the Title VII Nutrition Program for the Elderly. Recent figures based upon Fiscal Year 1977 Program Performance Reports indicated that there are 2,854,755 participants now taking advantage of the nutrition services provided under this program. Based upon the estimated 8 million eligible, about 36 percent of the need of older persons for this program is currently being met.

HEAD START

Question: In a letter to Senator Magnuson, Secretary Califano complained that HEW's flexibility was being impaired by requiring utilization of Head Start Discretionary Funds to guarantee all states at least a cost-of-living increase as part of the fiscal year 1978 appropriation.

Yet, isn't it true that remaining Head Start discretionary funds still exceed the total amount of such funds available in any previous fiscal year?

Answer: No. The total amount set aside for discretionary purposes in FY 77 was approximately $94.8M vs. approximately $74.7M in FY 78. The overall decrease in the discretionary set-aside in FY 78 is due to the fact that some funds previously distributed to States on a discretionary basis (i.e., funds for serving handicapped children and cost of living increases) are now distributed by formula. Previously these funds were made available from the discretionary reserve.

Our discretionary set-aside for FY 78 does, however include some increases for specific sub-activities including our Indian and Migrant Programs and our training and technical assistance activities in support of program expansion.

Question: Secretary Califano indicated in his letter to Senator Magnuson that he was reluctant to approve a formula distribution of Head Start funds that would limit some States to only a six percent increase.

Yet, isn't it true that HEW's original plan for distributing fiscal year 1978 Head Start funds would have actually reduced allocations to half the States?

Answer: No, HEW's original plan for distributing Head Start funds would have enabled every State to receive a 6% increase to meet cost of living needs plus some additional funds for program expansion. The allocations for every State would have been increased for these two purposes.

Question: We understand that you have had some difficulty in arriving at the amount of funds obligated for Head Start in each of the States in FY 75 in order to include this amount as a hold-harmless in the formula for distribution of Head Start funds.

Can you tell us how you determined these amounts and why these amounts have changed several times in the last few months?

Answer: The amounts of funds obligated for Head Start in each State in FY 75 were determined by ACYF Regional Offices on the basis of grant award records.

The FY 75 obligations for Head Start in each State were corrected in October 1977. The previous figures, which were used in the September 26, 1977 report by the Congressional Research Service, did not include funds obligated for the support of our Parent and

Child Centers Program. This was an oversight on our part and was promptly corrected. The amount of money involved was approximately $6.7 million spread among 26 States.

HEAD START/FOLLOW THROUGH

Question: The Commissioner of Education, Dr. Boyer, last week told this Committee that the Follow Through Program is being phased out, indicating that the Head Start Program is now performing similar activities.

To what extent is Head Start getting into activities in kindergarten through grade 3 and doing its own Follow Through work?

Answer: The Administration for Children, Youth and Families is funding two limited programs of an experimental nature which tie into activities in the public schools and follow the children on through third grade. Project Developmental Continuity is operational and the Head Start School Collaboration on Basic Educational Skills Project is now in the planning stage. However, these programs should not be viewed as doing Follow Through Work, and we are not now performing Follow Through as a basic part of our program.

Project Developmental Continuity is designed to promote greater continuity in educational and comprehensive child development services for children as they make the transition from Head Start to elementary school. Initiated in 1974, this effort involves over 7,000 children and their families in 13 Head Start programs and local school districts throughout the nation. Project Developmental Continuity emphasizes the involvement of administrators, classroom staff and parents in the design and development of the program to assure continuity of experiences for the children from Head Start through the thrid grade.

An evaluation of the program was designed in conjunction with and parallel to the development of the program and will follow the children through third grade in 1981.

A new Research and Demonstration Project, the Head Start School Collaboration on Basic Education Skills is now in the planning stage. The purpose of this project is to enhance the school readiness and achievement of Head Start children as they proceed through the elementary school. A major element of this initiative will develop an age appropriate education curriculum. A carefully planned sequenced and compatible curriculum prepared by Head Start and the feeder elementary schools may well contribute to the academic accomplishments of the children. This program has three phases: Phase I: To fund twelve Head Start pilot projects by September 30, 1978. Each program must secure an agreement of cooperation with the elementary schools that serve the particular group of Head Start children. The role of the pilots will be:

(1) To test out a program which emphasizes the learning of age appropriate basic educational skills. (2) To work closely with parents to insure that teaching goals are shared and that learning opportunities are provided by the parent in the home as well as by teaching staff in the school. (3) To work closely with school officials to insure that teaching techniques, curricula, and parent

involvement are compatible at least through third grade so as to insure continuity for the child.

Phase II: The FY 1979 budget proposes to fund approximately 32 demonstration projects to implement the basic educational skills initiative, taking into account results of the programs developed and piloted during FY 1979.

Phase III: The budget also proposes to fund a multifaceted research initiative in FY 1979.

Question: Would it be feasible for Head Start to assume some or all of the duties of the Follow Through program, especially in light of the Office of Education proposal to phase out Follow Through?

Answer: No. It is not feasible for Head Start to assume these duties.

Question: How much is in the budget, to provide how many staff, for the National Center on Child Abuse and Neglect for Fiscal Year 1979 compared with 1978?

Answer: In FY 1978, the National Center on Child Abuse and Neglect lead a staff of 28 persons. Of these 12 are located in the Regional office and 16 are in the Headquarters office. The FY 1978 budget to support this staff is estimated to be $835,000. In FY 1979 the staff will remain at the same levels in both the regions and headquarters. The budget will not increase significantly in FY 1979.

Question: How much is budgeted for the Child Abuse Advisory Council for fiscal year 1979, as compared to fiscal year 1978?

Answer: There is not budget allocation, per se, to support the activities of the Federal Advisory Board on Child Abuse and Neglect. The National Center provides staff services to the Board from within its overall staff allocation. The representatives of other Federal agencies serve on the Board as part of their other govermental duties. In FY 1976 and FY 1977, a contract totalling $241,492 was awarded to assist the Board in developing Federal Standards for Child Abuse Programs and Projects, which are mandated by P.L. 93-247. The Standards, now in draft, are about to be distributed nationally for review and comment.

IMPACT OF INFLATION ON AGING PROGRAMS

Question: You are requesting $153 million for Area Planning Social Services in each of Fiscal Years 1979 and 1980, the same level as appropriated for Fiscal Year 1978. How can the same level of services possibly be maintained, given the impact of inflation?

Answer: It is a difficult problem. However, the State Agencies have reported that the amount of resources, other than from the Older Americans Act, applied to the service needs of older persons as a result of aging agency activity rose from $220 million in FY 76 to $440 million in FY 1977. Based on completed FY 1977 reports, it is estimated that $450 million will be pooled in 1978 and $470 million in 1979.

NATIONAL CLEARINGHOUSE ON AGING

Question: How are you coming in setting up the National Clearinghouse on Aging?

Answer: The National Clearinghouse is currently working on the final phase prior to implementation of the Service Center For Aging Information (SCAN). Implementation of the SCAN information systems will take place during FY 1978/1979. The SCAN system is a national bibiliographic data base designed to provide timely access to the growing volume of literature in the field of aging and service models.

Acommplishments FY 1977-78

The design of an automated bibliographic information system, such as SCAN, is a complex task and the planning and developmental work has taken place in several stages during the past several years.

A general long-range plan for the development of document collection and related information services was formulated by the Administration on Aging (AoA) to proceed in incremental phases as follows:

FY 1975-Phase I - The document collection would be limited to information regarding four priority areas. Use of the collection would be restricted to AoA staff members for purposes of program planning and development.

FY 1976-Phase II - The information requirements would expand and user groups would expand on a time-available basis. Limited manual retrieval services would be provided and planning for and development of an automated system would be completed.

FY 1977-Phase III - The Clearinghouse operation would expand to include an analytical capability to process information in response to specific requests and implementation of an automated system would begin.

FY 1978-Phase IV - The implementation of an automated bibliographic information system would be completed and the system would include the entire range of literature related to the needs of, and services for, the elderly.

The following steps have been undertaken and completed prior to 1977:

- o a Thesaurus of terms was prepared for the use in document indexing and retrieval and to provide the beginning of a standardized vacabulary for the field of aging.

- o a survey was conducted of 300 potential users regarding information needs and possible clearinghouse services;

- o a survey was conducted of 100 organizations that held information resources on the aged to identify the scope of available information;

- o strategy recommendations were made to pattern an information system for the National Clearinghouse on Aging after the decentralized ERIC model used by the National Institute of Education; and

- o a model was completed for the establishment of the Service Center of Aging Information (SCAN).

During 1977-1978 the following tasks were undertaken and completed:

- o a collection of 2,500 documents related to the minority elderly, programs and services for the elderly, low-income elderly, and the impaired but non-institutionalized elderly were made available through an automated retrieval system using HDS facilities through the GE Timeshare system.

- o An expanded Thesaurus of terms was published as a second Edition.

- o Access to the collection of documents was opened to the network of State and Area Agencies on Aging.

- o The microfiche edition of the Comprehensive Inventory and Analysis of Federally Supported Research in Aging, 1966-1975, was completed and distributed on a national basis to the network of State and Area Agencies on Aging as well as selected academic institutions and private voluntary agencies.

- o The first of 4 contract procurements to implement the system will be published soon.

Question: Where are these Service Centers for Aging Information located?

Answer: I believe the reference is to the Resource Centers which are part of a national bibliographic information system planned for the field of aging. The system is called the Service Center for Aging Information (SCAN). The system is modeled after the Educational Resources Information Center (ERIC) used by the educational community. The Resource Center will be managed under contract. The contracts are not yet funded and therefore the exact location of the Resource Centers is not known at this time.

Question: Who is using these centers and to what degree do you expect this service will prevent duplication in research?

Answer: The Service Center for Aging Information of which the Centers are a part will provide information for a broad spectrum of users including researchers, teachers, students, professionals working within the service delivery network, older persons, and the general public. The system will catalog and make available research reports and should go a long way toward preventing duplication in research. The National Clearinghouse on Aging distributed nationally the microfiche edition of the Comprehensive Inventory and Analysis of Federally Supported Research in Aging, 1966-1975, as a first effort to prevent research duplication.

NUTRITION/TECHNICAL ASSISTANCE

Question: Exactly how will your plans to expand technical assistance result in more meals for the elderly being served with the same amount of money?

Answer: Technical assistance will be aimed at increasing the efficiency of meal preparations, effectiveness of accounting procedures and effective utilization of resources other than Title VII resources. The following examples of technical assistance will be directed toward increasing the number of meals served under Title VII. Expanded technical assistance should increase the utilization of USDA commodities because it will be aimed at solving those problems which have been identified as hindrances to fuller commodity utilization. Such areas include commodity storage methods and suggestions for coordinating with local agencies with storage facilities, meal planning, dissemination of recipes using commodities, and coordination with other users of commodities such as the school lunch program. Guidance has already been disseminated on proper and effective uses of program income. The result of this effort should soon be evident. In addition, examples of successful and efficient nutrition projects will be collected and disseminated. These examples should assist other programs in improving their productivity and increasing the number of meals served.

Question: Specifically, how many more meals do you estimate will be served as a result of technical assistance productivity increases in the nutrition program?

Answer: Our tentative goal is to increase the number of meals served in 1978 by 6% or 10,500,000 meals in order to achieve an annual total of 163,000,000 meals by the end of FY 1979. This goal is subject to revision based on consultation with State Agencies on Aging who are now beginning to analyze their programs in response to this initiative.

GAO NUTRITION REPORT

Question: The General Accounting Office released a report February 23, 1978, making numerous recommendations for improving the Nutrition Program for the Elderly. Do you basically agree with GAO's recommendations, including the need to develop a better management information system and to improve controls over utilization of voluntary meal contributions?

Answer: We basically agree with the recommendations of the GAO Report and we are taking specific steps to implement those recommendations. With respect to the need for a better management information system, a task force is being set up to critically analyze the current information system and assist the Administration on Aging in establishing criteria for determining management information needs. We have also issued a detailed program instruction and a technical assistance memorandum dealing with the accountability and disposition of program income. An audit guide has also been released which provides guidelines for local auditors to use in auditing contributions.

MODEL PROJECTS FUNDS FOR LOBBYING

Question: We understand that the Administration on Aging has awarded model projects funds to staff the National Association of State Units on Aging, the National Association of Area Agencies on Aging and the Urban Elderly Coalition.

Weren't these organizations formed in large part to lobby the Administration on Aging and Congress; and do you consider such political activities an appropriate use of Model Project funds?

Answer: No Federal funds have been awarded to these organizations for lobbying with the Congress or the Administration on Aging; nor were they formed to do so. These are each organizations formed by executives of State or area or municipal agencies on aging to help each other better deal with functions of their offices. Thus, the principle activity of these organizations is to keep abreast of new developments which may affect their office and agencies, to learn from each other how to better serve older Americans through their offices.

Model Project funds awarded a grantee may be used only for the purpose of activities and the expenditures of the project as approved. In no case does the Administration on Aging approve proposals to lobby with the Congress or with the Administration on Aging. In fact, grantees have been advised that no grant funds are to be used for that purpose.

The purposes of these national organizations as set forth in their project applications are:

> National Association of Area Agencies on Aging will promote the maintenance and strengthening of Area Agencies on Aging as focal points for advocacy, planning, coordination, and pooling of resources for service, for older persons. In addition, they will develop communication networks; produce newsletters and legislation updates; develop working relationships with national organizations, administrators, and policy-makers; and develop on advocacy and coordination role.
>
> The National Association of State Units on Aging, Inc. provides to the States a forum for communications, a focal point for advocacy, planning, coordination and pooling of resources; produce newsletters and legislative update; develop working relationship with national organizations, administrators and policy-makers and to develop an advocacy and coordination role.
>
> The Urban Elderly Coalition provides to its membership a forum for communication, a focal point for advocacy, planning, coordination and pooling of resources; produce

newsletters and legislative updates; develop working relationships with national organizations, administrators and policy-makers and to develop an advocacy and coordination role. .

Two of these national organizations carry the IRS Code Section 501(c)(4) - Civic Leagues and Social Welfare Organizations. One operates under IRS Code Section 501(c)(3) - Charitable, Religious, Educational, Scientific organizations.

Though prohibited from lobbying the Administration on Aging and Congress, grantees may present testimony before the Congress or other information as the latter may request.

Question: Why can't these organizations obtain funding from other than Federal grants like a similar organization, the Council of State Administrators of Vocational Rehabilitation?

Answer: In comparison to organizations such as the Council of State Administrators of Vocational Rehabilitation, these organizations are relatively new. They have established offices only within the last two years. To date financial resources and the number of professionals in aging are limited. There is every expectation that these organizations will become self-sustaining as they and the field mature.

These organizations are even now not dependent solely on Model Projects funds; they also collect membership dues as does the Council of State Administrators of Vocational Rehabilitation.

Question: Why have you denied funding to a similar organization, the Title VII Association?

Answer: Two applicants representing themselves as the National Association of Directors of meals for older Americans or Title VII of the Older Americans Act program. The usual panel of experts not in the employ of the Administration on Aging duly reviewed these proposals and recommended non-approval on the merits of the proposals. A more recent application is pending review against current guidelines.

AGING MODEL PROJECTS - OVER EASY

Question: What are the prospects for continued funding of "Over Easy" for the Fall season?

Answer: The Administration on Aging is currently engaged in a review of the Series and its potential impact on older persons against other priorities and alternatives for funding. We have funded an evaluation through the Corporation for Public Broadcasting. We are soliciting opinions from State and Area Agencies on Aging. We are also taking other steps to gather pertinent information.

We will coordinate our funding decision with the Corporation for Public Broadcasting, which is a co-sponsor of the Series.

AGING RESEARCH

Question: How have grantees under the Title IV-C Multi-Disciplinary Centers of Gerontology Program generated approach to research and technical assistance?

Answer: Several centers have stimulated general interest in aging research through university-wide programs of small research grants to faculty in the biological, social and behavioral sciences. Others have developed a research concentration in particular subject areas. For example, the Faye McBeath Institute on Aging at the University of Wiscousin, has assumed a position of leadership in the study of aging women. San Diego State University has taken leadership in research on minority aging.

With respect to technical assistance, center applicants are called upon by IV-C program guidelines to develop working affiliations with staff and area agencies on aging, community organizations, and agencies providing services to older people. For example, centers of gerontology at the University of Akron and the University of Southern California staff and operate community multipurpose senior centers. At the municipal level, the Hunter College Center of Gerontology and the New York City Office on Aging are collaborating on several projects to assist the aging. And at the State level, the Virginia State Office on Aging and the IV-C Center at Virginia Commonwealth University are combining their resources for research, training, and services in the field of aging.

AREA AGENCIES ON AGING

Question: Currently, there are 556 area agencies on aging established under the Title III program.

How many more area agencies on aging are needed to serve sections of the country which are underserved?

Answer: The States have divided themselves into a total of 612 planning and service areas for purposes of administering the Title III program. In that the States may designate a single area agency on aging to administer the Title III program in each planning and service area, there is potential for establishing 612 area agencies on aging. Area agencies on aging are currently established in those planning and service areas with the largest concentrations of older persons.

There are 56, or 9 percent, of the designated planning and service areas without an area agency. In most cases those areas not covered by area agencies are rural and sparsely populated. State agencies may use up to 20 percent of their Title III allotment to fund social services directly in those planning and service areas not covered by area agencies. However, these areas do not have the benefit of local agencies working to develop a continuum of services to meet the needs of older persons. A state by state report of Area Agency coverage is attached.

Question: Within the areas currently served, what percent of eligible elderly persons are actually reached by Older Americans Act programs?

Answer: In order to ease the reporting burdens of State and Area Agencies, service providers under Title III, and nutrition projects under Title VII, we have collected data by units of service provided to older persons, rather than an unduplicated count of older persons. Data reported by the State Agencies on Aging is as follows:

Social Service	Total Served
Transportation	2,451,610
All Home Services	486,529
Legal and Related Counseling	198,369
Residential Repair and Renovation	77,892
Information and Referral	3,171,946
Escort	289,754
Outreach	1,430,966
All Other Services	3,110,001
Total Units of Service	11,217,067

THREE-YEAR LIMITATION ON TITLE III GRANTS

Question: Under present law, Title III (State and Community Services) is intended to be demonstration in nature, federally funded for a three-year period. The area agencies can apply for an extension of funding beyond the three-year limitation. How many such extension requests were submitted to the Commissioner? How many were approved?

Answer: Currently, it is required that no individual social service activity under the Area Plan may be funded for longer than three years without approval of the Commissioner, Administration on Aging. Services funded under Title III are not intended as demonstrations. This requirement was established to encourage Area Agencies on Aging to attract resources for the needed social services from other public and private agencies. The Commissioner does not approve funding beyond three years unless it is shown that the Area Agency has made substantial efforts in this direction.

The Administration on Aging does not have data regarding the number of services involved in the extension requests. However, all of the States during the past two years have requested waivers of the 3-year restriction on the funding of social service activities. The Commissioner on Aging has approved all requests based on

provision of documentation by the State that the needed service cannot be provided through resources other than Title III. These one-year extensions have been granted in order to avoid the curtailment of social services to older persons.

On December 5, 1977, proposed rules were published in the Federal Register whereby the Commissioner, Administration on Aging, delegates to the States the authority for granting extensions to the three-year limit on the funding of social services under the Area Plan. The proposed rules also include criteria to be followed in granting such extensions. The States maintain accountability for their actions in this regard through AoA's regular monitoring and assessment process. It is expected that final rules will be published in the near future.

AGING MODEL PROJECTS - OVER EASY

Question: What impact do you expect the "Over Easy" program to have?

Answer: At the present time "Over Easy" is being shown daily on over 257 local Public Broadcasting System Stations. The current best estimate is that almost 4 million persons view the Series during each week. This number is expected to grow since during February, KQED began a campaign to increase viewership and gain audience response.

One part of the evaluation makes available continuing Nielsen rating reports, which provide information on the size and demographic characteristics of the Over Easy audience. The first interim report, covering Nielsen ratings for the first three weeks of the show is in hand. The second interim report is expected before the end of March. During the third week of the program the total national audience for Over Easy includes about 1 million households on an average day. Nielsen estimated approximately 1.4 persons watched per television household. As a tentative preliminary estimate, roughly 1.4 million persons viewed Over Easy on an average day. Demographic characteristics of the Over Easy audience will be available from future reports.

A second part of the evaluation will attempt to assess: (1) possible viewing effects in terms of conveying specific information points, and likelihood that viewers may act upon the information received; (2) viewer's assessments of the degree of relevance of such information to them and other older persons; and (3) possible viewing effects in terms of changes in service utilization. The final report for this component of the evaluation is expected in early April.

MULTIPURPOSE SENIOR CENTERS

Question: Why is no funding being requested under Title V-B of the Older Americans Act for staffing grants to support Multipurpose senior centers?

Answer: The Administration on Aging did not request funding under Title V-B because the authorization for this section expired on June 30, 1975.

"MEALS ON WHEELS"

Question: How many home-delivered meals for the elderly are served under the Nutrition for the Elderly Program?

Answer: 14,887,330 meals were home-delivered in FY 1977. Thus, home-delivered meals made up 15% of the 101,090,720 total meals served.

Question: What is the average cost of home-delivered meals as opposed to meals served in congregate settings?

Answer: Both home delivered meals and meals served in congregate settings are usually prepared together. Although we do not know the actual difference in cost, we can assume that costs for transportation and containerization would increase the cost of home-delivered meals. The average cost per meal in FY 1977 was $1.73.

Question: How much do you feel should be spent on meals for the home-bound elderly as opposed to meals served in congregate sites?

Answer: The Title VII legislation places greater emphasis on serving meals in congregate settings with supportive social services made available at the site. However, local projects determine the number of meals served in congregate and/or home-delivered settings based on the needs of the elderly in their locality. We support the concept of local needs determination as being the most effective basis for deciding the best balance between congregate and home-delivered meals.

CONSULTANTS IN ELDERLY PROGRAMS

Question: How do you justify spending $850,000 annually to evaluate the Nutrition Program for the Elderly, when apparently you haven't even allowed for a single headquarters staff person to work full time on the Nutriton program?

Answer: Section 207 of the Older Americans Act of 1965, as amended, directs the Secretary to carry out evaluations of the impact of all programs authorized by the Act, their effectiveness in achieving the goals, and their impact on related programs. This section further states that these evalutions may not be carried out by persons immediately involved in the administration of the program or the project being evaluated. Funds for these evaluations are authorized in Section 207(g) which allows up to 1% of the funds appropriated under the Act or $1,000,000 whichever is greater.

To meet this requirement for the Nutrition program AoA is through its Evaluation Division performing a longitudinal evaluation. The objectives of this evaluation are:

1. To determine the effects of the nutrition program on participants in seven areas. Isolation, life satisfaction, health, longevity, diet and income and living standards.

2. To identify and measure those factors that are associated with different types and levels of program impacts.

3. To measure changes and trends in program impacts and "influencing" factors over the course of the study.

4. To draw conclusions regarding the overall impact of the program and the conditions and program features that result in the greatest favorable effects.

Some preliminary findings are available from the first year's data collection they are:

Summary of the Longitudinal Evaluation of the Nutrition Program

1. Income and Minority Status

Proportionally, the Nutrition Program is drawing significantly more low income and minority elderly than is found in the general elderly population and nonparticipant comparison group.

27 percent to 30% of elderly participants in the program are minority compared with eight percent (8%) in the general elderly population (based on Census Data), and 24% in the nonparticipant comparison group.

Sixty-eight percent (68%) of participants report an income below $4,000 a year compared with 22% for the general elderly population and 47% for a comparision group of nonparticipants .

2. Isolation

Participants are more likely to live alone (51% to 58%) than the general older population (27%) or the nonparticipant comparsion group (43%).

However, the participants are more likely to be active in the community than nonparticipants. For example, about 3/5's of the participants and only 44% of nonparticipants attend church or synagogue once a week or more. They are also more likely to belong to organizations. Over 40% of participants as against of only 28% of nonparticipants are members of organizations.

3. Dietary Status

On days when participants ate at nutrition sites, they were more likely to meet or exceed 2/3's of the recommended dietary allowance on the 9 nutrients measured. Specifically,

Percent of Group Meeting or Exceeding 2/3 RDA

Nutrients	Recent Participants		Long-term Participants		Nonparticipating Neighbors
	Ate at site (N=771)	Did not eat at site (N=1,052)	Ate at site (N=544)	Did not eat at site (N=420)	
Calcium	66	50	68	48	47
Vitamin A	69	56	69	57	53
Vitamin C	79	73	83	72	70
Thiamin	79	73	80	75	71
Niacin	81	74	81	76	72
Iron	86	77	85	78	76
Riboflavin	90	78	88	83	79
Protein	96	90	95	93	90
Calories	73	67	73	69	63

Time of headquarters and regional aging program staff is allocated to various aging programs. Time of AoA Office of State and Community Programs staff is generally divided between Title III Community Programs and the Title VII Nutrition Program. Their responsibilities are directed toward program management and development at the State and substate levels. Since emphasis has been directed toward the successful coordination of Title III and Title VII, much staff time is concentrated on both. Currently approximately 46 full time headquarters and regional staff person years of effort are directed toward the Title VII program.

INDIRECT TITLE III SERVICES

Question: Do we have evaluative data which justifies spending about 40 percent of State area planning and services funds under the Title III program for activities other than direct services, such as planning, coordination, advocacy, and administration?

Answer : Based upon the findings of Phase I of the Evaluation of the Area Planning and Social Services Program, Area Agencies have a median staff equivalent of 4 full time employees excluding those persons involved in direct service provision. The median budget for FY'76 was $310,000 including all funds (not only Title III) of which the median total administrative expenditure was $66,500 or less than 22%.

In order to determine the effectiveness of planning as an indirect technique for causing change, the evaluation firm ,Westat, correlated the amount of time spent on planning by the Area Agency with measures of both change and Area Agency effectiveness. The results showed that when Area Agencies spent more time on planning, their planning and service areas showed a larger number of improvements per service provider and that the share of improvements to which the Area Agency contributed increased. There was found however, an upper limit, above which an increase in planning time no longer increased the number of improvements.

During Fiscal Year 1977 our Program Performance Reports indicated that across the nation, 33 percent of the area planning and social services funds under Title III were used for administration, planning, advocacy, pooling and coordination. Out of a total of $115 million of Title III funds, $14,671,957, or approximately 13 percent, was used for planning and administration. A total of $23,154,802, or about 20 percent, was used for pooling and coordination activities. As a result of the pooling and coordination activities of the area agencies, the total resources pooled for services to older persons was $440,403,806. Of that amount, approximately 51 percent of the total was in cash resources. This draw down of additional resources for services for older persons was accomplished even though the median size staff of non-direct service area agencies was only four persons.

COVERAGE OF AREA PLANNING AND SOCIAL SERVICES

Question: How much more could be effectively used in fiscal year 1979 to expand Area Planning and Social Services?

Answer: The President's budget represents the best estimate of what should be appropriated for Area Planning and Services within the fiscal policy upon which the entire budget was based.

COVERAGE OF AREA PLANNING AND SOCIAL SERVICES

Question: What would it cost to expand the Title III Area Planning and Social Services program to cover 100 percent of the elderly population, rather than the 92 percent projected in the budget?

Answer: At the present time there are 56 planning and service areas, of the 612 total, that are without Area Agencies on Aging. At an average budget of $260,000 per Area Agency, we estimate that an additional $14.5 million is required to provide full coverage. However, this estimate might be altered in the future by the fact that States create additional planning and service areas from time to time to respond to local needs.

CONSULTANTS IN ELDERLY PROGRAMS

Question: You are spending $850,000 to continue an evaluation of the Area Planning and Social Services Program. How much are you spending in total for this evaluation, and what have been the results so far?

Answer: The evaluation of the Area Planning and Social Services Program is expected to cost about $3,300,000 over a five year period. This will be less than the authorized 1% of annual appropriations for the program.

Phase I of this longitudinal four-phase study has just been completed. It focused on identifying and analyzing the activities, contributions, and effectiveness of the Area Agencies on Aging

during the first two years of operation (July 1974 through June 1976).

Phase I concentrated, in particular, on the relationship of the Area Agency to the service providers within the Planning and Service Area, the changes made by the service providers, and the role of the Area Agency in bringing about those changes. Data from Phase I show that Area Agencies were effective in changing the delivery system to improve services for the elderly. More specifically the major findings and resulting program implications identified by the evaluation contractor are as follows:

1. Area Agencies have contributed to positive changes in services to the elderly and have an important role to play.

Even though Area Agencies had only been in existence for about two years at the time of Phase I of the Evaluation Study, it was apparent both from data and the perceptions of community leaders that Area Agencies have played an important role in bringing about changes in services for the elderly.

Examples of some of the types of positive changes which Area Agencies helped achieve are increases in dollars available for aging services, increases in number of elderly clients served by service providers, and additions of new types of services by service providers.

Area Agencies used techniques such as pooling of untapped resources, coordination, training and technical assistance and advocacy to achieve positive results.

Implications

Area Agencies are effective change agents. While this study does not "prove" the absolute need for Area Agencies, it does show that they are having a definite impact in their communities.

2. The more attempts Area Agencies made at improving services, the greater their share of improvements.

As the number of attempts made by an Area Agency to bring about improvements increased, so did the the Area Agency's rate of involvement in improvements. Based on the data from this study, the increase in the Area Agency's share of improvements did not seem to level off as they increased their attempts, but continued to increase.

Implications

This finding strongly suggests that Area Agencies should be urged to increase their attempts to influence specific service-providers. Of course, many of the Area Agencies were newly-created during the evaluation period and did not have as much opportunity to initiate attempts to bring about changes because of time needed for start-up activities. Therefore, Area Agencies can be expected to contribute to an even greater share of improvements in the future.

3. In all planning and services areas studied at least some

increase in the availabilty of the four National Priority Services to the elderly occurred.

The 1975 amendments to the Older Americans Act define four National Priority Services which are to receive special emphasis for funding purposes. Of the four (transportation; home services; legal and other counseling services; and residential repair and renovation programs) transportation services experienced the greatest growth.

Implications

It is clear that simply providing social services is not enough. It is often necessary to "get the people to the service." Many of the elderly do not have access to public transportation. Furthermore they may not be able to drive an automobile due to the cost or because of impaired vision or other health problems. In spite of the program's focus on transportation as one of four "National Priority" services, transportation is still lacking, according to service-providers. Therefore, further Area Agency assistance in improving the availability of such services to the elderly is warranted.

4. More Planning activities by Area Agencies are associated with more improvements in services to older persons, per service-provider.

Service-providers do not identify Planning activities of the Area Agency as being directly related to specific improvements in the delivery system. However the findings showed that, usually, the more time the Area Agency devoted to Planning the more improvements were observed per service-provider.

There appeared however to be a tendency for the relationship of planning efforts to improvements to reflect a decline in the "most active" Planning groups. Phase II of this Study will atempt to more exactly define the point at which this decline occurs.

Implications

Planning is an important responsibility of Area Agencies. Those Area Agencies that expend relatively little time and effort on planning should be encouraged to increase their stress on Planning, as it seems to be an effective mechanism for indirectly bringing about changes.

5. Area Agencies are especially effective among service-providers they fund.

Another activity performed by the Area Agencies is the dispensing of Title III and, in many instances, Title VII funds. As one would expect, provision of such funds yielded a number of improvements in service delivery to the elderly. Service-providers who received these monies reported many more improvements in their service delivery than did non-recipient service-providers.

Implications

It is not surprising that service-providers are more responsive to Area Agencies who help them by providing funds. It is easy to

understand how the effectiveness of the Area Agency as a "change agent" is enhanced when they all are able to help fund a service-provider. Our data provides strong confirmation of these common-sense expectations. This finding suggests that Area Agencies might look for ways to serve as the Area Grantor for a variety of funding sources and thereby increase their leverage. In fact, some Area Agencies have started to be routinely the recipient for Title XX funds in their Planning and Service Areas as well as other grant or contractual programs outside of the Older Americans Act.

6. Area Agencies are effective using non-funding methods as well.

The above findings, however, do not indicate that the Area Agencies are effective primarily because they serve as a funding conduit. On the contrary, when asked to state what they felt to be the Area Agency's greatest achievement, the responses given most often by the State Units on Aging, members of the Area Agency Advisory Councils, and knowledgeable influential community leaders not directly involved in service delivery to the elderly, pertained to the Area Agency's non-funding activities. Improvement in the coordination of local services and increased public awareness of the needs of the elderly were two of the frequently stated major achievements.

Implications

Area Agencies should be encouraged to continue their efforts to coordinate local services for the elderly and increase the public's appreciation of the needs of the elderly and the services available.

Overall, the Area Planning and Social Services Program, with its focus on Planning and Coordination, and its capacity for providing the often overlooked gap-filling and supportive services (e.g. transportation) has shown, in its first two years, an ability to face up to the total needs of the elderly in America.

A two-volume report covering Phase I is now available. It provides more details on the above stated findings as well as additional findings and detailed descriptions on characteristics of Area Agencies , Service Providers and Planning and Service Areas.

INTEGRATION OF SERVICES

Question: What are you doing to encourage integration of services under various titles of the Older Americans Act?

Answer: The titles of the Older Americans Act under which services are provided are Titles III, V, and VII. All are administered through the State Agencies on Aging, which are charged with achieving maximum coordination between them.

Area Agencies on Aging fund and oversee the variety of services funded through Title III. Awards for senior center facilities under Title V are awarded by the States on the basis of recommendations by the Area Agencies on Aging. Over half of the nutrition projects funded under Title VII are funded through Area Agencies on

Aging and this has been increasing through a natural evolution. Thus, Area Agencies on Aging have a significant role in achieving coordination between these services. Where States make awards direct to nutrition projects in an area, they are responsible for developing ways to interrelate the services funded by the Area Agency and the nutrition projects.

Coordination of services under the Older Americans titles with services funded under other authorities is promoted by the series of interagency agreements signed between AoA and 21 other Federal agencies. Similar agreements have been negotiated at State and local levels.

AGING RESEARCH

Question: Grantees are funded for two years under the Title IV-C multidisciplinary centers of gerontology program. What do you expect will be the capability of grantees to generate resources sufficient to maintain and even improve their level of activity after the phaseout of Title IV-C funds?

Answer: Title IV-C grants have been awarded under two categories, namely, developmental grants and operational grants. Most of the centers supported by the operational grants have already been active in the field of gerontology. The AoA awards have permitted them to expand and coordinate these activities with their surrounding communities. Because of their pre-existing base of support we expect that these centers of gerontology will continue their efforts at the expanded level after IV-C support ends.

Among those supported by developmental grants, most are newly established centers. There are no data now available to make any predictions on the continuation of these centers, whose history of Title IV-C support is eighteen months old. We anticipate that most developing centers will either maintain or expand their levels of activity after the two year period of initial Title IV-C support is complete because they will have demonstrated their value to their State and communities. Possible other sources of funding for such centers are: Federal research and training programs administered by National Institute on Aging, Administration on Aging, and other agencies; State and local government agencies; foundations; and institutional (university) commitments.

Aging Research Projects

Question: How many of the reports of those projects which are completed have been disseminated?

How and where are they disseminated?'

Answer: A variety of methods are employed currently to provide for the utilization and dissemination of research findings of all projects which receive an award under the Title IV-B research program.

All applications are required to include a suitable plan for dissemination and utilization of projected findings which concretely

specifies who will disseminate what to whom, for what purpose, and how the information so disseminated is expected to be used.

Copies of final reports of completed projects are deposited with the National Clearinghouse of the Administration on Aging. Plans are well under way for the development of a computer-based information system which will be a source of abstracts of these reports.

In addition to these dissemination techniques which apply to all reports of projects conducted under Title IV-B, the following describe examples of other efforts by the Administration on Aging to increase the dissemination and utilization of project reports.

- Technical Assistance Memoranda are utilized to transmit significant reports to State and Area Agencies on Aging. For example, seven handbooks on service delivery have been disseminated by means of TA Memorandum # AoA-TA-782. Reports will soon be available covering sampling procedures, measurement, and data collection techniques, and will be disseminated by means of this same method.

- To improve the development of research on the elderly and develop a knowledge base for more effective programming, grants have been awarded tc provide utilization and dissemination through:

a) Data Archives (University of Michigan)

The project to establish a Data Archives in the field of aging will make the data produced under the Title IV-B Research Program available to Federal, State, and local agencies, as well as to other researchers who have a need for such data.

b) The Instrument Bank (University of Missouri)

The Instrument Bank is being established to provide appropriate measurement and assessment tools to those agencies and individuals who need to collect data on the older population.

c) Workshops (University of Missouri)

Methodology Workshops are being planned for the dissemination and utilization of the reports from the sampling, data collection problems, and measurement projects. The workshops will be conducted for State and Area Agency representatives, centers on aging funds under Title IV-C, research grantees funded under Title IV-B and minority researchers.

FEDERAL COUNCIL ON THE AGING

Question: When do you expect that all vacancies on the Federal Council on the Aging will be filled?

Answer: Nine members terms expired on June 5, 1977. They continue to serve as members, however. Section 205(b) of the Older Americans Act states that "---members shall be eligible for reap-

pointment and may serve after the expiration of their terms until their successors have taken office."

The selection process has taken time because we wanted to be sure to select the best possible persons, and then encountered a sizeable backlog in the clearance process.

We expect the review of the nine appointees to the Council to be completed, at the latest, around mid-April.

Question: What is the number of budgeted positions for the Federal Council on the Aging in FY 1979 compared to the current staffing level?

Answer: There are at present six (6) budgeted positions for the Federal Council on the Aging in FY 1979.

Question: Would you favor the Federal Council on the Aging having its own staff independent of the Administration on Aging?

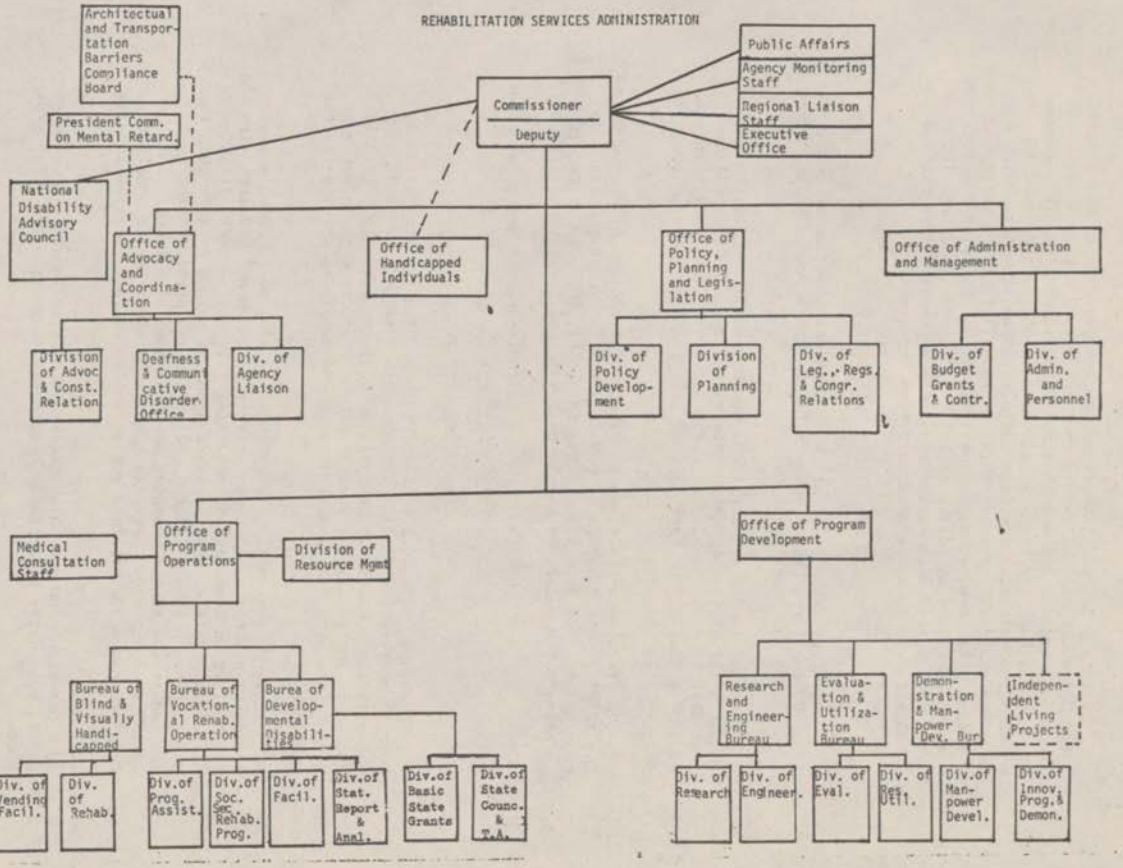
Answer: Yes, we would favor the Federal Council on Aging having its own staff independent of the Administration on Aging.

We believe that an independent staff for the Federal Council on Aging would be more consistent with the intent of establishing an independent body which makes recommendations to the Executive Branch and the Congress.

DUAL ROLE FOR REHABILITATION COMMISSIONER

Question: The reorganization of the Office for Human Development assigns a dual leadership role to the Commissioner of the Administration for Handicapped Individuals, in that he also serves as the Commissioner of the Rehabilitation Services Administration. Do you feel it is appropriate for the Commissioner of a direct services agency to have authority over agencies whose functions are planning and advocacy?

Answer: The reorganization to which this question refers is the overall Office of Human Development Services consolidation of July 26, 1977. The second phase of the reorganization, efforts with respect to which began in August of last year, is now complete. The Secretary of Health, Education and Welfare approved the second phase in February, 1978. Under this phase program Commissioners reorganized their offices. The Commissioner of Rehabilitation Services has shed the dual role and has created a streamlined, functional organization. The chart for the new Rehabilitation Services Administration organization can be furnished for the record.


REHABILITATION SERVICES ADMINISTRATION
Architectual and Transportation Barriers Compliance Board
President Comm. on Mental Retard.
National Disability Advisory Council
Commissioner
Deputy
Public Affairs
Agency Monitoring Staff
Regional Liaison Staff
Executive Office
Office of Advocacy and Coordination
Office of Handicapped Individuals
Office of Policy, Planning and Legislation
Office of Administration and Management
Division of Advoc & Const. Relation
Deafness & Communicative Disorder. Office
Div. of Agency Liaison
Div. of Policy Development
Division of Planning
Div. of Leg., Regs & Congr. Relations
Div. of Budget Grants & Contr.
Div. of Admin. and Personnel
Medical Consultation Staff
Office of Program Operations
Division of Resource Mgmt
Office of Program Development
Bureau of Blind & Visually Handicapped
Bureau of Vocational Rehab. Operation
Burea of Developmental Disabilities
Div. of Vending Facil.
Div. of Rehab.
Div.of Prog. Assist.
Div.of Soc. Sec. Rehab. Prog.
Div.of Facil.
Div.of Stat. Report & Anal.
Div.of Basic State Grants
Div.of State Counc. & T.A.
Research and Engineering Bureau
Evaluation & Utilization Bureau
Demonstration & Manpower Dev. Bur.
Independent Living Projects
Div. of Research
Div. of Engineer.
Div. of Eval.
Div. of Res. Util.
Div.of Manpower Devel.
Div.of Innov. Prog.& Demon.

It is a primary objective of the Commissioner of the Rehabilitation Services Administration that the agency become a principal focus for programs and services for disabled people. This concept presupposes that advocacy and planning functions are integral parts of the Rehabilitation Services Administration structure. The organization chart demonstrates this - - Rehabilitation Services Administration will have two major new offices: an Office of Advocacy and Coordination, and an Office of Policy, Planning, and Legislation. I believe these functions are eminently appropriate for the new Rehabilitation Services Administration structure.

NORTH DAKOTA HOLD HARMLESS

Question: Why is last year's "Hold Harmless" amount of $472,000 for North Dakota Rehabilitation State grants being reduced to $457,000 for fiscal year 1979?

Answer: In fiscal year 1978, North Dakota received the minimum amount of $2 million in normal distribution of the $760 million available based on population as of July 1975. The hold harmless amount is $2,472,000, therefore an additional $472,000 is required for North Dakota.

In fiscal year 1979, North Dakota will receive $2,015,000 in the original distribution of the $785 million requested based on population as of July 1976. Therefore, only $457,000 is required to bring North Dakota up to the hold harmless level of $2,472,000.

In summary, the change is due to the increased amount of allotment and change in the population table.

PROJECTS WITH INDUSTRY

Question: The $4.5 million Projects With Industry program, through cooperative funding arrangements with private business organizations, currently supports 40 projects with 4,500 enrollees. How would you assess the success of the Projects With Industry program in training and placing handicapped people in private- sector employment?

Answer: The Projects With Industry program has been a most effective partnership between private business and industry with the rehabilitation community in obtaining jobs for severely disabled individuals. This success is based upon the unique relationship that exists between rehabilitation facilities and participating business and industries in the training and placement of clients. This past year out of the 6,000 severely handicapped individuals enrolled in this program 4,500 obtained employment in private business and industry.

Question: Do you think the Projects With Industry Program should eventually be expanded beyond the scope of a few pilot projects?

Answer: Yes, because the Projects With Industry approach- the partnership of private industry and business with the rehabilitation community is a dramatic demonstration of how the free enterprise system can effectively work with rehabilitation facilities in pro-

ducing jobs for severely disabled people. The need to target the handicapped for special attention and priority is self- evident. The Projects With Industry program is demonstrating that business and industry leaders in combination with rehabilitation personnel can obtain effective results because training is tailored to the special needs of the handicapped as well as to the requirements of the business community.

There is also a need for qualified handicapped people to work in industry in order to help those businesses comply with Affirmative Action requirements under Section 503 of the Rehabilitation Act. This requirement is especially significant for the Electronic Industries since 90% of the Electronic Industry Association's membership of 283 firms are subject to this mandate. Last year, for instance, out of the $38 billion in sales, one-third was in Government contracts. Projects With Industry is working closely with this Association in identifying and preparing qualified handicapped people for jobs. For these reasons the administration will be developing legislation that includes an expanded PWI program.

Question: How many applications did you receive during the last year for Projects With Industry grants, totaling what amount?

Answer: During the past year, we received approximately 250 inquiries and applications that would total about $25 million.

Question: Does the Labor Department fund activities similar to Projects With Industry?

Answer: The Labor Depatrment last year expended only a very small percentage - - about 4% - - of their funds on programs for handicapped people. In general, these projects do not have the key element of a partnership between rehabilitation facilities and private industry, although in some cases CETA funds were used to augment the limited Projects With Industry awards in order to enhance the outcome in terms of placements.

The handicapped population require special attention, particularly those individuals with severe disabilities. Trained rehabilitation specialists are more qualified to cope with complex physical and mental limitations than untrained staff. It is extremely important also to provide a setting through the network of rehabilitation facilities and workshops related to the rehabilitation programs.

Question: Why shouldn't Projects With Industry- type activities be administered by the Labor Department, as part of the Employment and Training Administration?

Answer: The State-Federal vocational rehabilitation program is the public agency responsible for the rehabilitation of handicapped people. Projects With Industry has been successful because it has actively involved business and industry leaders in the rehabilitation process. A vital partner in this relationship is the rehabilitation facility which serves as the training locale for preparing handicapped people for employment in private industry. The training sequence is designed by both rehabilitation specialists and industry and business experts to meet a real need in the market place. The Rehabilitation Services Administration through the State Vocational Rehabilitation agencies is directly affiliated with over

3,000 facilities across the nation. Trained staff in these facilities working in conjuction with professional rehabilitation counselors employed by the State Vocational Rehabilitation agencies serve as the advanced team for dealing with private industry and business. The Advisory Council used by Projects With Industry projects contains representation from these elements as well as the business and industry community. Together, they are demonstrating that handicapped people can be employed in the private sector when they are properly trained for jobs that exist in the business community.

REHABILITATION CONSTRUCTION

Question: The Senate Report accompanying the Fiscal Year 1978 Labor-Health, Eduacation and Welfare Appropriations Bill encouraged Health, Education and Welfare to submit a budget request for rehabilitation construction activities. Why is there again a zero request for rehabilitation construction projects in Fiscal Year 1979?

Answer: This is a matter of overall policy where in an effort to meet the most immediate needs of the handicapped population, our budget has emphasized direct service programs as opposed to brick and mortar expenditures. State and local government can use funds under the Public Works and Economic Development Act for construction.

Question: What is the total amount of rehabilitation construction proposals that have been submitted to Health, Education and Welfare in the last year?

Answer: Formal proposals for construction have not been invited by Health, Education and Welfare in the absence of a budgetary request. Nevertheless, numerous inquiries and proposals were received. The total amount requested for projects that were presented to Health, Education and Welfare staff approximated $20 million.

CONSULTANT COSTS FOR REHABILITATION PROGRAMS

Question: You are proposing nearly $3 million in evaluation new starts of rehabilitation programs. Why is it necessary to keep spending so much to evaluate programs that have been evalutated for so long?

Answer: The evaluation program was authorized in the 1973 Rehabilitation Act. From 1974 through 1976, the amount of evaluation funds available to Rehabilitation Services Administration was $750,000 after a 25% Assistant Secretary for Planning and Evaluation tap. The law required the development of evaluation standards, a type of Federal effort in which Rehabilitation Services Administration was breaking new ground. Most evaluation effort through 1976 went into this activity and standards are now in place nationwide, with revisions based on experience underway. Only a few evaluation projects of the formula grant program and discretionary grant program could be started before 1977 when evaluation funding was increased.

The tremendous scope of the rehabilitation program is a stark reality. There are 187 reportable disabilities with wide variation of functional problems and related intervention tech-

niques including whole new technologies, such as rehabilitation engineering. The formula grant program has a continuum of interrelated programs and services beginning with the population in need, through placement and follow-up. There are 71 major decision areas which require either regular - - through standards - - or periodic evaluation. In addition Rehabilitation Services Administration has 18 Federal project authorities. Many of these programs, services and project authorities have never been evaluated. To do so it is necessary to develop evaluative capacity within the Rehabilitation Services Administration data system, especially in program areas, such as physical restoration and rehabilitation medical and vocational facilities. This is underway as the result of some increase in funding which began in Fiscal Year 1977.

The evaluation of the essential elements of the vocational rehabilitation program, conducted regularly to provide useful information and reported in real time for decision makers has not yet been achieved.

MODEL SPINAL CORD INJURY SYSTEMS

Question: How many new spinal cord injury centers will be established with the $2.5 million increase in this year?

Answer: The additional funds available this year are $2.0 million or a total of $4.5 million. Following Congressional instructions, the existing systems, where special senior designation is warranted, will be increased to $350,000 each from $250,000 awards. It is therefore anticipated that approximately three new model systems will be designated in fiscal year 1978 at a cost of $250,000 each.

Question: Are there plans to add new centers in fiscal year 1979?

Answer: The $4.5 million requested in 1979 does not provide for any new centers.

Question: How many unfunded applications have you had this year, and shouldn't there be some expansion to fund them in fiscal year 1979?

Answer: While the Federal Register announcement requesting applications has only recently been published our Medical Research Studies Office has received approximately sixty official letters of intent to apply for model system designation from interested institutions. Based on previous scientific review experience, perhaps one-third or 20 applications will sufficiently meet the evaluation criteria to merit an approvable application.

Question: Provide a list of the 14 spinal cord injury model systems to be funded in fiscal year 1979, compared to fiscal year 1978 funding levels for each.

Answer: A list of the 14 spinal cord injury systems will be provided. (The information follow.)

Rehabilitation Services Administration

Spinal Cord Injury Systems

FY 1977 - FY 1979

	FY 1977	FY 1978	FY 1979
1. University of Alabama Medical Center, Birmingham, Alabama	$ 250,000	$ 350,000	$ 350,000
2. Good Samaritan Hospital, Phoenix, Arizona	250,000	500,000*	500,000*
3. Santa Clara Valley Medical Center, San Jose, California	250,000	350,000	350,000
4. Craig Rehabilitation Hospital, Englewood, Colorado	250,000	300,000	300,000
5. Northwestern University, Rehabilitation Institute of Chicago and Northwestern Memorial Hospital	250,000	350,000	350,000
6. Boston University Medical Center, Boston, Massachusetts	250,000	350,000	350,000
7. University of Minnesota, School of Medicine, Minneapolis, Minnesota	250,000	250,000	250,000
8. New York University Medical Center, New York, New York	250,000	350,000	350,000
9. Texas Institute for Rehabilitation and Research, Houston, Texas	250,000	350,000	350,000
10. Woodrow Wilson Rehabilitation Center and University of Virginia Medical School, Fishersville, Virginia	250,000	250,000	250,000
11. University of Washington Hospital, Seattle, Washington	250,000	350,000	350,000
12. 13. 14. Newly Designated Model SCI Systems (3)	-	750,000	750,000
TOTAL	$2,750,000	$4,500,000	$4,500,000

*$500,000 award includes $350,000 to National SCI Data Research Center and $150,000 for Southwest Regional SCI System.

Question: How much is budgeted for spinal cord research in fiscal year 1979 compared to 1978?

Answer: In fiscal year 1978, spinal cord injury research totalling $1.94 million was supported. It is anticipated that in fiscal year 1979, a modest increase is projected to $2.1 million. Emphasis of this new research will be upon the prevention and treatment of costly medical complications, for example, urinary tract infection and stone formation, decubitus ulcer treatment, and innovative alternatives to community follow-up methods for health maintanence, psychological and vocational adjustment.

REHABILITATION RESEARCH

Question: In the research program the fiscal year 1978 report encouraged the Department to use Senate increases to support Rehabilitation Research and Training Centers. How has the $2.5 million increase for research been used?

Answer: One million and two hundred thousand dollars of the $2.5 million increase for research was allocated to the Research and Training Center program. The money was used to elevate the basic grants to the lesser funded centers so that they can come closer to reaching their maximum capacities, to establish a new Research and Training Center, and to initiate special studies to enhance the Research and Training Center program as a whole.

Question: There are currently 19 Rehabilitation Research and Training Centers. When was the last new center started?

Answer: We have funded 19 Research and Training Centers each year since 1968, when the Northwestern University Medical Research and Training Center was established. However, we have funded three new replacement centers since 1971; the latest being the Deafness Research and Training Center at the University of California in San Francisco in 1977.

Question: Are there any plans for new centers in fiscal year 1979?

Answer: There are no plans for new centers in fiscal year 1979.

Question: Couldn't the number of centers be expanded, particularly since there is now no medical center serving either Region 7 - - Kansas City - - or Region 9 - - California -- ?

Answer: In as much as the Research and Training Center budget allocation for fiscal year 1979 is the same as in fiscal year 1978, there are no new centers being planned for fiscal year 1979.

REHABILITATION TRAINING

Question: What is being done to focus the long-term rehabilitation training program on professions with documented shortages, such as medicare and prosthetics?

Answer: Under the rehabilitation long-term training grant

program, emphasis has been given to those professional fields which directly relate to improved vocational rehabilitation services for the severely physically and mentally disabled. Among those fields of special priority are the fields of rehabilitation medicine, prosthetics - orthotics and other areas of manpower shortage such as vocational evaluation.

During the 1977-1978 academic year, for example, the support of training activities in the field of rehabilitation medicine increased by over $1 million from the 1976-1977 academic year program level. Five new training projects in rehabilitation medicine were begun at the University of Arkansas, Louisiana State University, UCLA, University of Southern California, and Virginia Commonwealth University.

In the field of prosthetics - orthotics, the support level for the 1977-1978 academic year was increased approximately 15% over the previous year's level. Since no applications for the support of new projects were submitted, it was not possible to assist in the establishment of any additional training resources.

The overall priority for training in areas of manpower shortage is expected to be continued in the 1978-1979 academic year.

RESEARCH AND TRAINING ACTIVITIES OVERSEAS

Question: You are requesting $3.5 million to support research activities overseas, primarily in the area of vocational rehabilitation. How much of the $3.5 million will go to United States consultants participating in these research projects?

Answer: I assume you're referring to our interchange of experts program. In 1979, twenty-two American consultants will visit overseas projects, and 25 overseas consultants will visit the United States. There are no salary or honorarium costs that go to these participants. They receive only travel and per diem costs.

Question: How much is budgeted for travel of Health, Education and Welfare employees and consultants to participate in these foreign research projects?

Answer: The amount budgeted for international travel of Health, Education, and Welfare employees will be $62,000 in foreign currency and $62,000 for international consultants - - for monitoring ongoing projects or for those projects being planned.

Question: Will any of these funds be used to finance general trips of Health, Education and Welfare employees overseas, such as those to Egypt in January and February of 1978?

Answer: Health, Education and Welfare employees travel to accomplish specific purposes related to the research and demonstration projects overseas. Project officers provide technical assistance and consultation for project achievement; for development of new projects; to solve problems; and to meet specific needs of programs and project directors. The amount budgeted for Health, Education, and Welfare employees to travel overseas is $62,000.

MAJOR PROBLEMS

Question: What major service problems and rights issues have been brought forth via the State Planning and Advocacy Systems, and how is the Developmental Disabilities Office handling these problems?

Answer: The protection and advocacy program is presently in its sixth month of implementation. Information is becoming available from State Protection and Advocacy Systems as to the problems and concerns of the developmentally disabled. The majority of potential problems are concentrated around the legal and civil rights of the developmentally disabled population in relation to service delivery. The Systems are looked upon by advocates of the developmentally disabled to respond to allegations of institutional abuse and neglect. Some of the specific issues have been employment discrimination including changing hiring practices to use job related tests and not physical tests and education problems such as parents trying to place their children in an appropriate school or being kept on a waiting list for a school for an intolerably long time. One specific problem was that of a city which was buying new buses that were not accessible to the handicapped. A public hearing was held and indeed, it was found that the buses were not acceptable but the city still insisted on their purchase. The likely result of this will be a request for a restraining order from the Urban Mass Transportation Authority until the issue is resolved.

The Protection and Advocacy Systems have been dealing with these problems through administrative action and referral or filing a complaint with the appropriate agency. In order to assist the Systems with any problems which they are not able to resolve, the Developmental Disabilities Office awards training and technical assistance grants for this purpose.

PERFORMANCE STANDARDS

Question: Have performance standards for the University Affiliated Programs been developed and, if so, is the Developmental Disabilities Office utilizing such standards to determine which facilities to initiate, expand, and discontinue?

Answer: A contract will be awarded shortly for the development of these standards. The application of the performance standards cannot be put into effect until the contract is completed. At that time, existing facilities will be evaluated as to their compliance or noncompliance with such standards. Also, since the university affiliated facilities activity is an interagency program involving the Office for Maternal and Child Health and the Office of Education, as well as the Office of Human Development Services, setting performance standards must be a collaborative effort and each agency's concerns must be considered in their development.

DEVELOPMENTAL DISABILITIES PLANNING

Question: Why is a $6 million increase being requested for Developmental Disabilities Basic State Grants planning activities?

Answer: The States get an overall allotment on a formula

basis and indicate the expenditure of these funds in accordance with an approved comprehensive State plan. This State plan requires an explanation of use of these Federal funds in the areas of planning, administration, services, and construction of facilities for developmentally disabled persons. With the new mandates in the Act, in fiscal year 1978, State plans reflected an 11% increase in planning activities in order to meet these new requirements. It is anticipated that this same level of planning will be required in fiscal year 1979. A $6,022,000 increase is therefore indicated to continue these planning efforts.

Question: Couldn't State and local agencies get along with the current $10.8 million set aside for Developmental Disabilities planning activities and use the extra $6 million to further expand direct services?

Answer: Planning for the Developmental Disabilities Program includes ongoing efforts to access other programs which have services that are applicable, or potentially applicable with some adaptations, to meeting the needs of the developmentally disabled. Planning coordinates these and all other generic and specialized services into service systems. The funds available for planning are more judiciously expended in ferreting out services available in other programs and establishing services only when they are not capable of being provided under other programs, than initiating services that in some cases may be duplicative and sometimes limited in capability. Planning extends from assessing needs and resources to developing and implementing strategies to meet needs and initiatives to encourage public and private interests into assisting the developmentally disabled.

The $6,022,000 is needed to reinforce and expand the influence of State Planning Councils to develop and effect coordinating strategies, to reach other programs both public and private, and to impact on the State legislative and fiscal policies for the benefit of developmentally disabled persons.

DEVELOPMENTAL DISABILITIES CONSTRUCTION

Question: What can realistically be accomplished with the $370,000 requested for Developmental Disabilities construction activities?

Answer: In accordance with the Act, States may use up to 10% of their basic State formula grant allotment for construction. In fiscal year 1978, only five States indicated use of construction funds in their comprehensive State plans. This amounted to $185,510 or about 1% of total funds available for basic State grants. The $370,000 estimated for construction in fiscal year 1979 reflects the fiscal year 1978 indication of only a 1% need for facility construction.

Question: How will this small amount of money be allotted among competing priorities throughout the United States?

Answer: The States have the prerogative of how they will utilize their basic State allotment through their comprehensive State plans. It is therefore, up to the States to indicate the

needs and requirements for construction throughout the United States.

DEVELOPMENTAL DISABILITIES SERVICE GRANTS

Question: The budget requests about the same total level as last year for "Grants for the Developmentally Disabled," primarily mentally retarded persons. However, it shifts $14 million from "Service Grants" to "State Grants."

Won't a $14 million cut in Developmental Disabilities Service Grants stifle some of the most innovative projects for dealing with problems of the developmentally disabled?

Answer: The reduction in the amount for project grants will not stifle any innovative projects. It will, instead, allow the States to replicate the findings of completed projects with the shift of these monies to the basic State formula grant program. The reduction, will however, reduce the number of new projects but the offsetting implementation of innovative techniques will benefit the developmentally disabled through the direct application of results.

Question: Will your cutback from $19 million to $5 million require termination of any existing projects or the cancelling of any commitments to fund new projects?

Answer: No projects will be terminated or new commitments cancelled as a result of this shift of funds. The Developmental Disabilities Office has been contemplating this change in funding for some time and therefore did not enter into any commitments for continued support of new grants. New grants to be awarded in fiscal year 1978 will be for one year duration. Grantees which received awards in fiscal year 1977 were advised that they would probably receive only two years of support.

Question: What would be the impact of shifting $14 million back from State grant activities for service projects?

Answer: The States, particularly those receiving the minimum allotment of $150,000, will be hard-pressed to implement the mandatory requirements of the law. The initiation of individual habilitation plans and the evaluation of services provided to the individual as a result of having such a plan, will increase the responsibility of the State substantially. The cost has not been determined for putting into effect the alternatives to institutionalization as a result of the mandated priority for the States to utilize 30% of their allotment towards deinstitutionalization. With all of the requirements placed on the States, it is felt that the formula grant program must receive the highest priority for utilizing funds available to assist the developmentally disabled.

UNIVERSITY AFFILIATED FACILITIES

Question: How much is budgeted for University Affiliated Facilities satellite centers in fiscal year 1979 compared to 1978?

Answer: In fiscal year 1978, there is $1,000,000 available for the establishment of satellite centers as a result of approved feasibility studies. In fiscal year 1979, the same amount, $1,000,000, will continue the support of these centers.

Question: Provide a list of the current 37 university affiliated facilities grantees and the amount budgeted for each compared to appropriations for each of fiscal years 1977 and 1978?

Answer: The list of grantees and the amounts budgeted for each will be provided.
(The information follows.)

UNIVERSITY AFFILIATED FACILITIES

Grantee	Amount of Support 1977	1978	1979
University of Alabama Birmingham, Alabama	$227,551	$246,351	$246,351
University of California Irvine, California	85,000	92,102	92,102
University of California Los Angeles, California	160,697	174,066	174,066
Children's Hospital Los Angeles, California	85,000	92,102	92,102
University of Colorado Denver, Colorado	111,738	120,929	120,929
Georgetown University Washington, D. C.	119,482	129,091	129,091
University of Miami Miami, Florida	138,339	149,619	149,619
Department of Human Resources Atlanta, Georgia	312,191	338,093	338,093
Indiana University Bloomington, Indiana	214,064	231,611	231,611
University of Iowa Iowa City, Iowa	117,316	126,925	126,925
University of Kansas Lawrence, Kansas	313,039	338,941	338,941
University of Kentucky Lexington, Kentucky	70,334	92,102	92,102

Grantee	Amount of Support 1977	1978	1979
Louisiana State University New Orleans, Louisiana	90,221	97,741	97,741
John F. Kennedy Institute Baltimore, Maryland	273,837	296,397	296,397
Children's Hospital Boston, Massachusetts	196,111	212,404	212,404
Walter E. Fernald State School Waltham, Massachusetts	58,658	92,102	92,102
University of Michigan Ann Arbor, Michigan	148,585	160,700	160,700
Department of Mental Health Jackson, Mississippi	77,690	92,102	92,102
St. Louis University St. Louis, Missouri	66,875	0	0
University of Missouri Columbia, Missouri	90,725	98,245	98,245
University of Nebraska Lincoln, Nebraska	131,454	142,316	142,316
Kean College Union, New Jersey	85,000	92,102	92,102
Yeshiva University New York, New York	85,000	92,102	92,102
New York Medical College Valhalla, New York	259,253	280,560	280,560
University of North Carolina Chapel Hill, North Carolina	99,686	107,624	107,624
University of Cincinnati Cincinnati, Ohio	111,239	120,430	120,430
Ohio State University Columbus, Ohio	150,143	162,676	162,676
University of Oregon Eugene, Oregon	93,077	100,597	100,597
University of Oregon Portland, Oregon	93,075	100,595	100,595
Temple University Philadelphia, Pennsylvania	85,000	92,102	92,102

Grantee	Amount of Support 1977	1978	1979
University of South Carolina Columbia, South Carolina	122,266	132,293	132,293
University of South Dakota Vermillion, South Dakota	85,000	92,102	92,102
University of Tennessee Memphis, Tennessee	171,734	185,938	185,938
Utah State University Logan, Utah	114,306	139,929	139,929
University of Washington Seattle, Washington	232,249	251,467	251,467
West Virginia University Morgantown, West Virginia	85,000	92,102	92,102
University of Wisconsin Madison, Wisconsin	123,415	133,442	133,442

DEVELOPMENTAL DISABILITIES

Question: Is the Developmental Disabilities Office, a planning and advocacy agency, not at a considerable disadvantage placed under the Administration for Handicapped Individuals which is headed by the Commissioner of the Rehabilitation Services Administration, a major services provider?

Answer: The Developmental Disabilities Office is not under a disadvantage within the new Rehabilitation Services Administration; on the contrary, it is our expectation that by bringing within Rehabilitation Services Administration a focus on all needs of the disabled, those needs can better be served. Even though the approach of the vocational rehabilitation and developmental disabilities programs are different, the broad Rehabilitation Services Administration structure will be able to give better, more efficient support and management effort to the Developmental Disabilities Program.

SOCIAL SERVICES TRAINING

Question: How much money is the Department spending for State and Local Training and who is receiving the training?

Answer: The FY 1976 cost of State and Local Training was $31,099,000 and in FY 1977 it amounted to $45,751,000. The estimate for FY 1978 is $63,530,000 and for FY 1979 $71,552,000.

The types of personnel in public social service agencies for whom training programs may be offered in the States includes supervisors, service providers, managers, administrators, intake workers, support personnel, trainers, eligibility workers, clerical staff, specialized staff, and volunteers.

The focus of training in FY 1976 was primarily in the areas of

administration, service provision, management, and supervision. Administration and management accounts for more than half the training offered; service provision and supervision of this function accounts for the majority of the remaining training.

Question: What are these people getting out of the training?

Answer: The training programs carried out through grants to educational institutions, for example, are bringing professional and technical educational resources into a helpful, collaborative relationship with State agencies to improve the competence of employed staff and to produce a cadre of persons qualified for work in social service programs. Also, a considerable investment in time, money, and effort has been made to improve the skills of foster care parents (in aging and children's services and in service to the handicapped), of day care providers, and of staff serving the deinstitutionalized mentally ill and retarded population groups.

Question: Have States been using some of their training money to cover additional title XX costs above their allocation?

Answer: Not so far as is known. We have no information that would indicate that States are diverting training funds to other purposes.

Question: What sort of monitoring does the Department do in order to insure that training funds are properly spent?

Answer: Monitoring is accomplished in the following manner: As an adjunct to on-site provision of technical assistance to States on the interpretation of law and regulations. Monitoring is also accomplished through fiscal and audit reviews of expenditures.

CHILD CARE FUNDS

Forty million out of the $200 million available for day care activities was not used in 1977. Yet, there is not even State matching requirements for these funds.

Question: Why has the spending rate for Title XX day care programs been so low?

Answer: All but one State had expenditures in a sufficient amount to fully earn the 100% funding under P.L. 94-401. Because the States are under no time constraints for making claims under 94-401 there is no sense of urgency to file a claim. They are moving in this direction as indicated by the fact that in November 1977 States had claimed $155,000,000 and this figure increased to $172,000,000 by February 1978. It is estimated that figure will shortly increase to $185,000,000.

Question: How do you measure the success of this program in upgrading child care facilities across the country?

Answer: We do not have details on the amount of upgrading. A telephone survey by the Regional Offices suggested that four States had used the funds to upgrade facilities. The remaining States used the funds for multiple purposes. For example 19 States employed AFDC

recipients in day care facilities; 29 States provided additional day care services; and 37 States used some of the funds to refinance other programs.

CHILD CARE STANDARDS

Question: What is the status of the report on Federal child care standards that is required under Title XX?

Answer: The report in draft form is being discussed in a series of public meetings. Following these meetings it will be revised and is scheduled to be delivered to Congress by April 1, 1978. The Department has established a Task Force to develop new Federal requirements for day care services, to draft whatever changes will be recommended in the Federal Interagency Day Care Requirements (FIDCR) and to consult with other Federal offices and the public in the process. Proposed new requirements are expected later in 1978.

Question: How much is this report costing to put together?

Answer: It is now currently estimated that the report will cost somewhere between $750,000 and $1,000,000 covering a period of more than three years and involves staff, contracts, and studies.

EVALUATION OF STATE PROGRAMS

Question: Tell us about your system for evaluating the State's Title XX programs?

Answer: HEW has initiated a number of approaches for evaluation of States' Title XX programs:

Special studies on the effects of Title XX on social service clients and on State agency management which is currently being completed.

Expanding by October 1, 1978 routine Federal reporting requirements to measure achievement of Title XX goals.

Development of a systematic methodology for States and the Federal government to use in evaluation of Title XX. Our FY 1978 evaluation strategy includes several projects which address themselves to the critical problem of development and improving evaluation methodologies.

We have developed, or are in process of developing, systems for monitoring social services programs, such as, day care and family planning.

HEW is also conducting a series of "service delivery assessments," at actual delivery sites, utilizing in-house Federal teams to determine the grass roots impact of our programs on cleints.

Question: How much do you believe that States could effectively spend for their Social Services Systems if unlimited funds were available as they are for cash and medical payments?

Answer: We presume the cost of the Social Service program would more than double if the ceiling were removed. Because of the scope of services which can be provided at the state and local level

under Title XX, the potential for growth is almost unlimited. This potential for growth was clearly evident in 1972 when States were forecasting near-term program growth to 5 to 7 billions of dollars in annual requirements for Federal matching for Social Service most of which would have been refinancing existing State programs. Also, there is substantial demand for additional services.

There is a steady growth in the number of states moving to their ceiling under the $2.5 billion ceiling. Many States which are at ceiling have been forced to make cuts in services provided. During fiscal year 1979 it is expected that 43 States will be essentially at their Title XX ceiling. The States could presumably use roughly one half billion dollars to offset erosion due to inflation since Title XX began.

Question: Are National child day care standatds in effect yet?

Answer: The Federal Interagency Day Care Requirements (FIDCR) are in effect at this time. However, there was a moratorium of the staff/child ratios for children ages 6 weeks to 6 years in day care centers and group day care homes and this has been continued by P.L. 95-171 to September 30, 1978.

EVALUATION OF TITLE XX

Question: With all the Title XX and Title IV money that's been put into evaluation studies of the social services program, do we yet have any idea if these billions of dollars are actually reducing the economic dependency of welfare recipients?

Answer: We address this question in two parts. The first part deals with the funds spent on evaluation in recent years. The second part deals with what funds have been expended for and results available related to reduction of economic dependency.

The amount of FY 1977 evaluation funds expended at the Federal level for evaluation of Title XX was only $408,162. The projected FY 1978 Title XX new start evaluation money is approximately $1 million.

Much of Title XX evaluation funds spent thus far, or proposed, is expended to obtain the necessary information to respond to statutory requirements for annual and special evaluation reports to Congress. In addition, Title XX, as well as Title IV evaluation funds have been, and are proposed to be, spent on developmental (methodological) efforts which increase the capacity of States to evaluate the programs but produce no immediate payoffs in terms of actual evaluation data on results of programs. Completed or projected studies will address critical topics other than the one specifically identified in the question of reduction of economic dependency, such as, evaluation of purchase of service management systems, cost-effectiveness of protective services for children, etc. The only Title XX study completed which is specifically relevant to the question posed is a 1975 study which dealt with achievement of the self-support goal. It was found, in that study, that, overall, goals were achieved in 49 percent of the service episodes. For the self-support goal, the overall achievement rate was 45 percent. Services most frequently rendered to achieve the goal of self-

support, at the time of the study, were employment/training services and day care. Employment/training services were relatively most effective with an achievement rate of 59 percent. Other high frequency services directed toward the goal of self-support were identified as family planning, health-related services, home management, and educational services.

RETROACTIVE CLAIMS

Question: Please describe to the Committee your method for determining the $543 million payoff to the States for their retroactive claims.

Answer: Under the agreement, subject to the approval of the Congress, the Department will not attempt to collect any claims previously paid but under dispute, approximately $800 million. In addition, the Federal Government will pay a portion of the pending unpaid claims according to a formula worked out in the negotiations. Under the bill, $543 million would be authorized to be appropriated to settle the $1.6 billion in unpaid claims still in dispute. The settlement formula is as follows:

If the unpaid claims are 85 percent or more of the total amount in dispute (unpaid claims plus amount for which HEW seeks repayment)	If the unpaid claims are less than 85 percent of the total amount in dispute (unpaid claims plus amount for which HEW seeks repayment)
58% for the first $50 million	38% of the first $50 million
50% of the next $100 million	35% of the next $100 million
21% of the remainder	21% of the remainder

Applied to the outstanding claims these formulae will result in a payment of $531 million. The remaining $12 million will be available to pay at a 15 percent rate any additional claims brought by the States during the period from April 15, 1977, through 90 days after the enactment of the bill. Any of the $12 million which is not used would be available to increase the settlement of the existing claims of States claiming more than $150 million. The States have agreed to the distribution formula and they also agreed that the total appropriation for the claims would not exceed $543 million.

Question: What distinction was made for States with greater substantiation of their claims?

Answer: The proposed settlement formula, agreed to by the States, does not contain any special provisions for States which have greater substantiation for their claims.

WIN/RECORD

Question: How much could the States effectively use to expand the Work Incentive Program in Fiscal Year 1979?

Answer: An additional $400 to $700 million could be used by the States during FY 1979. With early assurance of additional funding build-up could begin as early as the last quarter of FY 1978 that could double the current program by mid 1979 and obligate all additional funds for a fully developed program by the end of Fiscal Year 1979.

Question: What is the estimate for each of the training and child care components of the WIN program in Fiscal Year 1979 as compared to 1978?

Answer: No change is anticipated in the FY 1979 program unless the funding levels are changed. The following levels are projected for both years:

WORK INCENTIVES-Program Costs Funded(Total Costs in Thousands)

	FY 1978 Estimate		FY 1979 Estimate	
	Workload	Total Cost	Workload	Total Cost
1. Grants to States		$351,995		$351,995
a) Employment and Training		233,578		233,578
Intake/Services		81,335		81,335
IMU Medical Verification	67,900	1,562	67,900	1,562
Reg./Labor Market Exposure	1,102,000	44,080	1,102,000	44,080
Appraisal/Employability Planning	692,100	14,534	692,100	14,534
Orientation/Direct Placement	240,000	18,852	240,000	18,852
Adjudication	29,200	2,307	29,200	2,307
Work and Training	49,050	152,243	49,050	152,243
On-the-job Trng.	11,500	48,749	11,500	48,749
Public Ser. Employ.	5,400	41,747	5,400	41,747
Inst. Training	15,200	28,059	15,200	28,059
Work Experience	5,200	11,034	5,200	11,034
Intensive Manpower Services	11,750	22,654	11,750	22,654
b) Child Care & Sup. Services		118,417		118,417
Child Care	78,000	48,828	78,000	48,828
Sup. Services	127,000	69,589	127,000	69,589
2. Program Direction & Eval.		13,005		13,276

	FY 1978 Estimate		FY 1979 Estimate	
	Workload	Total Cost	Workload	Total Cost
Total WIN Costs		365,000		365,271
(DOL Costs)		(246,583)		(246,854)
(HEW Costs)		(118,417)		(118,417)

WIN - CAPACITY FOR EXPANSION

Question: What is the capacity of WIN contractors to expand this program?

Answer: Any expansion of the WIN program is limited by the capacity for States to meet the federal matching requirements. Given the lead time for State legislative assemblies to appropriate matching funds it is believed that the WIN program could be doubled during 1979 and tripled during Fiscal Year 1980. With relief from matching as authorized by PL 95-30, faster build-up could be carried out.

Question: If we doubled or tripled this appropriation, do you think that they would be able to effectively spend the money?

Answer: Yes. They would be able to give us a good return on the additional funding. However, productivity would be expected to fall slightly and cost per activity unit to increase slightly as a result of program expansion and having to work with the harder-to-employ who need greater support service requirements.

WIN - STAYING OFF WELFARE

Question: What percent of "able-bodied" welfare recipients are successfully placed in jobs, through the Work Incentive Program, and remain off the welfare roles?

Answer: During FY 1977 about 272,000 individuals obtained employment expected to last 30 days or more; 136,000 of whom left the welfare rolls. New registrants during the fiscal year were 1.1 million. We assume all of the mandatory registrants (more than 83%) are able bodied and probably all, if not most of the volunteers.

Question: What percent of Work Incentive Program enrollees go back onto welfare?

Answer: The 1975 study of recipient characteristics of those on Aid to Families with Dependent Children (AFDC) indicates that 77.2 percent of the families then on AFDC had not received AFDC payments previously. For about 5.4% the data was unknown. Therefore, only 17.4 percent of the families were on AFDC rolls in an earlier time period. Although no hard data is available, the WIN rate of return to AFDC would probably be less than 17.4 percent.

WIN TURNOVER RATE

Question: What is the average length of time that enrollees keep jobs after being placed through the Work Incentive Program?

Answer: Although there is no data on the average length of time that enrollees keep jobs, approximately 78% of all

those who enter employment are still working after 30 days. During FY 1975 individuals were contacted 3, 6, and 12 months after employment. On average, about 60-65 percent of those contacted were found to be employed one year after entry into employment.

Question: How does this "turnover rate" compare with enrollees placed through the CETA Public Service Jobs Program?

Answer: At the present time, CETA information from follow-through contacts is not available.

WIN PROGRAM EFFECTIVENESS

Question: What evaluations have been completed concerning the effectiveness of the Work Incentive Program?

Answer: The following evaluations have been completed:
1. The Impact of WIN II: A Longitudinal Evaluation of the Work Incentive Program. September 1976 (Pacific Consultants/Camil Associates/Ketron, Inc.)

2. Draft--Differential Impact Analysis of the WIN II Program. February 17, 1978 (Ketron Inc.)

3. WIN Public Service Employment: Special Mail Survey of Sponsors of Work Incentive (WIN) Programs. Final report. October 1977 (Kirschner Associates)

4. Draft--Final Report on WIN Clients in Suspense. February 1978 (Kirschner Associates)

5. Draft--An Analysis of Unassigned Recipients in the WIN Program (PR/A Research, Inc.)

Question: What evidence is there the Work Incentive Program participants, on the average, are more likely to leave welfare than nonparticipating registrants?

Answer: The only attempt to obtain a satisfactory answer to this question was made through the WIN longitudinal study conducted by PTTA, Ketron and Camil. This effort, however, was methodologically flawed and the question remains in great part unanswered. To adequately answer the question would require denying services to a control group of individuals and exempt them from WIN registration when they would normally be required to register. The principal evidence that is available is in the behavior of welfare recipients themselves.

Twelve percent of all WIN registrants who left AFDC employed were individuals who, although exempt from WIN, volunteered to register and participated in activities leading to their employment. An additional 6,665 voluntary registrants receive reduced AFDC benefits because of employment. These and the thousands of other voluntary registrants participating in WIN could simply have exercised their exempt status to obtain AFDC benefits.

During FY 1977 alone 75,000 male registrants left AFDC employed after WIN participation. Since AFDC-UF is targeted as a priority participant group, they are more likely to move off AFDC than nonparticipating registrants. While it cannot be categorically stated that

this requirement alone makes the difference, all the evidence suggests that the introduction of the discipline associated with WIN participation makes the difference. Several studies already supplied to the committee indicate that the main reason registrants do not leave WIN is the lack of employability development and placement, along with support services. Since these are the services WIN provides, participation in the program removes the barriers to employment and allows registrants to leave welfare. Naturally at less than full funding the program has not been able to provide for participation by all WIN registrants. It is clear that participation in WIN does affect income. The Ketron study indicates that women on welfare, many of whom have been out of the labor market for some time can be aided with WIN job development and placement. However, the higher the level of services, the higher the net change in earnings and the higher the job retention rate. Men showed the same improvements when aided by higher level services. The highest level of WIN service is OJT and PSE. The best estimate provided by the contractor for net gains for participants receiving significant services was $756 for men and $548 for women. Significant services meant anything more than minimal job search assistance. To the extent that registrants behavior is based on a desire for higher income, participants are more likely to improve their income and leave welfare.

Question: To what degree do subsidized placements under the Work Incentive Program result in permanent unsubsidized jobs?

Answer: A recent WIN/PSE survey shows that approximately two thirds of the sampled clients moved from subsidized to unsubsidized employment. WIN's reporting system shows that 40 percent or 10,917 of the 27,250 people who left WIN/OJT for all causes during Fiscal Year 1977 moved directly to unsubsidized employment. It is estimated that an additional 5,000 to 6,000 completed their OJT training and were transferred to the unassigned recipient status before OJT related employment began.

Question: What economic gains are realized for WIN participants receiving only placement services as compared with those having received classroom training?

Answer: According to a recent evaluation of the program, WIN begins to have a positive impact with the provision of higher levels of services: vocational training and subsidized employment (PSE and OJT). For WIN participants who receive only placement services, there is a net first-year gain of $231-$361 for females and no net gain for males. The average costs of providing only placement services are $750 for females and $405 for males.

For WIN participants who receive institutional training there is a net first-year gain of $469 - $622 for females and $569 - $722 for males. Estimates of average training costs are $1,250 for females and $905 for males.

Question: How effective is the WIN tax credit in stimulating employment in view of the high percentage of self-placements?

Answer: Available data emphasizes the value of employment tax credits in WIN placements. Tax credits clearly are more advantageous for WIN office placements than for people finding their own jobs.

For the FY 1977 ending September 30, 1977, the greater proportion (63%) of the tax credits taken were for WIN placed persons. This is especially high since only 37% of all job entries were WIN placements. Individuals finding their own jobs are unlikely to reveal their status as welfare recipients.

Traditional employer attitudes toward employment of welfare recipients, and recipients' hesitancy about revealing their status may account for the fact that employers of WIN registrants who find their own jobs are unlikely to claim a tax credit. These employers are not even aware of their eligibility for the tax credit. However, employers interviewing WIN referrals are immediately aware of their status. If they were not previously apprised of the employment tax credit, the WIN office is likely to use this information as an incentive for the employer to hire the WIN referral. Such information would be provided whether by the registrant or the referring office.

EFFECT OF INCREASED WIN FUNDING

Question: In PL 95-30, $435 million, with no state matching requirement, was authorized as additional funding for WIN in FY 1979 and it is the Subcommittee's understanding that the Senate Finance Committee has just ordered reported a bill authorizing another $265 million for FY 1979--which represents a total of $700 million for this fiscal year. If the WIN program had this funding in addition to its regular appropriation, what could it accomplish and what savings in total welfare expenditures would occur?

Answer: The following table compares estimates of the program WIN could mount under the $800 million level and the $1,065 million level. At $1,065 million it is estimated that work and training activities would nearly triple while entered employment would increase to 575,000 job entries. Since the program would be working with people with greater barriers to employment, longer training and proportionately less direct labor market entry must be expected. Changes in funding levels does not result in straight line changes to program activity or productivity but results in a changed mix of services and activities. With no requirement for State matching for the additional federal funding, start up of the expansion would not have to wait on appropriations from State legislatures.

WIN PROGRAM OPTIONS, FY 1979
(Dollars in thousands)

	Current FY 1978	Option #1	Option #2
Funding Level	$365,000	$800,000	$1,065,000
. PD&E	$ 13,005	$ 15,000	$ 18,000
. Grants to States	$351,995	$ 785,000	$1,047,000
Employment & Training	($233,578)	($509,555)	($654,575)
Intake	$ 81,335	$ 97,600	$107,300
Work & Training	$152,243	$411,955	$547,275
Child Care & Sup. Ser.	($118,417)	($275,445)	($392,425)
Outcomes			
Manyears Work & Trng.	49,000	119,000	141,000
Total Employed	270,000	500,000	575,000
Off AFDC Employed	140,000	275,000	335,000
Annual Wel. Grant Red.	450,000	828,000	1,000,000

SUBCOMMITTEE RECESS

The subcommittee will stand in recess until 2 p.m., when we will hear testimony on budget requests for the Social Security Agency.

[Whereupon, at 9:50 a.m., Wednesday, March 8, the subcommittee was recessed, to reconvene at 2 p.m. the same day.]

(AFTERNOON SESSION, 2 O'CLOCK, WEDNESDAY, MARCH 8, 1978)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

STATEMENT OF DON I. WORTMAN, ACTING COMMISSIONER OF SOCIAL SECURITY AND THE ACTING DIRECTOR OF THE OFFICE OF CHILD SUPPORT ENFORCEMENT

ACCOMPANIED BY:

FRANCIS D. DE GEORGE, ASSOCIATE COMMISSIONER, OFFICE OF MANAGEMENT AND ADMINISTRATION
ROBERT P. BYNUM, ASSOCIATE COMMISSIONER, OFFICE OF PROGRAM OPERATIONS
BARRY VAN LARE, ASSOCIATE COMMISSIONER, OFFICE OF FAMILY ASSISTANCE
LOUIS B. HAYS, DEPUTY DIRECTOR, OFFICE OF CHILD SUPPORT ENFORCEMENT
KENNETH S. LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
MICHAEL STURMAN, DIRECTOR, DIVISION OF WELFARE BUDGET ANALYSIS, OFFICE OF THE ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET
PHILIP A. HOLMAN, DIRECTOR, SPECIAL PROGRAMS STAFF, OFFICE OF FAMILY ASSISTANCE

BUDGET REQUEST

Senator CHILES. In today's hearings we will look at Social Security Administration, and how it fits into the Department's welfare budget. Don Wortman is the Acting Commissioner of SSA. You bring a very large budget request before us today.

The social security budget represents nearly one-fourth of the entire Federal budget. $117 billion will be paid out in fiscal year 1979 for assistance payments to various dependent populations. $100 billion comes out of trust funds, leaving $16.7 billion that must be appropriated; $12.5 billion of this is for welfare payments; $6.8 billion is for families; and $5.7 billion is for the aged and disabled. Another $1 billion is for coal miners. $761 million is needed to reimburse social security trust funds for certain noncontributing military personnel and very elderly persons. $2.3 billion is drawn from the trust funds to administer your agency. Last but not least, we have a request for assistance to Cuban and IndoChinese refugees, $147.5 million.

Although there are several changes in your component programs, your total request is very nearly the same as last year's. You state that you will have 265 more permanent employees on board in fiscal year 1979, although the committee is aware of

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several areas where your manpower needs should decrease significantly.

INTRODUCTION OF ASSOCIATES

Please introduce your colleagues to us, and then summarize your statement.

Mr. WORTMAN. Thank you, Mr. Chairman. On my far left is Mike Sturman, Director of the Division of Welfare Budget Analysis. Barry Van Lare, Associate Commissioner of the Office of Family Assistance. Frank DeGeorge, Associate Commissioner for Management and Administration. Louis Hays, Deputy Director of the Office of Child Support Enforcement.

As you recall, I wear two hats. Acting Commissioner of SSA and Director of the Office of Child Support Enforcement. Bob Bynum, is our Associate Commissioner for the Office of Program Operations. On my immediate right is Philip Holman, Director of the Office of Special Programs. With that, I will give you an abbreviated version of my summary statement.

PREPARED STATEMENT AND BIOGRAPHICAL SKETCH

Senator CHILES. We will put the full statement in the record, and listen to your abbreviated version.

[The statement and biographical sketch follow:]

Statement of Don I. Wortman

Mr. Chairman and members of the Committee, I am pleased to have this opportunity to discuss the Social Security Administration's 1979 appropriation requests.

SSA Budget Requests

These requests total $16.7 billion. They include general fund appropriations of $761 million for Payments to Social Security Trust Funds, $1 billion for Special Benefits for Disabled Coal Miners, $5.7 billion for the Supplemental Security Income Program, $6.8 billion for Assistance Payments, which includes AFDC and Child Support Enforcement; and $147.5 million for Cuban and Southeast Asian Refugee Assistance. In addition, our request for administrative costs, the Limitation on Administrative Expenses, is $2.3 billion.

I should point out that the Assistance Payments and Refugee Assistance programs are additions to the SSA budget, reflecting the 1977 HEW reorganization. For the same reason, SSA's budget no longer includes the Hospital Insurance and Supplementary Medical Insurance trust funds, which are now part of the Health Care Financing Administration budget.

The request for the Limitation on Administrative Expenses includes all administrative costs of SSA's programs including those for programs added to SSA by the HEW reorganization as well as administrative costs of the black lung program. In prior years the limitation funded SSA's administrative costs for the trust fund programs and the supplemental security income program, with general fund reimbursement to the trust funds for the SSI administrative expenses. The single limitation account treats the administrative expenses of the other general fund programs managed by SSA just as SSI costs have been treated in the past. This will recognize SSA's intergrated support of the programs and enhance SSA's ability to manage administrative costs from the several sources of funds.

In 1979 the Social Security Administration will pay monthly benefits to 22.3 million retired workers and their dependents, 7.7 million dependents of deceased workers, 5.2 million disabled workers and their dependents and 4.2 million SSI recipients. It also will make grants to States for 11 million AFDC recipients comprising 3.6 million families.

SSA's total budget outlays, which amount to $116.6 billion, are more than 23 percent of the $500.2 billion in the President's budget for 1979. They are $9.7 billion higher than the 1978 level, primarily because of mandatory automatic cost-of-living benefit increases for social security and SSI recipients. These adjustments, projected at 6.2 percent in July 1978 and 6.1 percent in July 1979, account for $6.2 billion, or 64 percent of the $9.7 billion increase. Normal growth in the numbers of social security and SSI beneficiaries, and increases in average monthly social security benefits due to higher average covered wages also contribute to the increase.

Program Emphases

In recent years the actuarial soundness of the Social Security trust funds has been the subject of much concern. Last year when SSA appeared before this Committee we identified it as our most important issue. The Congress and the President by their action on the Social Security Amendments of 1977, have assured the financial soundness of the Social Security trust funds into the next century.

Social Security Amendments of 1977

The amendment provision known as decoupling eliminates half of the long range actuarial deficit. This provision stabilizes the relationship between a wage earner's benefit and his pre-retirement earnings, assuring that he is not overcompensated for increases in the cost of living.

The amendment also increases the social security tax rates and wage bases above increases already scheduled under prior law. Although these tax rate increases do not begin until 1979, additional income has begun to flow into the Old Age and Survivors and Disability Insurance trust funds in 1978 due to a reallocation to them of previously scheduled increases in the Hospital Insurance tax rate.

The amendments made a number of changes affecting benefits, including provisions which liberalize the retirement test for beneficiaries over age 65, liberalize entitlement requirements for remarried widows and divorced spouses, and provide for an offset to social security benefits for spouses receiving public pensions in order to treat government pensions from non-covered employment the same way a spouse's own social security benefit would be treated.

The amendments have reduced the projected 1978 and 1979 deficits in the cash benefit programs, and will produce cash benefit program trust fund income in excess of expenditures starting in 1980. During the remainder of the century, these trust fund balances are projected to grow. As a result, the program is adequately financed well into the next century. Overall, the amendments have reduced the long range deficit from over 8 percent of taxable payroll to less than 1.5 percent, measured over a 75 year period. Since this remaining deficit will occur well into the next century, national policy makers have adequate time to deal with it.

Provisions affecting welfare programs administered by SSA also were included in the amendments. Two affecting SSI--the early delivery of benefit checks under certain circumstances and Federal liability for certain erroneous State administered supplements--will be addressed later in my statement on the SSI appropriation. Two provisions affect the AFDC program. One requires a one-time payment to States of $187 million in 1978 to provide the States with some fiscal relief from

welfare costs. The second provides fiscal incentives for improved State administration of AFDC through sharing Federal savings achieved by reducing the payment error rate.

Proposed Legislation in the 1979 Budget

The budget contains several legislative proposals affecting Social Security administered programs. The President's proposed Better Jobs and Income Program would dramatically restructure the existing welfare system. While this constitutes major welfare reform, the budget also identifies interim changes in the existing welfare program which are desirable. I'd like to mention two of these:

One is to simplify and standardize the AFDC work expense disregard by computing it as a fixed percentage of earned income except for child care expenses, rather than based on an itemization of work-related expenses.

The second is to expand and revise the emergency assistance programs so that low income citizens are protected from the most severe financial effects of energy crises and other emergencies.

Cash Benefit Proposals

The 1979 budget includes several proposals which will affect the social security cash benefits programs. One, submitted last year, would limit the annual amount of the student benefit under social security to the maximum payable under the Basic Educational Opportunity Grant program. The maximum grant will be $1,600 in FY 1979--payable for the 1978-1979 school year. At present, the amount of a student benefit is based on the parent's average earnings under social security. The limit would affect only students who reach 18 after June 1978 and whose annual social security benefits are higher than the maximum BEOG grant amount.

Another cash benefit proposal would freeze the current minimum social security benefit for beneficiaries already on the rolls. New eligibles,

who would otherwise be paid the minimum benefit, would receive benefits based on their actual average monthly earnings. The 1977 amendments contained a similar proposal that freezes the minimum for new eligibles after January 1979. This proposal goes further in eliminating windfall benefits which exceed amounts actually earned while working. Other cash benefit proposals would limit retroactivity of applicants for social security benefits to no more than 3 months, rather than 12 months as provided in current law, and start payment of retirement benefits only when all requirements for entitlement have been met for a full month.

In total, the 1977 budget reflects outlay reductions of $621 million from the SSA legislative proposals.

Major Administrative Emphases for 1978 and 1979

SSA's budget reflects our efforts to improve service to the public and the quality of determinations in the social security and SSI programs. Further, the budget reflects responsibilities which the agency must take on as a result of the HEW reorganization, which assigned management of the assistance payments and refugees assistance programs to SSA, and designated the Commissioner of SSA as Director of the Office of Child Support Enforcement.

Recently enacted or pending legislation will add significantly to SSA's administrative workloads. The Food and Agriculture Act of 1977 enacted September 29, 1977, includes a provision which affords SSI recipients and applicants "one-stop" application and recertification service for both SSI benefits and food stamps. SSA officials have been meeting with Department of Agriculture officials to develop specific reorganization plans. The Social Security Amendments of 1977, which I have discussed, have an administrative impact which is not reflected in the President's budget due to the timing of enactment. There is also the Black Lung Reform Act of 1977, enacted March 1, 1978, which adds to SSA's administrative burden by

liberalizing certain benefit eligibility requirements. This amendment will require SSA to do additional reimbursable work for the Department of Labor in 1978 and in 1979. The President's budget did not include resources for the additional work which will be requested by the Department of Labor.

SSA's budget contains several administrative and management emphases for 1978 and 1979:

--Initiatives aimed at improving the accuracy and integrity of SSA's programs. These include SSI program improvements, AFDC Quality Control efforts, including added emphasis on technical assistance to the States, verifying identity and tightening up other evidentiary requirements relating to issuance of the social security card, and initiating a program quality assurance system for the trust fund programs.
--Management of a dramatically increasing hearings workload
--Continued advance systems planning and efforts to improve ADP utilization.
--Implementation of annual reporting of earnings.
--Administrative improvements in the AFDC program that will facilitate a smooth transition to a restructured welfare system.
--Implementation of child support enforcement program audits.

Initiatives Aimed at Improving the Accuracy and Integrity of Social Security Programs

SSI Program Improvements

Error rate data from SSA's SSI quality assurance system demonstrates marked improvement over the past two years in SSI payment accuracy--the most meaningful indicator of the health of the program. The SSI payment error rate as reported to the Committee by letter on February 21, 1978 was 5.2 percent for the 6-month period ending September 1977. The agency's progress in improving SSI payment accuracy is best

illustrated by the payment error rate and misspent SSI program dollars over the last two years. For the 6-month period ending June 1975 the payment error rate was 11.5 percent and misspent SSI benefits totaled $321 million. For the 6-month period ending June 1976 the payment error rate was down to 8.2 percent and misspent SSI benefits reduced to $243 million. The most recent 5.2 percent error rate means that misspent SSI benefits have been reduced to $160 million. SSA will continue efforts to reduce SSI error in 1978 and 1979, however, further improvements are likely to be less dramatic since most of the major improvements have already been made.

The redetermination process has been SSA's most effective method of improving SSI payment accuracy. SSA has restructured this process to a selective approach which targets efforts on higher risk cases. Through development of "low probability of change" selection criteria, cases not likely to experience a change are handled in an abbreviated fashion, allowing SSA to cleanse the SSI rolls of costly payment errors with smaller investments of manpower. As a result SSA will require about 1,000 man-years less than originally budgeted to process SSI redeterminations in 1978. SSA is researching further refinements to this process, and has developed error-prone risk profiles which may enable the agency to focus more clearly on error-prone cases. An experiment is being conducted in 1978 to evaluate the operational feasibility of these profiles and attendant forms and instructions tailored to the profile deficiency analyses.

Other activities contributing to improved SSI payment accuracy are:

--Regional corrective management efforts, including formation of committees on SSI quality. Through analysis of QA reports and studies regional management staffs recommend improvements which are made through:

. Specialized employee training aimed at error-prone factors

. Specialized instructions and procedures keyed to operating policy areas exhibiting high incidence of error

. Issuance of technical reminder items to field offices dealing with frequent problem areas.

--Similar analysis is performed centrally to identify areas where national operating policy and instructions can be refined to alleviate errors.

--Automated interfaces with the Veteran's Administration, Railroad Board and SSA's summary earnings record have been implemented. SSA plans enhancements to these existing interfaces. In addition an automated interface with Civil Service Commission records is scheduled for implementation in spring of 1978. SSA is studying the feasibility of establishing further interfaces with such records as Military Service and State-administered unemployment insurance, Workman's compensation and public assistance.

AFDC Quality Control Efforts

SSA will continue efforts to improve AFDC payment accuracy through oversight of State QC activities. We will continue ongoing efforts which include validation of State field reviews through the present Federal QC system and on-site visits to monitor and evaluate State operations with the intent of reducing error rates in eligibility determinations and payments. SSA will evaluate State corrective action proposals and provide technical and program assistance to eliminate or modify regulations, policies, procedures or operations which are error prone.

In addition to these ongoing efforts, SSA intends to place added emphasis on providing technical assistance to the States. One method we intend to use is the development of error prone case profiles, which is a system to identify categories of cases most subject to error, for subsequent targeting of resources. Another program will

encourage the application of methods used by the most successful urban areas to those still experiencing high error rates. Through these and other efforts, the Social Security Administration expects to further improve AFDC payment accuracy.

Improve Integrity of the Social Security Card

In keeping with the Social Security Administration's efforts to improve the integrity of all of its programs, SSA will tighten-up current procedures for issuing social security numbers and cards. These efforts result primarily from public, Congressional and Presidential concern with misuse of the social security card as evidence of identity--and in particular as evidence of legal resident status. SSA's plans include stricter evidentiary requirements to establish age, identity and citizenship. Previous policy presumed citizenship unless an applicant alleged alien status, and required evidence of age only for adult applicants.

Title II Quality Assurance Initiative

SSA's experience with the SSI program has demonstrated the value of an agency-wide program quality assurance system. Through quality assurance data, reports and studies, SSA has been able to identify error prone factors and formulate appropriate corrective management action. The responsibilities of the Office of Quality Assurance, which has implemented and operated the SSI QA system and oversees the AFDC QC system, are being expanded to include the title II trust fund programs.

Implementation efforts ongoing in 1978--including definition of quality standards; development and testing of a computer system; recruitment and training of staff and conducting of a pilot study in Maryland--will culminate with the drawing of the first regular sample cases in October 1978.

Managing Hearings Workloads

Last year when SSA appeared before this Committee we indicated that

hearings workloads had stabilized in 1976, and that we expected to reduce hearings backlogs during 1977. However, we cautioned that recent experience did not support the budget assumption that hearings receipts would decline as a result of P.L. 94-202, which changed the time limitations for requesting a hearing. That caution has been borne out by 1977 experience. Hearings receipts, which totaled about 194,000 cases, were approximately 37 percent higher than budgeted. SSA's Bureau of Hearings and Appeals met the challenge of high workloads with productivity increases of 8.7 percent, which enabled the bureau to process a record 187,000 cases. Nevertheless, hearings receipts so exceeded budgeted levels that backlogs have grown from nearly 85,000 at the end of September 1976 to 92,000 at the end of September 1977.

SSA began efforts to deal with these alarming increases in 1977 by recruiting additional administrative law judges and support staff. The budget reflects recruitment of an additional 200 administrative law judges and a net increase of over 700 hearing office support staff during the next two years.

Recruitment of the budgeted number of administrative law judges will be a monumental effort. Stringent Civil Service Commission requirements governing their qualifications complicate recruitment, and SSA believes that some changes are needed to achieve the recruitment of administrative law judges needed to bring hearings backlogs down to a controllable level as assumed in the 1979 budget. For this reason SSA developed proposals to facilitate more timely recruitment and hiring of ALJ's.

These proposals are now being reviewed by the Civil Service Commission. However, experience has shown that it takes about a full year for newly recruited judges to become fully productive. Accordingly, significant backlog reduction is not expected until 1979, with further reductions expected in subsequent years.

Advanced Systems Planning

The goal of SSA's advanced systems planning effort is to modernize the agency's approach to data processing and develop a total process involving people, computers and products that will serve SSA through the remainder of the century.

In 1977, SSA completed the first of four phases of the development of the future process--the concept development phase. The initial results have been set forth in the document entitled "Design Concept for the Future SSA Process." The document contains a definitive plan for the second phase of the project, a description of major products, a schedule, personnel resource requirements and an updated estimate of project costs. Presentation to the Congress is in the planning stages and briefing should begin this spring.

Phase II of the project, requirements definition, runs from July 1977 through September 1979. During that period, and assisted by contractors, SSA will manage several concurrent activities:

--The development of detailed user requirements and performance specifications.

--The assessment of the application of new technology to specific design areas; and

--The development of a request for proposal for the detailed systems design

Concurrent with these long range efforts, SSA is taking steps to study and improve utilization of existing ADP facilities. In November 1976, SSA contracted with the MITRE Corporation to analyze and report on SSA's computer utilization. SSA is working with MITRE to analyze the findings of the recently published report, and both parties have agreed to extend the contract as a means of carrying out the recommendations and to study other problem areas.

Impact of Annual Reporting

Beginning in January 1979, SSA will institute a single annual wage reporting system for most employers, pursuant to Public Law 94-202. Conversion from quarterly to annual wage reporting will reduce paperwork substantially for employers. It also will reduce trust fund expenditures for SSA's earnings record maintenance operations. However, SSA's overall requirements increase significantly because of the addition of a large new workload which SSA will process for the Internal Revenue Service. SSA will receive, process and record data from Form W-2 and related documents for all workers and provide IRS with information it needs to administer the income tax program. Work SSA does for IRS will constitute more than half of the total annual reporting workload. This work will be initially funded by the trust funds through the Limitation on Administrative Expenses with reimbursement to the trust funds, on a current basis, from general funds.

Annual reporting will create a massive influx of records to be processed in an 8 or 9 month period which will require a major build-up of seasonal staff each year. The annual build-up of seasonal staff will increase dramatically SSA's training requirements--652 man-years are budgeted in 1979 to train about 8,700 seasonal employees. An anticipated high turnover rate in seasonal staff will continue the need for high levels of training effort for several years.

Administrative Initiatives in the AFDC Program

The President's proposed Better Jobs and Income Program is currently undergoing Congressional review. Whatever form the restructured welfare system finally takes, it is incumbent upon this administration to assure that the transition to the new program is smooth and orderly and to avoid the problems that plagued the early months of the Supplemental Security Income program. This can be done only through early, adequate planning efforts, and by improving administration of the current AFDC program as quickly as possible. SSA plans several

actions to bring about administrative improvements in the AFDC program. These include:

--Clarify and simplify existing Federal program requirements to provide consistent and easily understood directions to the States and to establish clear objectives against which the State programs can be evaluated.

--Encourage more uniformity among State AFDC programs in order to promote more equitable treatment of recipients.

--Develop specific performance standards which will define adequate service and efficient administration.

--Establish and support improved monitoring techniques for both Federal and State use to determine progress in meeting performance standards and to permit better analysis of program performance and administrative costs.

--Expand Federal capacity to identify State management problems and to offer effective management consultation and technical assistance.

--Encourage the use of compatible State data processing systems and develop a greater capacity for eligibility cross checking.

--Expand the use of audit, grants management review and compliance tools to focus State attention and resources on needed service and administrative improvements.

Child Support Enforcement Program Audits

Section 452(a)(4) of the Social Security Act mandates the conducting of annual Federal audits of State child support enforcement programs. To fulfill the program audit mandate, the Office of Child Support Enforcement is establishing regional audit offices which will cover the full range of child support enforcement activities carried out by the States. Audits will evaluate consistency of State administration with Federal requirements, and recommend remedial actions such as policy and procedural changes, revisions to management policies and

practices, and whether or not to assess the 5 percent penalty mandated by law.

In 1977 the audit program was developed and readied for use and sites for the Regional Audit Offices were selected. In 1978, 125 auditors are being recruited and trained. Actual audits for the first audit period (January 1, 1977 - September 1977) will begin in spring of 1978 and be completed in 1979. These audits will help assure that budgeted child support enforcement collection payments of $525 million in 1978 and $600 million in 1979 are realized. The Federal share of these payments will reduce Federal AFDC program costs, and amount to $210 million in 1978 and $237 million in 1979.

Mr. Chairman, this concludes my general statement.

BIOGRAPHICAL SKETCH

Name: Don I. Wortman

Position: Acting Commissioner of the Social Security Administration, Acting Director of the Office of Child Support Enforcement, Department of Health, Education, and Welfare since December 13, 1977.

Former Positions: Began his Federal Service in 1953 as a management intern in the Atomic Energy Commission. He served in various budget and administrative assignments until 1965.

In 1965, he joined the Office of Economic Opportunity where he performed planning, program analysis, policy development and budget functions until 1967. For the next four years, he served as an operating official in the Community Action program in administering programs through ten Regional Offices. His work in OEO concluded as the Controller of OEO.

From 1971 to 1973, was the Director, Office of Operations, Price Commission, where he directed the review and action on price increase requests, the interpretation of regulations, and the monitoring of profit margin performance of companies with annual rates over $50 million.

Joined the Department of Health, Education, and Welfare in 1973 and served as Deputy Assistant Secretary for Program Systems until 1976. Served as Director, Office of Regulatory Review until 1977 when he became the Acting Administrator, Social and Rehablitation Service. He served in that capacity until March 8, 1977. At that time, he was appointed the Acting Administrator,

Health Care Financing Administration where he served until June 18, 1977. He became the Deputy Commissioner of the Social Security Administration on June 19, 1977.

Education:

B.A. Economics - Macalester College, 1951

M.A. Public Administration - University of Minnesota, 1952

Industrial College of the Armed Forces, Ft. McNair, 1961-1962

Awards:

1970 - Distinguished Citizen Award, Macalester College

1972 - Distinguished Service Award - Price Commission

1973 - Meritorious Service Award, Federal Government Accounts Association

1975 - HEW Secretary's Special Citation

1975 - Certificate of Appreciation, the President of the United States

Personal:

Born in Lakota, Iowa. Married and the father of three sons.

Member, American Society for Public Administration

Leader in various capacities in Rockville United Church, 1969 to Present.

Director, Macalester Alumni Association, 1969-1971

Creator of major fellowship in honor of Dr. Dupre, former Dean of Macalester College.

SSA BUDGET REQUESTS

Mr. WORTMAN. I would like to read this brief statement on SSA's budget. As you have agreed, I appreciate submitting our fuller statement for the record.

Social Security Administration's requests total $16.7 billion. They include general fund appropriations of $761 million for payments to social security trust funds; $1 billion for special benefits for disabled coal miners; $5.7 billion for the supplemental security income program; $6.8 billion for assistance payments, including aid to families with dependent children and child support enforcement; and $147.5 million for Cuban and Southeast Asian refugee assistance.

In addition, our request for administrative costs, the limitation on administrative expenses is $2.3 billion. The assistance payments and refugee assistance programs are included in the SSA budget for the first time, reflecting the March 8, 1977, reorganization by Secretary Califano.

PROGRAM EMPHASES

The enactment of the Social Security Amendments of 1977 has provided adequate financing for the old-age and survivors and the disability insurance trust funds into the next century. The amendments provide needed financial relief to the trust funds and reduce the long-range deficit from over 8 percent of taxable payroll, which had been forecasted, to less than 1.5 percent. Most of this occurs well after the turn of the century.

While the President's proposed better jobs and income program constitutes the administration's major legislative initiative for welfare, the budget identifies areas in existing welfare programs where interim legislative change is desirable.

These recommendations include provisions to standardize the AFDC work expense disregard and to expand and revise the emergency assistance program in the Social Security Act. Our budget reflects our efforts to improve service to the public and enhance the quality of determinations in the social security and SSI programs as well as in the programs added to SSA's jurisdiction by HEW's reorganization.

In addition, the Food and Agricultural Act of 1977, which was enacted on September 29, 1977, includes a provision which affords supplemental security income recipients and applicants "one-stop" application service for both SSI benefits and for food stamps.

The Social Security Amendments of 1977 have a further administrative impact which is not reflected in the President's budget due to the timing of enactment. Also, the Black Lung Benefits Reform Act of 1977, enacted March 1, 1978, liberalizes certain benefit eligibility criteria which will require SSA to perform additional reimbursement work for the Department of Labor. The President's budget does not include resources for this work which will be covered possibly in a supplemental request by the Department of Labor.

SSI PROGRAM IMPROVEMENTS

I will discuss briefly some of the management emphases in the budget. Many of these have to do with improving the integrity of our programs, and the effectiveness of our Administration.

First, Social Security Administration's progress in improving supplemental security income payment accuracy is best illustrated by the reductions in the payment error rate. As of June 1975, the payment error rate was 11.5 percent. For the 6-month period ending September 1977, the error rate was 5.2 percent. We will continue our efforts to reduce errors even further.

The activities which contributed to or improved SSI payment accuracy were a restructured redetermination process which targets our efforts, thereby allowing Social Security to correct costly payment errors with smaller investments of manpower, and enhancement of our ability to cross-check SSI records against other income maintenance records.

AFDC QUALITY CONTROL

Turning now to AFDC quality control efforts, the Department recently initiated a discussion with State and county government representatives concerning changes in the quality control program. These, along with changes Congress made regarding positive incentives which were included in the 1977 Social Security Amendments, are intended to improve further the management of AFDC.

UPGRADED SOCIAL SECURITY CARD

We are putting in place a more tamper-proof card designed to prevent alteration or other misuse. This is consistent with commitments the President already made to Congress earlier last year. We are upgrading our internal processes in which SSA will require stricter evidence before we will issue a Social Security Number.

TITLE II QUALITY ASSURANCE

As we discussed last year, we are in the process of developing a title II quality assurance initiative, and we can discuss that later with you, if you would like.

HEARINGS WORKLOAD MANAGEMENT

In testimony before this committee last year, SSA cautioned that recent experience didn't support assumptions that requests for hearings in our bureau of hearings and appeals would decline. This was borne out by our experience in 1977 when the number of hearings requested—nearly 194,000—exceeded the budget levels by 37 percent. SSA's bureau of hearings and appeals achieved an 8.7-percent productivity improvement in processing a record 187,000 cases during the year. Nevertheless, requests for hearings exceeded the budgeted levels to such an extent that backlogs have grown.

The budget reflects recruitment of an additional 200 administrative law judges and a net increase of over 700 support staff to deal with these backlogs. However, recruitment of this large number of judges as scheduled probably will not be possible without a change in existing civil service procedures. HEW's proposals to facilitate

more timely recruitment and hiring of judges are being reviewed by the Civil Service Commission.

ADVANCED SYSTEMS PLANNING

In 1977, SSA completed the first of four phases of the development of the future process, the concept development phase of its advance system. Presentation of these results to the Congress will begin this spring. Phase II of the project, requirements definitions, began July 1977, and will continue through September 1979.

ANNUAL REPORTING

I need to mention the impact of annual reporting. Beginning January 1979, the Social Security Administration will implement annual wage reporting as contrasted to the former quarterly reporting which will reduce paperwork for employers and will reduce trust fund expenditures for recording that information.

However, Social Security Administration's overall requirements will increase significantly because Social Security will process and provide data to IRS for administration of the income tax program. This is a major change in our workload.

ADMINISTRATIVE INITIATIVES IN THE AFDC PROGRAM

In the aid to families with dependent children program, in order to assure a smooth, orderly transition to the new welfare program, we have undertaken a number of administrative improvements.

I will note a few. Consistent with the Secretary's major effort on Operation Common Sense, to simplify and clarify Federal regulations, we have a similar effort underway in that program consistant with his direction. We are encouraging greater uniformity among State AFDC programs and are working with States to develop performance standards by which we can judge their performance.

We are encouraging and will be taking initial efforts to encourage compatible State data processing systems so we have a greater capacity in the Nation for cross-checking those people who are receiving income support.

CHILD SUPPORT ENFORCEMENT PROGRAM AUDITS

I want to mention briefly that the Office of Child Support Enforcement is establishing area offices to audit the full range of child support enforcement activities carried out by the States. This is consistent with the law and will insure that State programs conform to the requirements of the law.

Mr. Chairman, I would like to add that all of us at the Social Security Administration are deeply aware of our responsibilities to the millions of people whose lives we touch through the programs we administer, and the additional millions who support the programs through their taxes.

They deserve the very best we have to offer in our efforts to administer the programs with efficiency and compassion. I think it particularly significant that while the work done by the agency

increased 109 percent since 1970, employment increased only 60 percent.

Measures that SSA already instituted to improve program efficiency and quality of service as well as those planned for the future demonstrate the agency's commitment to responsibly meet the needs of the American people.

I thank you for this opportunity, Mr. Chairman.

CUBAN REFUGEE ASSISTANCE PROGRAM

Senator CHILES. Thank you, sir. I would like to clarify for the record the way the phasedown matching rate for the Cuban refugee assistance program will work. The 1978 conference report specified that the program will pay a percentage of cost above regular Federal matching. That is, if Florida gets 57 percent Federal match for payments to an AFDC-eligible recipient, the program this year would pay 95 percent of the remaining 43 percent.

Last year's budget was calculated in that fashion. This year, it is hard to tell. Is this the procedure that you are following, and do your 1979 budget calculations reflect that procedure?

Mr. WORTMAN. Our calculations do reflect the application of those percentages to the welfare assistance estimates. They don't reflect those sums with regard to the education component of our budget.

Senator CHILES. I am talking about now the payments to the AFDC-eligible recipients.

Mr. WORTMAN. Yes. Our payments, as far as that, are consistent with those percentage reductions that the Congress directed.

CUBAN REFUGEE PROGRAM—EDUCATION

Senator CHILES. All right. Going to the education assistance, it is my understanding that the 45-month rule in determining eligibility for education assistance in the Cuban refugee program was developed by HEW when the mission of the program was to aid absorption of a sudden arrival of a large number of refugees.

At that time no one expected the immigration to be so large as to create a 25-percent Spanish-speaking population in Dade County.

This has placed a permanent burden of bilingual education in Dade County schools. All students must know both English and Spanish to function efficiently.

I think this makes the concept of the 45-month formula outmoded.

Yet our 1979 budget is still based on that formula. Why aren't you following the instructions of the 1978 conference report in applying the phasedown percentages to the 1977 level of payments to Dade County schools?

That formula would give a figure of $11,885,000 for 1978 and $10.6 million for 1979.

Mr. WORTMAN. It has been our view that the conference report percentage reductions on the Cuban refugee program were directed at the welfare estimates and that is how we applied them. We have not felt that the instructions in the conference report applied with equal certainty to the education estimates that we provided. Thus

we have tried to come down in the middle between the earlier House and Senate differences on that matter.

Senator CHILES. Amendment No. 70 appropriated $71,950,000 instead of $76,200,000 as proposed by the Senate and $67,700,000 as proposed by the House.

The conferees agreed to a 6-year phaseout with the Cuban refugee assistance program paying 95 percent of cost above regular Federal matching in fiscal year 1978, 85 percent in fiscal year 1979, 75 percent in fiscal year 1980, 60 percent in fiscal year 1981, and 45 percent in fiscal year 1982, and 25 percent in fiscal year 1983.

Is there anywhere in that language that we exclude educational payments?

Mr. WORTMAN. The whole discussion, if I recall correctly, in the deliberations had to do with the welfare programs.

Senator CHILES. I thought the whole discussion—I was there—I think it had to do with Cuban refugee assistance programs. We discussed—and I did at great length—the problems in the schools. Each time when I was trying to get the compromise worked out, I probably used that argument as much as any argument I ever used, of what was happening to the population of the schools, the fact that that population was there and static, that it was 25 percent and was requiring us to have these bilingual classes. That I considered to be one of the most persuasive arguments that I was using. I was trying to get a higher rate without a phasedown of certain programs.

At one time I argued that there shouldn't be this kind of phasedown applying to education. Everthing was lumped in.

Mr. WORTMAN. Let's go back to the earlier point about the rules we had. The rule was that we would count, for purposes of support of the school system, children who had been in the system 45 months or less.

As I understood some of the original rationale for coming up with that, it was the assumption—which is recognized to some extent in this whole phasedown—that at some point in time the Cuban families in America are becoming taxpayers in the same proportion as other Americans, and thus we shouldn't continue this sort of static——

Senator CHILES. That was the basis of the argument on the other side of the phasedown that we are talking about in these percentage figures here. I had a different feeling about how quick that was going to happen.

So, therefore, the phasedown was where the compromise was made. It was on that basis that we go 95 percent and reduce that down.

CUBAN REFUGEE PROGRAM—EDUCATION

Mr. WORTMAN. We have been doing our best to determine, based on the record and based on conversations with your staff and with the House staff, exactly how to interpret that material.

Senator CHILES. When you are looking at that record, have you looked at any transcript of what did take place and the arguments and the debates?

Mr. WORTMAN. I looked at the colloquy between you and the chairman of the full committee.

Senator CHILES. I am not talking about on the floor now. I am talking about in the conference committee.

Mr. HOLMAN. No, sir, I have not seen any conference committee transcript.

Mr. WORTMAN. We have not seen a transcript of the conference committee discussion.

Mr. STURMAN. We have discussed this with the House committee. Their recollection of the debate in the conference committee was that only the welfare portion of the phasedown was discussed. It is their view that they left the education question open, and it is up to the Department to come up with a recommended funding level. Also I would like to mention that in addition to the Cuban refugee program——

Senator CHILES. Let me ask you this—that is an interesting thing they have come up with. We arrived at a figure of $71,950,000. That doesn't include an educational component?

Mr. STURMAN. It does include an educational component. The House's point was that only the welfare phasedown was discussed in terms of the percentage reduction, because it was against a certain matching rate.

Senator CHILES. How did we get to $71 million?

Mr. STURMAN. My recollection——

Senator CHILES. We didn't leave it in the area that you would add the educational figure, did we?

Mr. STURMAN. If I go back in time, the budget presentation we put forward to the Congress last year provided for a 4-year phasedown which the House accepted in total. That dollar amount included a total of $11.2 million for educational expenditures, of which $10.4 million was for Dade County.

The Senate in their report included an 8-year phasedown, which included $12 million for educational costs for Dade County alone.

There was no extra money for special projects. The percentages that appeared in both the House and Senate phasedown plans applied to the welfare program.

If I go back and read the conference report, it refers to percentages above regular Federal matching. The educational program has not been a matched program in the past.

Senator CHILES. If you look and see the compromise between the House and Senate, we earmarked everything on the Senate side. The House didn't want to do that. We didn't win on the earmarking of everything. We ended up with taking a total figure, but when we took that total figure, we compromised everything, and we ended up with a percentage of how the money would be distributed.

So it seems if you are going to take earmarking, you have to look at the Senate figures. If you are going to take the total figure, you have to include education in it.

I don't see how you can come up with a rationale any different.

Mr. STURMAN. It is safe to say we have a dilemma.

Senator CHILES. I think you are taking sort of the best sides of the dilemma out on both sides.

Mr. WORTMAN. I don't think we feel now that we could be a winner on this either way. We have a difference between the House and Senate. It was communicated to us equally strongly.

In the time-honored tradition of those differences set by the Congress, we have come down the middle.

CUBAN REFUGEE PROGRAM—EDUCATION

Senator CHILES. I don't find the middle.

Mr. WORTMAN. $11.2 million; that is the difference between what the Senate had and what was our 1977 level.

Mr. STURMAN. No; halfway between the 4-year and 8-year dollar amounts. It also should be pointed out that even with an $11.2 million figure, which we believe is the best representation of the Conference deliberations, that provides for a per-pupil reimbursement to Dade County for the approximately 5,000 or 6,000 children eligible under the 45-month policy of approximately $2,100 per pupil. That is approximately $500 to $600 more than the Florida per-pupil cost of educating all elementary and secondary children in the system.

It also should be pointed out that in addition to Cuban refugee payments, the children who are considered to be disadvantaged—those Cuban children who are having language difficulties, have a poor cultural background or have educational deficiencies—are also eligible under the title I program. There are approximately 106 schools in Dade County which are title I schools; 41 of the 106 have Spanish-speaking enrollments of over 25 percent. Those children receive Title I payments of about $400 a year, in addition to the payments they received under the Cuban refugee program.

Senator CHILES. Have you had your General Counsel look at this?

Mr. WORTMAN. We have consulted with General Counsel.

Whether we have a formal opinion, I can't say at this time.

Senator CHILES. I wish you would. I still have a very, very difficult time seeing any ambiguity in the language. When we have taken a compromise number between where the House was and where the Senate was, and then when we have spelled out a 6-year phaseout of the Cuban refugee assistance program, and that is the figure for which we have appropriated $71,950,000, and to come back and say that that didn't include education in the face of this—I don't see any ambiguity.

Where there is ambiguity, you look to both Houses and get their opinions.

Mr. WORTMAN. I would be glad to get general counsel to render a formal decision on this.

CHILD SUPPORT ENFORCEMENT ACTIVITIES

Senator CHILES. In previous years, the President's budget proposed to eliminate child support enforcement activities for AFDC, on the grounds that they would cost more than they would return. Your budget justifications now seem to show a net saving of several hundred million dollars.

Do you now think that the program is workable and cost-effective?

Mr. WORTMAN. Yes, sir, I think it definitely is. We had a day-long conference last week on child support enforcement, at which State people from the IV-A-AFDC, and IV-D agencies appeared.

I think it was a great event in terms of the general support of the program being perceived across the country. I would like to ask Lou Hays to give you some of the general dollar amounts involved, if that is all right with you.

Mr. HAYS. We feel that the program is doing perhaps somewhat better than we had originally expected. The program did result in a net savings to State and local governments during fiscal year 1977 of approximately $175 million.

We are projecting increasing collections during the current year, fiscal year 1978, and further increases into 1979. The net savings for State and local government should increase during the current fiscal year to approximately $230 million. So we are seeing substantial growth in the program and improvement in the majority of the States of the country.

Senator CHILES. I am struck by the fact that you project the welfare recipients will only get $9 million of child support out of a total collection of $600 million.

I have been supporting this program because I thought it would help make absentee fathers pay to support their children. Why do the recipients get so little benefit?

Mr. HAYS. Under the statutory provisions, Mr. Chairman, the bulk of the child support that is collected on behalf of AFDC families is used to reimburse welfare payments provided to the family.

If the collections received from the absent parent are not high enough to allow the family to go off public assistance, then the family receives a full welfare grant which maintains a steady level, and is calculated without regard to the child support which may or may not be received from the absent parent.

If the child support that is collected is sufficient to make the family ineligible for assistance, then they do receive the full amount of child suppport that is collected from the absent parent.

Now, a certain relatively small portion under the fairly complicated statutory distribution procedure does go directly to the family.

As I said, however, that is a relatively small portion. Most of it is used for AFDC reimbursement.

CUBAN REFUGEE PROGRAM—FEDERAL STAFF

Senator CHILES. Going back again, I had a couple more questions on the refugee question.

You informed us of your plans to make a drastic reduction in the Miami Cuban Refugee Center. Senator Magnuson and I wrote you about our concern that a 40 percent reduction in staff didn't seem consistent with the 5 percent program reduction.

Your response showed there could be a reduction in staff due to change in duties, but you didn't provide us with specifically what we had asked for, which was a calculation of the current case load for staff conducting activities under the present program and the workload that would result from such a reduction in force. Do you have that information?

Mr. WORTMAN. That could be mostly a misunderstanding. The case load of handling the Cuban refugees in Dade County is a

function of the State social service agencies who are stationed there.

Thus, we are not engaged in case loads like we were at some of the earlier points in time with the heavy influx of refugees. Our function is administration and coordination.

We are confident that there will be no degradation in the services and support to the Cuban refugee population as a result of us reducing the Federal staff by 11 people.

Senator CHILES. I wish you would still furnish me with something showing what the workload will be. How are you going to divide the workload among the remaining members?

Mr. WORTMAN. We can do that.

[The information follows:]

REDUCTION OF FEDERAL STAFF OF THE CUBAN REFUGEE PROGRAM

A reduction of 11 positions will be made in 1978 in the Federal staff of the Cuban refugee program located in Miami, Fla., reducing the staff from 27 positions to 16. This includes a reduction of three registration workers, with the following estimated effected on workload:

Year	Persons registered	Registration workers	Annual workload per worker
1976	2,946	6	491
1977	1,698	7	243
1978 (estimate)	1,700	4	425

The reduction in the Federal staff will be made from various components; no present function will be discontinued as a result of this reduction. The decrease in the registration staff is related to the decrease in registration of new refugees. Similary, the completion of major computer programming makes appropriate a reduction in that staff, with no change in the service provided. No change is being made in the information and referral staff.

The reduction in the Federal staff will have no affect on the provision of assistance and services to refugee welfare recipients, either of the AFDC type or the General Assistance type. Such assistance and services are provided by the State staff of the Florida Department of Health and Rehabilitative Services rather than by Federal staff.

CUBAN REFUGEE PROGRAM—MEDICAL

Senator CHILES. Is the Cuban refugee program providing 100 percent reimbursement for medical assistance for SSI recipients?

Mr. WORTMEN. No, it is not. I can have Phil Holman explain what our budget assumes.

Mr. HOLMAN. Mr. Chairman, we had the same kind of question around the SSI medical reimbursement in relation to the conference report. The budget for fiscal year 1979 assumes that the percentage for that year contained in the conference report would be applied to the reimbursement for medical assistance for the refugee SSI recipients.

That would be the 85 percent figure for that year.

Senator CHILES. How are the requests for reimbursement for medical assistance for SSI recipients distinguished from the requests for reimbursement for medical assistance for other refugees?

Mr. HOLMAN. To date, the requests have not been distinguished in the information received from the States. We have an agree-

ment with each State participating in the program, and the States submit claims to the Department for expenditures incurred.

Senator CHILES. Is it possible to distinguish the cost of social services provided to elderly refugees from the cost of social services provided to other refugees?

Mr. HOLMAN. It can be possible. It has not been possible heretofore in the data provided.

Senator CHILES. The Cuban refugees are noted for their remarkable economic progress they have achieved since arrival in the United States. Many of the elderly refugees are poor, and don't make any kind of substantial economic contribution to the communities where they live.

The Senate report on the fiscal 1978 Labor/HEW Appropriations bill instructed that funds for cash and medical assistance for elderly refugees not be reduced.

Cash assistance is provided under the supplemental security income program, which is not affected by the phaseout.

Mr. HOLMAN. I believe, Mr. Chairman, in our minds, based on interpretations that we received from the House side, that we will need to reexamine that question, as we will the question with respect to the level of educational funding.

We would be pleased to pose that question formally to our General Counsel also.

Senator CHILES. When you do that, I would like to give you a copy of the colloquy Senator Magnuson and I had on the floor involving this question.

Mr. HOLMAN. Thank you, sir.

MISSION BUDGET

Senator CHILES. Go now to your mission priorities. I would like to start with a brief discussion of your mission priorities.

The table on page 10 of your mission budget justification shows your priorities quite clearly by comparing expenditures for each mission in 1977, 1978, 1979. The bulk of your money, $118 billion, is going to provide sustaining income levels. This represents an increase of $10 billion or 9 percent over 1978.

Since we are projecting inflation at 6 percent, I take it you're projecting a real increase in spending of about 3 percent due to the increased caseload and other uncontrollable costs. While that is a lot of money, we ought to note that 3 percent real growth is pretty much in line with the overall recommendations in the President's budget.

Am I correct that the built-in uncontrollable growth in these has prevented you from recommending any major benefit other than your welfare reform proposal?

Mr. WORTMAN. Yes, sir. That is correct.

JUSTIFICATION

[CLERK'S NOTE.—Justification material for the Welfare Mission budget follows:]

WELFARE MISSIONS

I. General Narrative

HEW's Welfare Missions are directed towards meeting the following national needs which are stated in the President's FY 1979 Budget:

* Mitigate through social insurance the loss of income due to unemployment, retirement, disability or death.

* Assure a reasonable income for poor Americans, especially the elderly, disabled and families with children who--even though they may be working--are unable to provide sufficiently for themselves.

* Coordinate the various income transfer programs to eliminate duplication and inequities, and assure that all needy and deserving persons are benefitted.

* Assist the disadvantaged and the disabled to be self sufficient and self supporting.

* Provide training needed for full and effective participation in the labor force.

These national needs are served by HEW through eight welfare missions. The following table shows (under present law) the fiscal year 1979 obligations for each of the eight missions, as well as the percentage that each mission is of the total.

HEW's Welfare Missions	FY 1979 Obligations $ in Thousands	% of Total Welfare Mission Obligations
1. Provide sustaining income levels (cash payments to individuals and families)	$117,988,326	95.6%
a. Elderly	(68,487,637)	(55.5%)
b. Blind & Disabled	(17,765,947)	(14.4%)
c. Children & Families	(31,586,144)	(25.6%)
d. Special Groups	(148,598)	(0.1%)
2. Develop capacity for self support (child care and vocational services)	2,541,895	2.1%
a. Child care to allow parent to work	(985,460)	(0.8%)
b. Increase employability	(1,556,435)	(1.3%)
3. Enhance child development (services for physical psychological and social development)	1,001,094	0.8%
4. Provide protective services (foster care)	313,349	0.3%
5. Improve social functioning (community services, activity centers, counseling)	1,178,036	0.9%
6. Improve capacity of State & local service providers (management planning information and referral)	118,201	0.1%
7. Increase supply or quality of personnel (State and local training)	188,605	0.1%
8. Increase knowledge of causes, and effects of intervention (research, evaluation)	124,171	0.1%
Total	$123,453,677	100.0%

Additional detail as well as a narrative discussion of each mission can be found in Section III of this document.

HEW's eight welfare missions reflect the activities of a variety of programs for income maintenance, human development and social services. The Department's major programs are:

1. Old-Age and Survivors Insurance
2. Disability Insurance
3. Supplemental Security Income
4. Special Benefits for Disabled Coal Miners (Black Lung)
5. Assistance Payments Programs
6. Head Start
7. Refugee Assistance Programs
8. Vocational Rehabilitation Programs for the Handicapped
9. Title XX Social Services Programs (Grants to States)
10. Special Programs for the Aging

The largest of these are the Old-Age and Survivors Insurance and the Disability Insurance Programs, which account for 85 percent of the total. Under these programs cash benefits are provided to retired or disabled workers, to their dependents, and to survivors of deceased workers to partially replace lost earnings. The benefits are financed from contributions to trust funds based on earnings by workers, employers and self employed individuals. Under the Supplemental Security Income Program, cash payments are made to poor aged, blind, and disabled persons based on uniform national eligibility requirements and payment support levels. The Black Lung Program provides cash assistance to disabled coal miners and certain of their dependents, to provide financial relief when pneumoconiosis, "black lung", causes the death or severe disability of the coal miner. The Assistance Payments Program includes Aid to Families with Dependent Children, through which the Federal government finances its share of the costs of State and locally administered cash assistance to certain needy families. In conjunction with this, through the Child Support Enforcement Program, absent parents are located and held accountable for the financial welfare of their dependent children. Also, the State Administered Work Incentive Program assists AFDC recipients toward self-support through a program of training, work experience, and employment. Cuban and Southeast Asian refugees are assisted with resettlement in the U.S. and State and local governments are assisted with the financial impact of their resettlement, through the refugee assistance programs. Several vocational rehabilitation programs help support State services which are designed to prepare the physically and mentally disabled for gainful employment. The title XX Social Services programs provide services to needy individuals, including protection from abuse, assistance with family strengthening, and child care services to parents while they work or receive training. Title XX also helps provide training for State and local personnel who provide these social services. Special programs for the aging support a variety of programs which plan for and provide social services to the elderly.

In addition, numerous research projects are being carried out by the Department. These include projects in the area of family support and strengthening, youth development, early child education and vocational rehabilitation. There is also research in the area of income maintenance, such as on-site tests of behavioral responses to alternative income maintenance programs, and projects studying the effects of income maintenance programs on individuals, families, and the economy.

These, as well as the other HEW programs which support the welfare mission, are summarized in Section II. B. and discussed by mission in Section III.

The programs which support HEW's welfare missions are administered by two agencies--the Social Security Administration and the Office of Human Development Services. The Summary Tables in Section I. A. display mission by organization.

Before the reorganization of the Department of Health, Education, and Welfare in March 1977, HEW programs serving the welfare missions were managed by the Social and Rehabilitation Service, the Social Security Administration, and the Office of Human Development. The reorganization will improve the efficiency with which these programs are administered by grouping all direct cash payments together under SSA, and placing the majority of human development and social service programs under the Office of Human Development Services. The Social and Rehabilitation Service was replaced by the Health Care Financing Administration whose activities revolve around the health missions.

Departmental Management

Departmental Management obligations include funds for the Office for Civil Rights, Office of Inspector General, department-wide overhead costs and Policy Research. Policy Research costs are distributed by mission depending on whether the research is directed toward the Health, Education, or Welfare missions.

The remainder of Departmental Management costs are shown in Section IV. of this document. These costs are not distributed by mission.

II. A. Mission by Organization FY 1978
(Present Law Obligations in Thousands of Dollars)

	SSA	Office of Human Development Services	Departmental Management	Total HEW
A. Provide Sustaining Income Levels				
1. Elderly	$62,296,393	0	0	$62,296,393
2. Blind, Disabled	16,401,572	0	0	16,401,572
3. Children & Families	29,370,078	0	0	29,370,078
4. Special Groups	197,047	0	0	197,047
B. Develop Capacity for Self-Support				
1. Child Care to Allow Parent to Work	0	$963,469	0	963,469
2. Increase Employability	150,559	1,363,175	0	1,513,734
C. Enhance Child Development	30,000	910,770	0	940,770
D. Provide Protective Services	0	306,643	0	306,643
E. Improve Social Functioning	0	1,161,547	0	1,161,547
F. Improve Capacity of State & Local Service Providers	0	99,892	0	99,892
G. Increase Supply or Quality of Personnel	24,916	138,939	0	163,855
H. Increase Knowledge of Causes & Effects of Intervention	16,207	80,668	$22,999	119,874
Total	$108,486,772	$5,025,103	$22,999	$113,534,874

II. A. Mission by Organization FY 1979
(Present Law Obligations in Thousands of Dollars)

	SSA	Office of Human Development Services	Departmental Management	Total HEW
A. Provide Sustaining Income Levels				
1. Elderly.....	$68,487,637	0	0	$68,487,637
2. Blind, Disabled.....	17,765,947	0	0	17,765,947
3. Children & Families.	31,586,144	0	0	31,586,144
4. Special Groups.....	148,598	0	0	148,598
B. Develop Capacity for Self-Support				
1. Child Care to Allow Parent to Work....	0	$985,460	0	985,460
2. Increase Employability.....	159,554	1,396,881	0	1,556,435
C. Enhance Child Development.....	30,000	971,094	0	1,001,094
D. Provide Protective Services.....	0	313,349	0	313,349
E. Improve Social Functioning.....	0	1,178,036	0	1,178,036
F. Improve Capacity of State & Local Service Providers.....	2,016	116,185	0	118,201
G. Increase Supply or Quality of Personnel..	26,931	161,674	0	188,605
H. Increase Knowledge of Causes & Effects of Intervention.....	20,263	86,558	$17,350	124,171
Total.....	$118,227,090	$5,209,237	$17,350	$123,453,677

II. B. Program By Mission FY 1978
(Present Law Obligations in Thousands of Dollars)

	Provide Sustaining Income Levels				Develop Capacity for Self Support		Enhance Child Development	Provide Protective Services	Improve Social Functioning	Improve Capacity of Service Providers	Increase Supply or Quality of Personnel	Increase Knowledge	Total
	Elderly	Blind & Disabled	Children & Families	Special Groups	Child Care to Allow Parent to Work	Increase Employability							
Social Security Administration													
Special Benefits for Disabled Coal Miners	$304,447	$589,254	$88,388	--	--	--	--	--	--	--	--	--	$982,089
Supplemental Security Income	2,087,364	3,893,220	--	--	--	$52,978	$30,000	--	--	--	--	$215	6,063,777
Assistance Payments	2,098	1,936	6,742,715	1,097	--	--	--	--	--	--	$24,916	3,970	6,776,732
Refugee Programs	--	--	--	195,950	--	--	--	--	--	--	--	--	195,950
Old Age and Survivors Insurance	59,902,484	891,648	20,264,715	--	--	8,155	--	--	--	--	--	8,626	81,075,628
Disability Insurance	--	11,025,514	2,274,260	--	--	89,426	--	--	--	--	--	3,396	13,392,596
Total SSA	62,296,393	16,401,572	29,370,078	197,047	--	150,559	30,000	--	--	--	24,916	16,207	108,486,772
Office of Human Development Services													
Grants to States for Social Services	--	--	--	--	839,941	287,061	279,370	291,450	931,707	--	63,530	--	2,693,059
Administration for Children Youth & Families	--	--	--	--	--	--	610,500	10,500	--	11,160	9,180	29,288	670,628
Administration on Aging	--	--	--	--	--	--	--	--	193,000	36,000	17,000	12,750	258,750
Administration for Handicapped Individuals	--	--	--	--	--	808,495	2,795	2,745	11,355	30,200	39,735	34,000	929,325
Administration for Public Services	--	--	--	--	--	--	--	--	--	--	8,150	2,955	11,105
Administration for Native Americans	--	--	--	--	--	--	--	--	13,300	19,700	--	--	33,000
White House Conference on Families	--	--	--	--	--	--	--	--	3,000	--	--	--	3,000
Work Incentives Program	--	--	--	--	118,417	246,583	--	--	--	--	--	--	365,000
Foreign Currency	--	--	--	--	--	--	--	--	--	--	--	--	--
Program Direction	--	--	--	--	5,111	21,036	18,105	1,948	9,185	2,832	1,344	1,675	61,236
Total OHD	--	--	--	--	963,469	1,363,175	910,770	306,643	1,161,547	99,892	138,939	80,568	5,025,103
Departmental Management Policy Research	--	--	--	--	--	--	--	--	--	--	--	22,959	22,959
Total HEW	$62,296,393	$16,401,572	$29,370,078	$197,047	$963,469	$1,513,734	$940,770	$306,643	$1,161,547	$99,892	$163,855	$119,874	$113,534,874

II. B. Program By Mission FY 1979
(Present Law Obligations in Thousands of Dollars)

	Provide Sustaining Income Levels				Develop Capacity for Self Support								
	Elderly	Blind & Disabled	Children & Families	Special Groups	Child Care to Allow Parent to Work	Increase Employability	Enhance Child Development	Provide Protective Services	Improve Social Functioning	Improve Capacity of Service Providers	Increase Supply or Quality of Personnel	Increase Knowledge	Total
Social Security Administration													
Special Benefits for Disabled Coal Miners	$336,652	$577,403	$84,912	--	--	--	--	--	--	--	--	--	$998,967
Supplemental Security Income	1,716,264	3,753,221	--	--	--	$56,148	$30,000	--	--	--	--	603	5,556,236
Assistance Payments	2,098	1,937	6,855,225	1,098	--	--	--	--	--	2,016	26,931	6,015	6,895,320
Refugee Programs	--	--	--	147,500	--	--	--	--	--	--	--	--	147,500
Old Age and Survivors Insurance	66,432,623	984,850	22,114,364	--	--	8,688	--	--	--	--	--	9,754	89,550,279
Disability Insurance	--	12,448,536	2,531,643	--	--	94,718	--	--	--	--	--	3,891	15,078,788
Total SSA	68,487,637	17,765,947	31,586,144	148,598	--	159,554	30,000	--	--	2,016	26,931	20,263	118,227,090
Office of Human Development Services													
Grants to States for Social Services	--	--	--	--	861,754	294,561	285,495	298,974	955,938	--	71,552	--	2,768,274
Administration for Children Youth & Families	--	--	--	--	--	--	665,500	10,500	--	12,345	11,280	31,603	731,228
Administration on Aging	--	--	--	--	--	--	--	--	193,000	36,000	17,000	12,750	258,750
Administration for Handicapped Individuals	--	--	--	--	--	834,087	1,500	2,000	6,667	44,770	50,728	34,000	973,752
Administration for Public Services	--	--	--	--	--	--	--	--	--	--	9,000	2,975	11,975
Administration for Native Americans	--	--	--	--	--	--	--	--	13,500	20,300	--	--	33,800
White House Conference on Families	--	--	--	--	--	--	--	--	--	--	--	--	--
Work Incentives Program	--	--	--	--	118,417	246,854	--	--	--	--	--	--	365,271
Foreign Currency	--	--	--	--	--	--	--	--	--	--	--	3,490	3,490
Program Direction	--	--	--	--	5,289	21,379	18,599	1,875	8,931	2,770	2,114	1,740	62,697
Total, OHDS	--	--	--	--	985,460	1,396,881	971,094	313,349	1,178,036	116,185	161,674	86,558	5,209,237
Departmental Management Policy Research	--	--	--	--	--	--	--	--	--	--	--	17,350	17,350
Total NEW	$68,487,637	$17,765,947	$31,586,144	$148,598	$985,460	$1,556,435	$1,001,094	$313,349	$1,178,036	$118,201	$188,605	$124,171	$123,453,677

II. C. Mission by Fiscal Year--Comparative Obligations FY 1977 - 1979
(Present Law Obligations in Thousands of Dollars)

	FY 1977	FY 1978	FY 1979
A. Provide Sustaining Income Levels			
1. Elderly	$55,706,502	$62,296,393	$68,487,637
2. Blind & Disabled	14,283,966	16,401,572	17,765,947
3. Children & Families	26,820,187	29,370,078	31,586,144
4. Special Groups	173,692	197,047	148,598
Subtotal	96,984,347	108,265,090	117,988,326
B. Develop Capacity for Self Support			
1. Child Care to Allow Parent to Work	916,360	963,469	985,460
2. Increase Employability	1,461,472	1,513,734	1,556,435
Subtotal	2,377,832	2,477,203	2,541,895
C. Enhance Child Development	744,921	940,770	1,001,094
D. Provide Protective Services	286,293	306,643	313,349
E. Improve Social Functioning	1,030,839	1,161,547	1,178,036
F. Improve Capacity of State & Local Service Providers	96,972	99,892	118,201
G. Increase Supply or Quality of Personnel	145,796	163,855	188,605
H. Increase Knowledge of Causes, and Effects of Intervention.	120,887	119,874	124,171
Total Obligations, HEW	$101,787,887	$113,534,874	$123,453,677
(SSA)	(97,169,232)	(108,486,772)	(118,227,090)
(OHDS)	(4,603,286)	(5,025,103)	(5,209,237)
(Departmental Management)	(15,369)	(22,999)	(17,350)

HEW Welfare Missions
(Present Law Obligations in Thousands of Dollars)

III. A. Provide Sustaining Income Levels

	FY 1977	FY 1978	FY 1979
1. Elderly			
SSA	$55,706,502	$62,296,393	$68,487,637
OHDS	0	0	0
2. Blind & Disabled			
SSA	14,283,966	16,401,572	17,765,947
OHDS	0	0	0
3. Children & Families			
SSA	26,820,187	29,370,078	31,586,144
OHDS	0	0	0
4. Special Groups			
SSA	173,692	197,047	148,598
OHDS	0	0	0
Total	$96,984,347	$108,265,090	$117,988,326

Year-to-Year Change:	FY 1978/FY 1977	FY 1979/FY 1978
	+$11,280,743	+$9,723,236
	+11.6%	9.0%

The objective of this mission is to partially replace earnings lost due to retirement, death or disability, and to assure an adequate income level for those unable to provide for themselves. This objective is carried out by the OASDI, Black Lung, SSI, maintenance assistance and refugee assistance programs administered by the Social Security Administration. The OASDI program, which mitigates the loss of earnings when a wage earner retires, becomes disabled or dies, is by far the largest program in this mission accounting for $104.5 billion and 88.6% of the total. In FY 1979 the average number of persons receiving benefits under this program is estimated to be 35.2 million. This includes 22.3 million retired workers and their dependents, 7.7 million dependents of deceased workers and 5.2 million disabled workers and their dependents. The average numbers of beneficiaries for the other major benefit programs in this mission are: SSI, 4.2 million; AFDC, 11.0 million, comprising 3.6 million families; and refugee assistance, 61 thousand. The increases in funding from FY 1977 through 1979 are largely due to the automatic cost of living benefit increases for OASDI and SSI beneficiaries, growth in the numbers of OASDI beneficiaries, and increases in the average earnings on which OASDI benefits are based.

Five-Year Funding Levels (in millions of dollars):

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
SSA.....	$117,990	$129,854	$141,990	$154,720	$167,410
OHDS.....	0	0	0	0	0
Total....	$117,990	$129,854	$141,990	$154,720	$167,410

HEW Welfare Missions
(Present Law Obligations in Thousands of Dollars)

III. B. Develop Capacity for Self Support

	FY 1977	FY 1978	FY 1979
1. Child Care to Allow Parent to Work			
SSA.....	0	0	0
OHDS.....	$916,360	$963,469	$985,460
2. Increase Employability (Training, Vocational Rehabilitation and Job Counseling)			
SSA.....	143,620	150,559	159,554
OHDS.....	1,317,852	1,363,175	1,396,881
Total.....	$2,377,832	$2,477,203	$2,541,895

Year-to-Year Change:	FY 1978/FY 1977	FY 1979/FY 1978
	+$99,371	+$64,692
	+4.2%	+2.6%

The primary objective of this mission is to assist the unemployed, underemployed and handicapped to become self supporting. OHDS programs in this area include title XX Child Day Care Services, which permit low income parents with young children to work and become self sufficient, the Work Incentive Program, which, through the Department of Labor, will place about 270,000 registrants in jobs in 1979, and the Vocational Rehabilitation (VR) Program, through which out of 1,161,000 active cases, 277,000 handicapped individuals will be rehabilitated. Part of the funding for VR is provided directly from the OASDI trust funds and the SSI appropriation for the rehabilitation of disabled beneficiaries who are served by these programs. A major priority in this mission is service and rehabilitation for greater numbers of those who are severely handicapped. The increase in funds is due to an increase in the average cost to rehabilitate a handicapped individual. We anticipate the workload in this mission to remain level or drop slightly through FY 1979.

Five-Year Funding Levels (in millions of dollars):

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
SSA.....	$160	$168	$177	$184	$192
OHDS.....	2,382	2,384	2,387	2,389	2,391
Total.....	$2,542	$2,552	$2,564	$2,573	$2,583

HEW Welfare Missions
(Present Law Obligations in Thousands of Dollars)

III. C. Enhance Child Development
(Physical, Psychological, Social)

	FY 1977	FY 1978	FY 1979
SSA.....	$715	$30,000	$30,000
OHDS.....	744,206	910,770	971,094
Total.....	$744,921	$940,770	$1,001,094

Year-to-Year Change:	FY 1978/FY 1977	FY 1979/FY 1978
	+$195,849	+$60,324
	26.3%	6.4%

The objective of this mission is to improve the lives and well being of both poor and nonpoor children. The principal program of this mission (70% of FY 1979 obligations) is Head Start, a locally administered OHDS program which will provide comprehensive services to approximately 442,000 preschool children in 1979. Grants are also made to the States for social services which enhance child development, including family strengthening and day care services. In addition, SSA provides funding to the States through the Health Services Administration for services to blind or disabled SSI child recipients who are formally referred to State social service agencies. A new initiative for this mission is a national child abuse prevention effort. Priority in this mission will also be placed on expanding delivery of Head Start services to an increasing number of Head Start children.

Five Year Funding Levels (in millions of dollars):

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
SSA.....	$30	0	0	0	0
OHDS.....	971	$972	$973	$973	$973
Total...	$1,001	$972	$973	$973	$973

HEW Welfare Missions
(Present Law Obligations in Thousands of Dollars)

III. D. Provide Protective Services (Foster Care)

	FY 1977	FY 1978	FY 1979
SSA.....	0	0	0
OHDS.....	$286,293	$306,643	$313,349
Total.....	$286,293	$306,643	$313,349

Year-to-Year Change:	FY 1978/FY 1977	FY 1979/FY 1978
	+$20,350	+$6,706
	+7.1%	+2.2%

The objective of this mission is to help individuals and families overcome social threats in their lives. Programs serving this mission, all of which are funded by OHDS, include grants to the States for services to runaway and homeless youth, child day care, and protective or foster care for homeless, neglected, abused and dependent children. State administered child welfare services will be provided to an average of 192,000 children in 1979. The

year to year increase reflects the increased costs to the States of providing these services. We anticipate the workload in this mission to drop slightly in FY 1979.

Five Year Funding Levels (in millions of dollars):

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
SSA.....	0	0	0	0	0
OHDS.....	$313	$314	$314	$315	$316
Total.....	$313	$314	$314	$315	$316

HEW Welfare Mission
(Present Law Obligations in Thousands of Dollars)

III. E. Improve Social Functioning: Integrate Into Community, Avoid Isolation, Increase Capacity to Cope with Stress (Community Services, Activity Centers, Counseling)

	FY 1977	FY 1978	FY 1979
SSA.....	0	0	0
OHDS.....	$1,030,839	$1,161,547	$1,178,036
Total.....	$1,030,839	$1,161,547	$1,178,036

Year-to-Year Change:	FY 1978/FY 1977	FY 1979/FY 1978
	+$130,708	+$16,489
	+12.7%	+1.4%

The objective of this mission is to assist those who are not fully functioning in society to achieve and maintain functional independence and dignity. All of the programs serving this mission are funded by OHDS. These programs include grants to the States for a variety of services including supportive services to older persons capable of self-care, day care for adults to avoid institutionalization, housing improvements, home management and chore services, transitional services for those whose family situations are changing, and services to drug addicts and alcoholics.

Five Year Funding Levels (in millions of dollars):

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
SSA.....	0	0	0	0	0
OHDS.....	$1,178	$1,180	$1,181	$1,183	$1,185
Total..	$1,178	$1,180	$1,181	$1,183	$1,185

HEW Welfare Missions
(Present Law Obligations in Thousands of Dollars)

III. F. Improve Capacity of State & Local Service Providers: (Management, Planning, Information and Referral)

	FY 1977	FY 1978	FY 1979
SSA.....	0	0	$2,016
OHDS.....	$96,972	$99,892	116,185
Total.....	$96,972	$99,892	$118,201

Year-to-Year Change:	FY 1978/FY 1977	FY 1979/FY 1978
	+$2,920	+$18,309
	+3.0%	18.3%

The objective of this mission is to provide assistance to State and local entities in the area of planning, management, information and referral so

that these entities are better able to provide social services. Under the Assistance Payments Program, SSA will develop models for State Agency operations, with particular emphasis on effective use of automated data processing systems. A priority in the Head Start Program is an effort to improve local capacity to plan and manage services to children. OHDS also supports multidisciplinary centers on gerentology which develop information for policy and program decision making. The major reason for the increase in funding is to improve services at State and local levels for developmental disability and to improve the quality and delivery of services to the Native American community, particularly to these groups currently unserved or underserved.

Five Year Funding Levels (in millions of dollars):

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
SSA.....	$2	$2	$2	$2	$2
OHDS.....	113	113	113	113	113
Total....	$115	$115	$115	$115	$115

HEW Welfare Missions
(Present Law Obligations in Thousands of Dollars)

III. G. Increase Supply or Quality of Personnel

	FY 1977	FY 1978	FY 1979
SSA.....	$25,148	$24,916	$26,931
OHDS.....	120,648	138,939	161,674
Total.....	$145,796	$163,855	$188,605

Year-to-Year Change:	FY 1978/FY 1977	FY 1979/FY 1978
	+$18,059	+$24,750
	+12.4%	+15.1%

The objective of this mission is to strengthen the quality and quantity of trained service provided in the State and local agencies which administer the various HEW welfare programs. State and local training is provided through the Assistance Payments Programs administered by SSA and through most of the OHDS programs. High priority in this mission is given to training personnel to serve severely handicapped individuals. This accounts for the largest portion of the funding increase.

Five Year Funding Level (in millions of dollars):

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
SSA.....	$27	$27	$29	$30	$31
OHDS.....	162	162	162	162	162
Total.....	$189	$189	$191	$192	$193

HEW Welfare Missions
(Present Law Obligations in Thousands of Dollars)

III. H. Increase Knowledge of Causes, and Effects of Intervention (Research, Evaluation)

	FY 1977	FY 1978	FY 1979
SSA.....	$15,402	$16,207	$20,263
OHDS.....	90,116	80,668	86,558
Departmental Management.....	15,369	22,199	17,350
Total.....	$120,887	$119,074	$124,171

Year-to-Year Change:	FY 1978/FY 1977	FY 1979/FY 1978
	-$1,813	+$5,097
	-1.5%	+4.3%

The objective of this mission is to provide a better understanding of why welfare programs do or do not work and of how to improve program services. SSA's research activities include development of measures of overall needs and program effectiveness, analysis of the impact of existing programs and evaluation of alternative social insurance and public assistance structures through computer similation. Efforts are also being made to evaluate the various "work/welfare" initiatives now underway. In the OHDS programs, research is being carried out on providing comprehensive services to youth and families in crisis, strengthening families, and developing vocational rehabilitation techniques. OHDS' Special Foreign Currency Program supports rehabilitation research in five excess currency countries, by purchasing excess currency, enabling the United States to benefit from progress that other countries are making in the rehabilitation area. Departmental Management research activities focus on providing a better understanding of the causes of low earnings and of the effects of existing or proposed income maintenance programs. Priority in this mission will be given to research on improvements in the quality and delivery of day care services, and on developing rehabilitation techniques to enhance employment potential of the severely handicapped.

Five Year Funding Levels (in millions of dollars):

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
SSA.....	$20	$20	$20	$20	$20
OHDS.....	87	87	87	87	87
Departmental Management...	17	17	16	17	17
Total....	$124	$124	$123	$124	$124

Departmental Management

Summary of Appropriations

Appropriation/Mission	FY 1977	FY 1978	FY 1979
1. Office for Civil Rights.....	$28,987,000	$53,742,000	$73,356,000
2. General Departmental Management:			
Departmental Direction.....	50,467,000	62,647,000	60,341,000
Departmental Operations.....	65,993,000	73,317,000	76,287,000
Total.....	116,460,000	135,964,000	136,628,000
3. Office of the Inspector General.....	27,165,000	33,613,000	40,311,000
4. Policy Research:			
Health.....	3,934,000	6,800,000	7,550,000
Education.....	646,000	150,000	2,100,000
Welfare 1/.....	15,369,000	22,999,000	17,350,000
Total, Policy Research.	19,949,000	29,949,000	27,000,000
Total, Departmental Management...	$192,561,000	$253,268,000	$277,295,000

1/ Obligations for this activity only are included in the Department-wide summary tables for the welfare mission.

WELFARE REFORM

Senator CHILES. Within this category, we see different levels of growth in different missions. Aid to the elderly increases 9.9 percent; aid to the blind and disabled, 8.3 percent; aid to children and families by only 7.5 percent. If your welfare reform program is enacted, even in modified form, that would mean a major increase in future expenditures for the mission of providing income to children and families, would it not?

Mr. WORTMAN. It would involve overtime, yes, some additional level. In terms of these large dollars, when you talk about a base of $118 billion, we might have to define what we mean by major.

Senator CHILES. Even the percentages that I am talking about.

Mr. WORTMAN. I assume some of our earlier costs would not be more than $10 billion.

Mr. STURMAN. The net increase in cost based upon the President's proposal, just for the cash component of the Better Jobs and Income Act in 1982, which is the first full year of the program. It would be approximately $2.6 billion higher than the current combination of AFDC, SSI and food stamps.

Senator CHILES. That is your estimate of the figures?

Mr. WORTMAN. Just on cash. It excludes the earned income tax credit, the change that the President proposed——

Senator CHILES. Doesn't the Congressional Budget Office have different projections in their forecast? You are talking about double that.

Mr. STURMAN. The total cost of the program is $12.8 billion over current funded levels. CBO has different projections. They have different economic assumptions, and somewhat different caseload assumptions.

Senator CHILES. Would the administration's reform proposal change the funding levels for any other welfare mission?

Mr. WORTMAN. That are shown on this set of activities at HEW?

Senator CHILES. Yes, sir.

Mr. VAN LARE. It will provide cash assistance for the first time for single persons and childless couples who are not aged, blind, or disabled. Those levels are essentially the levels established in the food stamp program, and it would be a conversion from food stamps to cash.

Mr. STURMAN. In those States that don't have medically needy programs, it could have an impact on Medicaid eligibility.

FOOD STAMP APPLICATION

Senator CHILES. I was the original author of the amendment requiring a single-form interview for food stamp applicants also receiving or applying for supplemental security income or AFDC.

Besides the one-stop application that you mentioned in your statement, we laid out several specific requirements to avoid multiple application forms. What have you been doing to combine these application forms? When will you have food stamp applications and interviews carried out in social security offices?

Mr. BYNUM. We have been working very closely with the Department of Agriculture in working out the processes and procedures for implementing the food stamp program. Our present thinking

between the two departments is that we will supplement the existing SSI applications form with a limited number of questions, and use the existing form plus that supplement as the basis for making that determination. This seems to us to be the simplest way and most useful way to go in terms of the administration.

Senator CHILES. Can you give me any kind of date when we will see that?

Mr. BYNUM. We are anticipating as of now that we will implement the food stamp program fully along these lines beginning October 1.

ANNUAL REPORTING

Senator CHILES. I understand you are going to begin using the annual W–2 forms for social security contribution information instead of the current quarterly earning reports. That would certainly reduce your personnel requirements.

You are also nearing completion on your project to convert paper social security number files to magnetic tape. Based on workload considerations, how many current employees could be eliminated by the end of fiscal year 1979?

Mr. WORTMAN. This will have a primary impact on our Bureau of Data Processing, and it could be that we would affect upwards in excess of 2,000 employees by these changes in workload and through automation.

Our budget assumes that. I want to point out, though, that there are optimistic assumptions cranked into some of this, in that the processing of the annual earnings statement is a new experience for us and we are assuming a fairly high rate of return from scanning equipment rather than people reviewing these forms.

If any of our assumptions vary just a little bit, we will need additional numbers of people. At this point in time, even though it is a bit unclear to us, we don't plan to run any reductions in force or anything like that. We are going to try to upgrade the skills of some of these people and move them into other units. We will try and——

Senator CHILES. What is the average grade of these employees?

Mr. WORTMAN. GS–5.

Mr. BYNUM. Between 4 and 5.

Senator CHILES. And they are mostly located now in the Baltimore area?

Mr. WORTMAN. Yes, sir.

Mr. BYNUM. I would like to make one addition to that. The fact of the matter is, so far as SSA is concerned, for handling annual reporting, the actual man-year requirement is a bit greater than it was for processing under the quarterly reporting system.

The reason is that we are taking on quite a bit of activity on behalf of the IRS, and they will be budgeting for that process. But in terms of expenditure of our manpower, it will be just a bit greater: not very much, but a bit greater.

The problem that you made reference to really relates to the seasonal nature of this work since it is a once-a-year workload, as opposed to once every four quarters. That is where our problem comes about.

Senator CHILES. You just told us you would be converting from the quarterly basis to receiving them off the extended W-2 forms.

You have advertised for a major computer contract to read these several million annual W-2 forms. How much do you expect this contract to cost and when will it be awarded?

Mr. DEGEORGE. We don't know the total estimated cost. That configuration not only includes procurement of equipment, but also the manpower. Each contractor will have in his proposal a configuration based on passing a benchmark test, and he will make his proposal for his equipment cost, and they may be materially different. There is no way to forecast at this time what the cost of the contract per se is. Each contractor is allowed to bid his equipment, and that equipment cost can vary quite considerably.

TRAINING REQUIREMENTS RESULTING FROM 1977 AMENDMENTS

Senator CHILES. The Social Security Amendments of 1977 made some significant changes in the social security program. If the past is any guide, they will have added a great deal to your administrative burden. Is there adequate employee training in the changes in the law? Did you request additional positions to handle the training requirements of the new social security amendments? I don't see any request before us today to provide for any new positions.

Mr. WORTMAN. No, and I think my statements that I have put in the record are clear that with regard to the 1977 amendments, and with regard to the black lung legislation, which is even more recent, that we had not provided resources for that in our budget assumptions. Currently, we have internal estimates——

Senator CHILES. I understand that the increase goes into effect in 1979. It will be too late then in that budget, or next year's budget, to train anybody.

Mr. WORTMAN. We already have considerable man-years devoted to training. It could be that we will just have to displace some of our ongoing activities for this effort. That debate within my own shop is going on today.

Senator CHILES. One of the biggest problems, I find, when I go in the field in Florida, is the fact that time after time there are complaints about delays in the handling of people's claims.

And every time we, in the Congress, try to do something about it—I think this is one area that we have asked your department over the years to put in adequate personnel or tell us what you need to do this job, and we will provide it.

As far as my memory runs, and it is not too long around here, but even listening to what people said before, that we never tried to cut you back on that; in fact, in most instances, we tried to give you employees. And you had freezes, and reductions, and every kind of thing, but what we are noticing is the service on the other end.

It seems like here we are going into a major change in the program, and if you are before us today not saying that you need any resources, any additional money to train people, I know exactly how that will translate when these things go into effect.

We are going to have citizen after citizen who will be complaining to us because they are not going to be getting good and adequate service. I think that is tragic, in a way. It is almost like we

see a train wreck about to happen. I have been out there a lot of times, and it was already in place, and it was because of some wage freeze that someone put on.

We have been trying to correct those. But to see a new program coming up and see nothing taking place about it, I think it is tragic.

Mr. WORTMAN. I am not here to say we won't be back up here shortly for some changes, but to digest some of these efforts it may be best to work more overtime. That will require dollars.

Senator CHILES. That will cost the heck out of us when you have overtime.

Mr. WORTMAN. The black lung is a one-shot effort.

Senator CHILES. I understand. I understand that is temporary employment that will go into that.

I should know more about that maybe, but I don't happen to be from a major black lung State, though we have a lot of black lung recipients in Florida now, because they moved there when they retired. So we are not without our black lung. We are trying to clean them up. But it is the other program that I am more concerned about.

Mr. WORTMAN. I appreciate your concern. I assure you we are taking a hard look at that now; as you touched upon, training is an important element. These 1977 amendments don't simplify the program. We have to explain to American people two ways in which their benefits are calculated——

Senator CHILES. In no way do they simplify the program.

Mr. WORTMAN. Everybody will need a computer to understand how the benefits are calculated. That is too bad. We need to equip our staff to explain as best they can to all the American people who make inquiries.

As you know, there are other significant amendments in there about helping people in your State who can now marry rather than lose benefits, whereas before they could not. Widows can get benefits at an earlier age; a number of significant changes.

TRAINING REQUIREMENTS RESULTING FROM THE 1977 AMENDMENTS

Senator CHILES. What was your request to OMB for additional training?

Mr. WORTMAN. We have not made a request to OMB at this time. We had internal estimates.

Senator CHILES. They didn't let you make a request.

Mr. WORTMAN. I don't expect that. They expect at some point we will do that. The analysis within the department has not been completed yet to lead to that next step.

Mr. BYNUM. I think it is fair to say in terms of the training for these particular amendments and the implementation of them, that we did get a pretty good jump as a result of the deliberations over a period of time.

For the most part, instruction, training materials, and those things were out earlier than has been the case in some instances where amendments came upon us quite suddenly. We still have the kind of major operating problem that you describe, however, Mr. Chairman.

Senator CHILES. Are you going so far as to assure me I won't hear these complaints from Florida in 1979 when this new program goes into effect?

Mr. BYNUM. I have a notion that with 37 million beneficiaries and 6 million applicants a year, you will continue to hear some complaints. We certainly will be setting different priorities, and doing all we can to minimize that particular problem. We are greatly concerned about it as well.

QUALITY CONTROL PENALTY POLICY

Senator CHILES. I understand that Maryland's court suit destroyed your ability to enforce penalties to States that fail to meet the 3- and 5-percent quality control goals for the AFDC eligibility and payments. What have you done to establish workable error tolerance levels?

Mr. WORTMAN. As a result of the change of administration, we had to have an internal dialog to get our act together. That has concluded to the point that the Under Secretary met with the American Public Welfare Association Council of State Directors last week and announced we were proceeding to open up discussions with them.

Some of our tentative thinking is that we would want to have a quality control program applied equally to supplemental security income, AFDC, and medicaid.

The tolerance would be set at the median performance—actual performance level of the States and the Federal Government. And that we would establish some penalty system—possibly not 100 percent of funds—for those States that didn't meet those targets.

We also would put into the system an opportunity for the States—or for the Federal Government, for that matter, in the administration of SSI—an opportunity to present a case that certain events were beyond their control in not meeting that tolerance.

Senator CHILES. I didn't read that particular case.

Did it turn on the fact that you all didn't have the authority by regulation to do that?

Mr. WORTMAN. No. In fact, the court sustained the Federal Government's authority. The courts threw out 3 and 5 because they weren't statistically valid based on actual performance.

Senator CHILES. You had not laid the precedent.

Mr. WORTMAN. That is correct. Two cases sustained our right to do this.

Senator CHILES. Good. I hope you can get the statistical background. I think you will have to have some kind of penalty requirements.

Mr. WORTMAN. There is a big debate. Some think publicity itself will do it. Others say it takes publicity plus a bit of a bite.

Senator CHILES. I think there has to be a bit of a bite. In talking to our State people, in effect, they know there has to be a bit of a bite. They really do. If they will get the resources from the State legislature and all to do it, they will have to show that that bite is there.

Mr. WORTMAN. The Congress, in the 1977 amendments, put a positive incentive in. They put in that you could get certain incentives if you got the 4 percent——

QUALITY CONTROL UNDER WELFARE PROGRAM

Senator CHILES. That is right. I know. Do you think there is any incentive in your welfare reform proposal when you will have the States doing the quality control for determining eligibility, but yet the Federal Government is paying 90 percent of the cost?

Mr. WORTMAN. There is, you might say, a residual incentive because they are paying 10 percent, but I wouldn't rely on that.

Senator CHILES. I don't want to either.

Mr. WORTMAN. I think the fact that the Federal Government has a much stronger arm in terms of direction of the whole program, uniform standards, uniform income definition, uniform asset definition, uniform family definition, and the fact that there is clearly from the Congress under better jobs and income, the authority for the Federal Government to step in where performance does not measure up.

These all change the equation quite a bit from what we have today.

Senator CHILES. We are also really kind of doing something that most States will be glad to see us do in there.

Shouldn't we build in some incentives and/or disincentives to know that we are going to have quality control, or there will be penalties?

Mr. WORTMAN. In addition to continuing the course of the quality control program.

Mr. VAN LARE. There are, I think, several aspects of it.

One, the reimbursement formula for administrative costs builds in an incentive for those States able to administer the program with a lower error rate. It will provide up to 120 percent reimbursement on administrative costs if the error rate is acceptable.

The other aspect of the program which I think is significant is that as H.R. 9030 was proposed, we would maintain control over the eligibility determination and payment at the Federal level.

While we would provide the States with the option of taking the application and maintaining client contact, the basic review of the data to determine whether it was complete, the calculation of the benefits and the payment of those benefits would be at the Federal level.

We have been talking with the States as we have begun to develop the administrative approaches about a way in which we can set standards that will allow us to assure ourselves, and allow the States to have assurance that they are running a program in a way that will have an acceptable level of performance.

This, as Mr. Wortman indicates, is quite a different relationship than we have in the present program where we are really depending upon the States to establish many of the factors of eligibility.

They have essentially complete freedom in the administrative processes they will use under the existing program; that changes, and I think will give us greater control.

Senator CHILES. That would still leave the States with the requirement of determining when the clients were giving the right information.

Mr. VAN LARE. In the first instance, that is correct. Although even there, we are attempting to build in a fairly extensive ability to cross-check with employment insurance factors, with the tax records, and with other third-party sources to verify that income in a way that is not totally dependent upon the client themselves.

REPROGRAMING REQUEST FOR FISCAL RELIEF AND PAY RAISE

Senator CHILES. You have withdrawn your supplemental request for $187 million for fiscal relief payments.

According to a letter you sent to the committee 2 weeks ago, you discovered $166 million in incorrectly reported fiscal year 1977 expenditures. This, you claimed, enabled you to pay out this fiscal relief without benefit of the supplemental appropriation, and therefore you withdrew the request along with a pending $1.2 million pay raise supplemental.

Funding the pay raise in this way would constitute a reprograming, would it not?

Mr. STURMAN. That is correct, Mr. Chairman.

Senator CHILES. Since the authorization for fiscal relief was enacted subsequent to our appropriations act, and since the appropriation is in the form of a continuing resolution, would you briefly explain to us your position that this new revenue-sharing activity can be funded out of surplus prior funds?

Mr. STURMAN. Before we sent the reprograming request up to the committee, we sought the advice of our general counsel. It was his opinion that the reprograming could be accomplished within the context of the appropriation language that was carried in the continuing resolution.

The chairman, Senator Magnuson, sent back a letter that challenged that opinion by attaching an opinion of the Congressional Research Service.

That opinion is now under review by our general counsel in the Social Security Administration. He expects an answer within a few days as to how he views the Congressional Research Service legal brief.

Senator CHILES. We will look forward to hearing the results of that. In the Under Secretary's letter of February 21, in which he discussed the availability of funds to make fiscal relief payments, he explained that after the fiscal year 1977 accounts were closed, you became aware that an additional $166 million remained unobligated.

How could there be such a discovery of $166 million 5 months after your books were closed? It is almost scary.

Mr. STURMAN. I can give you a brief answer. I think we will have to provide a more complete answer for the record, though.

There are two aspects to the error:

One was because of the reorganization which split the original public assistance account, transferring its programs to three agencies. Accounting got a little messed up because of the reorganization.

The principal reason, though, was there are two payment systems in the public assistance area:

One was operated by the old Social and Rehabilitation Service that provided public assistance payments to the States directly.

A second system operates out of the Office of the Secretary which combines all payments to a State: For example, public assistance, as well as maternal and child health, and several education programs.

That system changed its accounting procedures last year, and because of the change in the accounting procedures, there was a misinterpretation of some accounting data that was reported back to the parent agency, namely, Social Rehabilitation Service.

It was an unfortunate error that wasn't picked up until just recently.

ADMINISTRATIVE COSTS OF AFDC AND SSI PROGRAMS

Senator CHILES. If that is the brief explanation, I look forward to the full one. [Laughter.]

[The information follows:]

As a result of the misinterpretation of accounting data, public assistance expenditure accounts for appropriations prior to 1977 were erroneously overcharged. This resulted in understating the amount of unobligated 1977 balances.

Senator CHILES. During the past 5 years, AFDC administrative costs have increased rapidly, and at a rate higher than could be explained by increasing case load and inflation.

Your request this year is for $644 million which represents a total cost of $1.3 billion. Since this is a 50 percent Federal matching program, 5 years ago the Federal share was only $288 million, and total expenditures were $575 million.

How many persons are now engaged in administering the Federal cash and welfare programs of AFDC and SSI?

Mr. WORTMAN. In terms of both State and Federal employees?

Senator CHILES. Certainly, and a breakdown on that.

Mr. WORTMAN. We can speak to——

Senator CHILES. You can answer that for the record if you don't have it now.

Mr. WORTMAN. I would prefer to do that and put that in a tabular form for both programs.

[The information follows:]

Federal and State man-years for AFDC and SSI program

	Federal employees	State employees
AFDC	829	[1]98,000
SSI	19,084	3,278

[1]Based on average number of employees in the assistance payments program for fiscal year 1978 as estimated by the States.

Senator CHILES. What is the average State cost of administering an AFDC case per year? I would like the highest and lowest individual States added in.

Mr. VAN LARE. We will supply that for the record.

[The information follows:]

ASSISTANCE PAYMENTS (PRIMARILY AFDC) AVERAGE ADMINISTRATIVE COST PER CASE, BY STATE—FISCAL YEAR 1977

	Average cost per case per annum		*Average cost per case per annum*
Alabama	189.29	Nebraska	398.78
Alaska	416.96	Nevada	587.87
Arizona	473.53	New Hampshire	240.56
Arkansas	143.11	New Jersey	255.04
California	482.50	New Mexico	256.41
Colorado	219.13	New York	661.74
Connecticut	189.66	North Carolina	171.79
Delaware	221.78	North Dakota	259.84
District of Columbia	238.72	Ohio	197.48
Florida	319.92	Oklahoma	230.54
Georgia	212.47	Oregon	342.34
Guam	194.71	Pennsylvania	444.59
Hawaii	170.08	Puerto Rico	166.68
Idaho	435.24	Rhode Island	436.00
Illinois	283.90	South Carolina	193.18
Indiana	309.02	South Dakota	242.77
Iowa	240.81	Tennessee	237.70
Kansas	210.60	Texas	257.74
Kentucky	190.92	Utah	335.99
Louisiana	266.57	Vermont	266.24
Maine	150.60	Virgin Islands	
Maryland	211.58	Virginia	278.66
Massachusetts	243.45	Washington	350.52
Michigan	267.86	West Virginia	253.87
Minnesota	282.50	Wisconsin	186.37
Mississippi	79.00	Wyoming	397.34
Missouri	220.81		
Montana	249.10	Total	331.24

AVERAGE PER CASE COST FOR PROCESSING SSI CASES IN 1977

Senator CHILES. And I would like to know what the average cost of the Federal administration of SSI is per case.

Mr. WORTMAN. We can do that.

[The information follows:]

The average per case cost for processing SSI cases in 1977 was $103.37 for aged and $171.48 for blind and disabled cases. The comparable costs in fiscal year 1978 (through January 1978) are $132.97 and $196.22 respectively. The costs for processing blind and disabled cases is more expensive because they require disability determinations in addition to determination of other eligibility factors.

STATE VARIANCE IN THE COST OF PROCESSING SSI CLAIMS

Senator CHILES. Do the costs of the Federal administration of SSI vary among the States? If so, illustrate that.

Mr. WORTMAN. We will put that also in the record.

[The information follows:]

The cost of processing SSI claims does vary from State to State due to several factors. SSA currently administers State supplemental payments in 26 States and the District of Columbia. Administering complex supplements with high benefit amounts may require more intense interviewing, and additional proof of income, resources, and other factors related to the supplement. This more indepth development will of course mean higher unit processing times thus higher costs.

While we have no data by State, we can use our regional data to illustrate this point. The Boston region administers a large number of SSI cases with complex State supplements. This requires time consuming living arrangement determinations, development of income within the tolerable limits of the supplement and development of other issues related to the supplement. In comparison the Atlanta region administers a less complex and a much smaller number of federally administered State supplements. The unit processing time in the Boston region is 368 mimutes while Atlanta's is 304 mimutes. Therefore Boston would experience higher unit processing costs.

ADMINISTRATIVE COSTS

Mr. VAN LARE. One set of figures may help put this in perspective. If you look at the gross administrative costs of the two programs against the benefits that are paid out, the administrative costs in SSI are about 8.4 percent of benefits, and in the AFDC, it is about 11.7 percent of benefits.

That additional 3 percent, I think, reflects in part the cost of a 3-tiered administrative system—Federal, State, and local—that reflects to a degree the complexity of the program, and the complexity of the cases that are dealt with.

We have conducted a relatively indepth study of the increase in costs over a 5-year period which attempted to assess those costs based on cost-of-living increases, on quality control, improvements, and other changes.

That data is available. We are also commissioning this year a nationwide study of the AFDC administrative costs, so we can get a much better fix on not only the fact that there is a difference, but the reason for the difference among and between the States.

GENERAL ASSISTANCE UNDER WELFARE REFORM

Senator CHILES. All right. What action, if any, has HEW taken to gather more comprehensive and reliable data about local welfare programs that are not eligible for Federal matching known as the general assistance or home relief?

Since some welfare reform proposals contemplate taking over these programs, it is important to know their extent.

Mr. VAN LARE. There are really three things under way there:

One, we do have some ongoing reporting of the general assistance programs. That suffers essentially, though, because some of the general assistance programs don't involve the State government, and I think we are reasonably convinced that while the data is indicative of the trend and directions, it may not be a complete reflection of what is expended.

We have also, as part of the welfare reform planning effort, and part of our ongoing evaluation programs, proposed two studies of the general assistance program:

One, I believe, will go into 25 local jurisdictions to look at that program in some depth; and the other, is an attempt to get a detailed description of the program and characteristics of recipients across the Nation.

WELFARE PAYMENTS TO UNEMPLOYED FATHERS

Senator CHILES. All right. The superior court struck down the rule denying welfare payments to unemployed fathers who were

eligible for unemployment insurance, whether or not they were receiving it.

Why hasn't the AFDC program for unemployed fathers expanded as rapidly as the department forecasted following that case?

Mr. VAN LARE. I think that the growth in that program is a combination of the development in the program because of that decision and of the economy in general.

There was an increase—not as large as anticipated—which took place after the new legislation. But since then, we have seen a decline in that program. The reasons for that, I think, are essentially economic conditions, and maybe, to a degree the impact of public employment programs which offer an alternative opportunity to work.

QUALITY CONTROL FOR TITLE II BENEFITS

Senator CHILES. We understand that you are considering implementing a quality control system for the basic social security benefits payment program.

How is that idea progressing? Do you have a definite date in mind to begin implementation?

Mr. WORTMAN. Our first measurement period will start October 1 of this year, and that 6-month period will end on April 1, the end of March.

We should have results in about 1½ years from this point in time.

Senator CHILES. Do you have any estimate on the extent of error in the program?

Mr. WORTMAN. No; I don't. This is the first attempt to do that.

Senator CHILES. I applaud the attempt. I think it is something that you should be doing. I know there is some concern that the error could be underpayment. I guess that could also be a concern that some would have. I really think, whether it is under or over, if the errors are there, and we can tighten up on them, we ought to be doing that.

Mr. WORTMAN. I am sure, regardless of what it is, the figures would be——

SSI PAYMENT ERRORS

Senator CHILES. I am delighted to see the Department is pursuing that.

Last year, Commissioner Cardwell made the statement that SSI budgeted benefit savings of $180 million in fiscal year 1977, and $270 million in fiscal year 1978.

More than half of those savings were estimated to result from correcting errors through an emphasized redetermination process.

In other words, each case would be thoroughly reviewed at least every 6 months. Were those savings, in fact, achieved?

Mr. WORTMAN. Yes, sir, and they were exceeded.

I will shift gears on you right now. We have shifted in the program, based on GAO criticisms and others, to talking more cash payment error than case error.

When Commissioner Cardwell was here, he was talking about total case error. I think he set a goal of 15 percent. We have now achieved 13.2 percent on case error. In terms of cash error, though,

we are down to 5.2 percent from where we originally started at 11.5 percent.

We have made in the last 18 months—I might recite the figures—we went from 6.9 percent to 6.3 percent to 5.2 percent. That was so dramatic an improvement that some of us managers are a little skittish about whether it will hold, now that we are bragging about that.

But that was quite a significant achievement.

Senator CHILES. Very significant.

What does that amount to in dollar totals?

Mr. WORTMAN. It still means that we are misspending $160 million, and we had been as high as $204 million every 6 months.

SYSTEMS SECURITY ACTIVITIES

Senator CHILES. That is a tremendous change. A 1977 GAO report concluded that SSA's computer system, which contains records on more than 30 million Americans, is not adequate to prevent fraud and abuse, nor to assure compliance with the requirements of the Privacy Act of 1974.

The audit team blamed many of these security problems on a lack of attention to the decision by top officials. What has been done to improve and insure the security of the system from fraud and abuse?

Mr. WORTMAN. This is a rapidly moving field in our whole culture. Those of us entrusted with these tremendous data banks not only have to be concerned about the physical security, but also about how these data banks are tied together, or abused, or possibly something that could lead to abuse.

I should acknowledge, Mr. Chairman, that there was a more recent effort by GAO to expose some of the weaknesses of our system, and it has gained a degree of national publicity in the last couple of days.

We have added some stepped-up personnel security measures. We had a contractor who put in an access system for us, just in December. We are in a facility, however, that does not lend itself to physical security, whereas the new building, the new computer building which should be ready in the fall or winter of 1979, does lend itself, and it was designed with that in mind.

So we have a number of things that we are undertaking. I am not satisfied that we have been as diligent as we could have been. I think some of this criticism is valid today, and I and the Secretary are working on this rather intensively at this point in time.

Mr. Bynum may want to enlarge upon those comments because he is more directly responsible for that.

Mr. BYNUM. I think you have said what needs to be said in terms of the central facility. But a number of activities have been going on in connection with security across the board, not just in Baltimore, but in our district offices and branch offices, our program service centers, and other places as well.

I think the criticism which perhaps was appropriate at the time that there was not enough top management attention given to this area is no longer valid. I think that element has changed for sure.

ANNUAL REPORTING OF WAGES

Senator CHILES. Could you tell us what progress SSA is making in preparing for the task of processing the annual employee earnings data beginning next January?

Mr. BYNUM. We have made arrangements already for increased space in our three data centers, and for some different arrangements in Baltimore, where some of this work will be done.

We have talked already very briefly about the scanners that we will be using to handle a portion of that work. We have been concentrating a great deal of activity in making contacts with employers, large and small, around the country seeking to encourage them to report to us by means of electronic tape and other devices.

Our goal there is to get at least 34 million of these wage items, wage reports a year, reported in that mode as compared to about 16 million that presently come in that way.

We set ourselves up pretty effectively in terms of surveys of labor markets in Albuquerque, Salinas, and Wilkes-Barre, where the data operations centers are to make sure we get the necessary seasonal employees required to process the work.

We are pretty far along, I think, in most of the activities, but it will be a very difficult and complex task for us to tackle during the remainder of this year, and during all of next year.

Mr. WORTMAN. Could I point out something? No sooner has the Nation shifted to annual reporting then the State of New York Legislature imposed quarterly reporting on its employers, so they can better match current earnings with their welfare roles.

UPGRADED SOCIAL SECURITY CARD

Senator CHILES. I was interested in your statement about what you were doing with the tamper-proof card, and your requirement of evidence of identity for that card.

I think the social security card together with the driver's license probably provides the most widely used sort of identification items that any of us, as citizens, use, sort of required items, no doubt, in my mind, that over the years there have been tremendous fraud in the procurement of these social security cards.

This amounts to a major problem in my State. Many times in hiring practices, especially in migrant workers where you are not determining whether they are aliens or not—our farm owners are continually being put upon by people because they are hiring aliens.

They continue to tell us that a person comes to them, he has a social security card, and provides that as the information. There is no way—they accept that he is a citizen. He has an identifying number, and they use that number in their reporting requirements. That is one instance.

I run into it in other ways where it is accepted by someone as a form of identification for giving someone credit, or accepting an employment application, or many other items. Then it turns out that we find people sometimes are arrested and they find five or six social security cards on their person.

We know there is tremendous abuse. We are delighted to hear you are cracking down on that. Do you have any kind of estimate of how many false cards are out there now?

Mr. WORTMAN. I have no idea. The current card is, I take it, relatively easy to counterfeit. If people wanted to reproduce that card, they could do so in vast numbers.

Our attempt is to make that card much more tamper proof.

Senator CHILES. When you say that, are you also talking about making it more difficult to counterfeit?

Mr. WORTMAN. Yes; but I don't want to leave the impression that what we are coming up with is something comparable to a driver's license, where nowadays States are putting colored photos on, or that kind of screen identifier.

We don't feel we should or could afford to get into the business of trying to keep an updated kind of identifier with the social security card.

Mr. BYNUM. I think over the years, dating back to the early days of the program when the social security card was used just for social security purposes, we didn't have very much concern about identification of individuals when they came in for cards and didn't do a lot of things that are absolutely essential for us to do now.

Beginning May 15, we will put in place quite a few additional requirements in terms of our own district office processes, insisting that individuals identify themselves through birth certificates or other documents before a card is issued to begin with, and also requiring some identification and verification even before we issue duplicate cards.

That will help some in the process. The modification of the card itself will help. But we all need to keep in mind that we are talking about something prospective. There are over 200 million social security cards out today. That is a different kind of problem.

Senator CHILES. Have you given any kind of thinking, now that you are going into this with this card, that over some period of time or something you will issue a new card? It is one thing to say we won't do this on an annual basis, and it is another thing to say we will start reissuing on the basis of 5 percent or 10 percent a year until we clean up and know that we have had a chance to clean up and make some kind of requirement to know these cards are valid out there, and that people have a new card that fits the new standard.

Mr. BYNUM. We have considered that. I surely would not want to say that sometime down the road we would not want to go to a cleanup operation. Every social security card that is valid, would have to be issued after—well, after May 15, let's say.

Mr. WORTMAN. This is a bit of an open question.

To some extent, it could be that the American public, through various pressures, once we get into the new card issuance, would put that request in front of us by requesting that, and we might feel we ought to accommodate them.

We are looking at that. Right now, our present plan is not to proceed with that down the pike.

JUSTIFICATION

[CLERK'S NOTE.—The regular justification material for this account appears in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

SUBMITTED QUESTIONS

Senator CHILES. I have some additional questions that I will ask for the record, and several other members of the committee as well.

[The following questions were not asked at the hearing but were submitted to the Social Security Administration to be answered for the record.]

AUTOMATED INFORMATION PROCESSING CONTRACT

Question: The Committee has been advised that the Social Security Administration is about to undertake a costly and far-reaching revision and expansion of its automated information processing system.

The choice of equipment may result in greatly increased expenditures, for both personnel and equipment, as well as significant potential savings over the next several years. It is important, therefore, that the Social Security Administration exercise the most thorough possible review of bidders to adequately assess the relative advantages, costs and savings of each system under consideration.

Accordingly, to satisfy the Committee that such a review is taking place, please provide the Committee with a complete report on the evaluation made by the Social Security Administration of the proposed systems. The report should show the expected workload demands on the new system and the relationship of the test procedure to the workload, the findings of the tests conducted, and, for each bidder's system, the projected personnel and equipment costs and anticipated savings.

Can you assure this Committee that no final selection will be made until the Committee has had the opportunity to review the report and satisfy itself as to the evaluation?

Answer: We are very aware of the significance of our procurement of optical scanning equipment, both in terms of the cost-effectiveness of annual reporting and in terms of impact on the optical scanning industry. We would like to assure the Committee that a completely thorough and impartial evaluation of all offerors' proposals is being conducted in accordance with the Request for Proposal (RFP) evaluation criteria. Specifically, an award will be made to that responsive and responsible offeror whose offer, will be most advantageous to the Government, price and other factors considered.

We must point out that in order to protect the integrity of the procurement process Federal and Health, Education and Welfare procurement regulations prohibit the release of our evaluations prior to awarding a contract.

In any event, you should be advised that one of the offeror's, Information International, Inc. (III) has lodged a formal protest to the General Accounting Office (GAO) setting forth in detail objections to the agency's method of testing and evaluating the respective offerors. We forwarded our response to the objections to the GAO as specified by the procurement regulations and look forward to a speedy resolution of the issues by this impartial review authority.

Question: Could you please tell me what progress SSA is making in preparing for processing the annual employee earnings data beginning next January?

Answer: We are satisfied with our progress in planning, but the annual reporting of earnings does present a substantial challenge to the Social Security Administration. Previously, reports of earnings were processed each quarter which permitted an even work force level

of around 2,900 employees, including management and support, as the work was processed through each of the several processes required.

Under annual reporting we will be required to 1) process over 250 percent more pages of material than previously, because fewer employees are reported per page; 2) process an additional 34 percent more data, because of the Internal Revenue Service's need for data, as well as our own; and 3) process reports for an additional 6.9 million employees who are not covered by FICA contributions. Yet, we expect to process the higher workload levels with an increased manpower level of only about 20 percent.

Our processing system is under development, we have identified the types and levels of manpower required and have laid the groundwork for acquiring that manpower, and we have proceeded with the acquisition of needed additional space and equipment. While we have assured ourselves that we have taken every possible step, the ability to acquire the needed manpower at the levels required to process such a volume of data - about 8.3 billion characters - is a continuing concern.

We might elaborate somewhat on the amount of staffing required and the cost of the annual reporting system because there have been some misunderstanding of these aspects. Annual reporting will be done with about 3,200 man-years. However, for short periods during the processing cycles, we do hit high seasonal staff levels, exceeding an average of 6,000 employees in some months. (It should be noted that we are discussing with the Internal Revenue Service the possibility of an extended processing schedule, at least for the initial year of annual reporting, to reduce adverse effects on employees now on duty, but this elongation of the processing cycle merely evens out the peak staffing levels and will have minimal effect on total annual report manpower needs.)

We estimate that annual reporting will cost $54.5 million. This cost will be shared by the Social Security Administration and the Internal Revenue Service since the program serves the purposes of both agencies. Significant savings are projected for the private sector because of the shift from quarterly to annual earnings reporting.

Question: I understand that there has been some complaint about the adequacy of the evaluation that is being conducted on optical scanners to be procured for this task. Can you explain this for me?

Answer: Only one vendor bidding for the optical scanning equipment has complained about the evaluation process.

A general description of our course of action on this procurement and our reasons for selecting that course may be helpful as background.

In evaluating the capabilities of the optical scanning equipment which has been bid under the pending procurement, we had to test, among other things, the rate at which the equipment can process the reports to be scanned (throughput), the rate at which the equipment could not recognize the character of data scanned (rejection rate)

and the rate at which the equipment mistakenly identified a scanned character and inserted an incorrect character in the output record (substitution rate).

To conduct this test fairly, we had to assure that each vendor was tested with absolutely identical data of absolutely identical quality. Identical quality means that all the error conditions - quality of typing, character widths, and condition of the paper handled - must be the same for each vendor.

The Agency then had to devise a method of creating test material for a presently nonexistent workload so that the test material presented an identical test for each optical scanning system bid. The problem was complicated by the fact that the vendors required the forms to be printed in different "dropout ink" formats (the color of the form format which each scanning system filters out so as not to obscure any data which may be printed over the format lines on the form.)

It has been suggested that we might have used quarterly earnings reports to test the optical scanning equipment, but the present quarterly earnings workload is not even a reasonable facsimile of the annual reporting workload we will be processing. For example, the quarterly earnings reports have an average of 23 employees per page of earnings report with an average of 26 characters of data per employee, or an average character rate of 600 characters per page. Annual earnings reports on the other hand will have no more than three employees per page of report with an average of around 110 characters of data per page. Even the formats of the quarterly earnings report and the annual earnings report are very different from each other.

Further, some of the vendors bidding under this procurement have had experience in scanning quarterly earnings reports, while other bidding vendors have not had this experience. The requirement to have each vendor tested with identical data would require each of the subsequent tests of vendors' systems to be conducted with the same quarterly earnings reports. This would have violated the requirement that each vendor have test material of identical quality since each succeeding test would have interjected some deterioration in the quality of the test material.

For many of the same reasons, we could not use the present Forms W-2 received by the Internal Revenue Service from employers for the tests. The present Forms W-2 are single item forms, the format of the present forms differ from that which we will use under annual reporting, and the present Forms W-2 have no dropout ink. Further, Tax Reform Act disclosure prohibitions would not have allowed the Internal Revenue Service to turn over to us actual Forms W-2 for test purposes.

Therefore, the only way we could meet all of the test requirements (identical data, identical quality, actual annual reporting formats, and proper dropout colors) was to have the forms presented, data inserted on the forms and the forms and data reproduced through an offset printing process with the appropriate dropout color required for each vendor.

In entering the original data on the test forms, we used both typewriter and computer printers under varied circumstances to get varied character quality. We did this to insure that typical data error conditions were included in the data.

In summary, we made a very prudent effort to create test material which reasonably approximates the workload and its characteristics which we can expect under annual reporting and which we expect to process through optical scanning techniques.

However, because of the objections of one of the vendors bidding for this contract and in order to insure absolutely that this sizeable contract for this industry was fairly awarded, we asked Mr. Jacob Rabinow, a recognized pioneer and expert in optical scanning technology and currently Chief Research Engineer at the Institute for Applied Technology at the National Bureau of Standards, to act as a consultant on this procurement very early in the process.

Mr. Rabinow has extensively reviewed our test material and procedures and has expressed his concurrence that our testing methodology in this procurement is both fair in terms of the competing vendors' technology and reasonable in terms of assessing how the optical scanning systems will actually perform under annual reporting.

Question: Have you made a test of the vendors' equipment and systems that uses the type of data and forms that you expect to begin receiving next January?

Answer: Yes we have. However, one vendor has complained about the optical scanning procurement process and cited as objections: (1) the test material had been prepared through offset printing reproduction; and (2) the procurement is based on the assumption that only 70 percent of the material we receive under annual reporting should be processed through optical scanning. We would like to comment on **both points.**

Use of Offset Printed Material

In constructing the test material it was necessary to reproduce the test material through offset printing processes, a method determined well before we knew what vendors would be submitting bids under this procurement.

The one vendor alleged that offset printing makes the characters of data a uniform black throughout the characters width, rather than having the central portion of the character line black surrounded by varying shades of black (as opposed to forms originally typewritten or computer printed characters that do have areas of varying blackness).

We think more germane to this issue is whether one vendor was more advantaged or disadvantaged in being tested with offset printed material? We are convinced that the answer is no and Mr. Rabinow concurs in that opinion.

All optical scanning technology takes advantage of varying degrees of blackness in the character representation to assess what the character actually is. Based on our own research and

experience there is no technology which is being uniquely disadvantaged by the offset printed material.

Validity of the Assumption That 70 Percent of Annual Reports Should be Processed Through Optical Scanning

Our current experience in processing quarterly earnings reports shows that we can process about 52 percent of these reports through scanning with the desired amount of effectiveness. We expect the scanning rate to increase to 70 percent under annual reporting because the production of Forms W-2 by employers should be more disciplined than the production of quarterly earnings reports.

The one vendor who has objected to this assumption has stated the system offered by the vendor's company can scan a higher percentage of the material.

In considering this matter it is necessary to distinguish between an abstract concept of scannability of material versus an operational concept. From a theoretical point of view any material can be subjected to scanning, particularly if special adjustments are made to accommodate special conditions encountered. From an operational point of view, it only makes sense to scan that material if no special adjustments in the scanning or microfilm equipment are necessary and if the rate of rejection and substitution errors are kept within reasonable bounds. A high rate of rejection or substitution errors causes processing exceptions which can only be corrected in the most labor-intensive processing operations.

Under annual reporting, we will be receiving about 69 million pages of material containing about 145 million employee earnings reports. These reports will be coming from about six million employers under a wide variety of conditions. We can only expect to accomplish annual reporting on schedule and with the required degree of accuracy if we concentrate on scanning that material which does not require special scanning equipment or processing systems adjustments while still processing the data with a low rate of errors - to do otherwise, is not sound management.

While processing of quarterly earnings material is not wholly representative of the work we will have to process under annual reporting, the fact remains that quarterly earnings reports do represent a very high volume of data conversion work, received from millions of employers who produce the data using many different printing fonts with a wide range in the quality of the material.

Further, we have examined hundreds of thousands of Forms W-2 currently received by the Internal Revenue Service to further gauge what we could expect to receive under annual reporting to validate our assumption that 70 percent of the material can be effectively scanned. We have assured ourselves that we have made a sound management assumption in this regard.

However, we can assure the Committee that should we find through actual experience that we can scan a higher percentage of the annual reporting workload, we will certainly do that. The procurement contract provides for obtaining additional scanning equipment.

Question: Does this test use typewritten or computer line-printed forms?

Answer: As stated above, the initial test material was prepared using typewritten or computer printed forms in a variety of conditions to assure operational-like variances in the data. However, the actual test material was reproduced through offset printing processes in order to insure a fair test among all vendors.

Question: Why isn't it possible to scientifically select a sample of typewritten forms so that performance could be measured using the type of data that you expect to read when the work begins?

Answer: As we noted, there is no currently existing material from which we could draw a sample to use for test purposes. Neither the quarterly earnings reports nor the current Forms W-2 received by the Internal Revenue Service were usable for a variety of reasons (format, density of characters per page, dropout color requirements, prior experience by some vendors, or privacy issues) for the test material.

Further, it would have been a very laborious and time-consuming job to create at least 30,000 different actual typewritten or computer prepared forms, with equal representation of 26 different printing fonts in the material, to correctly prepare the magnetic tape for test validation and to assure that each vendor had the correct dropout color forms. In addition, we would have been open to criticism from any vendor on the merits of his sample test data versus that of other vendors because the percentage distribution of the printing fonts and the quality of the typing and computer printing are critical elements which affect throughput, rejection, and substitution rates.

When we weighed the complexities of attempting this approach and its merits and pitfalls against the approach we actually took, we concluded that the offset printing process was the only test approach which would guarantee fair treatment among all vendors within reasonable time. Mr. Rabinow sustained that conclusion.

We should also point out that the evaluation of substitution error rates cannot simply be done by electronically matching the output from each optical scanning test against our prepared magnetic tape record of what data should be produced as output from the scanning tests.

After an electronic match between the optical scanning test output tape and our master data base record, each indication of a substitution must be manually examined to assure that a substitution did, in fact, occur during scanning. We must be very careful not to overcharge vendors with substitutions because such overcharges may cause the vendor not to pass the procurement's mandatory requirements.

Question: Wouldn't you be able to solve the problems of identical test decks for all vendors by enlarging the sample size?

Answer: Attempting to expand the "sample" size is not a solution. As discussed in the aforementioned item, there is no material presently available from which a sample can be drawn for test purposes. An attempt to expand the preparation of test material does not contribute to achieving fair and meaningful test results. It would just expand the problems previously discussed.

Question: Some questions have been raised about whether the advantages of the latest technology in the optical scanning and automatic reading industry are being fully and fairly tested under the RFP. Can you comment on this?

Answer: The Committee can be assured that this procurement is fully open to all vendors, including those with microfilm-scan systems as opposed to paper-scan systems, that the tests of bid systems are being fairly and equally applied, and that the results of the tests are being fairly evaluated.

I would like to point out that based on all the information available to us, the microfilm-scan system performs on about an even basis with better known paper-scan systems. For example, in the tests being conducted under the procurement both systems were comparable within a reasonable range of expectations in distinguishing between shades of blackness in characters.

The point we wish to make is that there is no technological breakthrough in scanning technology at issue in this procurement. All vendors bidding under this procurement perform scanning in basically the same way with basically the same results. There are differences in performance, of course, but these differences are within a reasonably narrow range. Mr. Rabinow agrees with this assessment.

Question: Please describe for me the steps which have been taken to assure that all costs of the total processing task are being measured by the procedures set up under the RFP.

Answer: As we have pointed out, all vendors bidding under this procurement have been tested using identical data of identical quality. The throughput rates from these tests will be used to determine the number of scanning systems required to meet our stated workload. The rejection rates from the tests will be used to determine the amount of manpower (and equipment, if the bidder is offering reject correction systems) required to correct rejected characters. The substitution rates from the test will be used to assess the effects of this error condition as it affects our balancing and validation operation.

Each bidding vendor has received copies of our cost evaluation factors and methodology. After we incorporate the results of the tests of each vendor's optical scanning system proposal with those cost factors, each vendor will receive our cost evaluation of his system for review.

In summary, not only will we be considering the costs of the equipment and its related charges (maintenance, space, etc.), we are also considering all the costs of the vendor's system as they affect those portions of the total processing system impacted by the scanner's performance.

Question: Have you made provision for technically advanced automatic reading systems to demonstrate their capabilities with materials that traditional OCR machines have not been able to read automatically?

Answer: Based on our experience and considering all the variables such as rejections, substitutions and special adjustments, we think we have properly assessed the workload that can be processed by the scanners.

However, as we have noted, if experience proves that we can scan a higher level of the workload, the procurement provides for acquiring additional equipment for this contingency.

VENDOR PAYMENTS

Question: Excess vendor payments made by New York from 1969 to 1976 recently were forgiven by Congress which, at the same time, gave States the right to increase the use of such "restricted" payments.

What system has the Department developed to monitor States' conformity with provisions of the law restricting the proportion of AFDC families subject to "vendor" and "protective" payments?

Answer: We have continued to review the States' financial reports for vendor and protective payments in excess of the limitations. The system that revealed the excessive vendor payments made by New York under the old limitations is also able to monitor the conformance of the States under the new limitations, and it was therefore not necessary to develop a new system.

PLACEMENT OF REFUGEES INTO REGULAR ASSISTANCE PROGRAMS

Question: Have those refugees who are eligible for the regular AFDC programs and Medicaid programs been identified and placed on those programs?

Answer: The process has been completed for Indochinese refugees and partially completed for Cuban refugees. The process for Cuban refugees is expected to be completed following issuance this month of a Program Instruction to the States.

Question: How many such refugees are there? How many refugees not eligible for these categorical programs are receiving General Assistance?

Answer: This information is not yet available because of the delay in the appropriation for the Indochinese program and pending completion of the process for the Cuban program. The States are being requested to provide this information and it will be furnished to the Committee when available.

ADMINISTRATIVE LONG RANGE PLANNING

Question: In the debate on social security financing, much discussion was centered on the fact that the retiree population is expected to increase dramatically after the turn of the century as the children born during the "baby boom" reach retirement age.

What long-range planning is taking place in SSA to assure that we will be able to administratively handle this impending increase in beneficiaries?

Answer: The administration is well aware of this long-range problem and we are conducting planning efforts on two fronts to cope with the situation:

1. Financing

   Last year the Administration submitted a proposal to solve the short-range (next 5 years) and medium-range (next 25 years) financial difficulties of the OASDI system. That proposal also significantly improved the financial status of the system projected for the next century. After some modifications of that proposal the Congress enacted the 1977 amendments.

   While the amendments were being considered it was recognized that the system would still be projected to have large deficits after the turn of the century and it was decided that it would be more appropriate to study the long-range financing on its own merits later on rather than to rush the enactment of a solution without sufficiently considering possible alternatives and their implications.

2. Administration

   SSA has underway a major redesign of our current operating processes with the goal of developing improved processes that will serve us through the turn of the century. The aim is to improve efficiency and curtail constantly increasing personnel requirements and administrative costs through sound design and optimal use of advanced technology. During the next seven years we will gradually phase in these new technologies so that we will be able to handle the workloads projected through the end of the century. Additionally, the modular and flexible nature of the future SSA process will facilitate subsequent systems improvements needed to handle the workload growth expected after the turn of the century.

CAUSES OF ERROR IN SSI AND AFDC

Question: How do the apparent causes of error compare in the AFDC and SSI programs?

Answer: In both programs the administering agency is responsible for over half of the cases in which erroneous payments are made. In both programs about 53 percent of all cases in error are

the result of agency mistakes. The remaining 47 percent are incorrect because of errors made on the part of the beneficiary, especially their failure to report changes in circumstances which affect their monthly payment. The vast majority of SSI agency-caused errors result from inadequate development or verification of eligibility factors according to policy. In the AFDC program, the agency's failure to take action on information supplied by the client, or by other sources, is the leading source of administrative error.

Question: What apparent causes of erroneous payments are common in both AFDC and SSI?

Answer: The receipt of income from another source such as pensions and wages causes about half of the errors in both AFDC and SSI. These errors most often occur because either the agency is totally unaware of the receipt of such income, or is unaware of a change in income. In the AFDC program, earned income is responsible for the majority of income errors, whereas, support and maintenance in cash or in kind, such as free or reduced rent or payment for utilities, is a leading cause of error in the SSI program.

Question: Which ones are distinctive with either program?

Answer: In the SSI program, the resource test is a serious problem, especially possession of bank accounts in excess of the resource limitation. The data indicate that this is not as signifcant in the AFDC program. Living arrangement problems which occur in about one-fourth of all erroneous SSI cases are also distinctive to SSI.

In the AFDC program, four distinctive basic requirements account for erroneous payments. They are: (1) failure of AFDC clients to register for WIN training and/or employment to be specifically exempted from registration and, (2) failure of the needy child to reside with a specified relative according to a State Plan, (3) father not absent from the home when the cause of deprivation is the father's whereabouts unknown (4) failure of children between the ages of 18 and 21 to be regularly attending school.

HEARINGS AND APPEALS BACKLOG

Question: Last year you told us that you expected to be able to significantly reduce your hearings and appeals backlog of over 80,000 cases during FY 1978. Where do we stand now in regard to this backlog?

Answer: As of the end of January 1978, the hearings backlog was 90,523 cases.

Question: Would you explain for us the reasons why this backlog has increased?

Answer: In 1976, the time limitation for filing a request for a hearing was changed to 60 days from the previous 6-month period for title II and 1-month period for title XVI cases. It was assumed that the generally shorter filing period would cause a decline in the number of claimants filing hearing requests.

Instead, hearing receipts have increased. In 1977, hearing receipts were about 37 percent higher than estimated and backlogs continued to grow.

Question: What are your prognostications for the next year?

Answer: We expect to reduce the hearings backlog to under 80,000 cases by the end of 1979. In order to bring hearings backlogs down, the budget reflects the recruitment of an additional 200 administrative law judges and a net increase of over 700 hearing office support staff during the next 2 years.

Question: What is the current waiting time before a hearing request is acted upon?

Answer: Each hearing request received in our district and branch offices is forwarded immediately to the appropriate hearing office where a hearing date is scheduled. Currently the average time required from the date the hearing is requested to final disposition of the case is about 189 days.

SSI CASELOAD ESTIMATES

Question: SSA has consistently overestimated the number of SSI recipients which would be coming onto the rolls. What are the reasons for this?

Answer: SSA did substantially overestimate SSI recipients and costs in the 1977 President's budget. This underrun was due to a dramatic change in program experience which occurred after the 1977 President's budget was finalized. At the time the 1977 estimate was finalized the program had experienced growth. This trend was projected to continue into 1976, the transition quarter, and through 1977. However, program growth came to an almost abrupt halt soon after the 1977 President's budget went to press. This change revealed itself over a period of months. Applications dropped off, allowance rates declined and closing rates increased. As a result the recipient rolls stabilized.

When SSA formulated the 1978 President's budget and the 1977 revised estimate, this experience was incorporated into the estimates. As a result the 1977 operating estimate more nearly approximated 1977 actual experience. However, the 1977 operating estimate assumed a much more gradual decline in the SSI error rate than the dramatic SSI error reduction actually achieved by SSA in 1977. While our estimating system and the QC system do not track precisely because of differences in timing and data bases we feel pretty sure that the principal reason for the variance between the 1977 operating estimate and 1977 actual was the dramatic error reduction achieved in 1977. For the same reason the 1978 operating estimate which incorporates actual 1977 experience is somewhat lower than the 1978 President's budget estimate, however we were able to update the estimates at the eleventh hour right before locking up the 1979 President's budget. So far this year the 1978 actuals are tracking very close to the estimate.

Question: Have you considered changing your estimating procedures?

Answer: In one sense we change our estimating procedures every time we make a new estimate; in another sense we continue to use the same procedure. Starting with the FY 1976 budget, SSA developed an estimating methodology which relied solely on actual program experience. Every time a new budget estimate is prepared we review all of the factors that go into our estimating methodology. These include number of applications, acceptance rates, average benefit amounts, closing rates, and other factors. We revise them if necessary, based on current experience. Thus, we are constantly changing our estimating procedures but the methodology remains the same. In addition, we are working constantly to refine our data sources.

Question: How confident are you of the budget year's estimated level?

Answer: We believe the estimates are reliable. However, if we continue to surpass the budgeted error reduction targets, benefit payments could be lower. For this reason we need to closely monitor the error rate and benefit payment trends.

DISTRIBUTION OF DISTRICT OFFICES
AND PROGRAM SERVICE CENTERS

Question: How does the present system of district offices and program service centers match up with the present workload of SSA?

Answer: The district offices and program service centers each have distinct responsibilities under the present SSA workload processing system.

The district/branch offices are the point of personal contact with the public. Inquiries, claims for benefits, and contacts by beneficiaries are usually with the local district office. On February 1, 1978, there were 1,322 district/branch offices serving specific geographic areas.

There are six geographically dispersed program service centers (PSC) in the United States. The PSCs review claims, ask the district offices to develop additional information, maintain the beneficiary rolls (including preparing the monthly payment tapes which the Treasury Department uses to issue Social Security benefit checks) and maintain active claims folders.

Question: Have changing demographic patterns created an overburden on some of these facilities and an underuse of others?

Answer: In the District Offices, shifts are made continually in keeping up with changing demographic patterns. As population shifts occur, SSA adjusts by enlarging existing offices, adding branch offices, and changing other public contact locations. Also, population shifts can be handled by adjusting the geographic boundaries which the local office serves. As the Social Security program has expanded, we have opened additional offices. On June 20, 1967, SSA had 732 district/branch offices. Thus, in the last 11 years, we have opened 590 new offices to handle the growth of existing programs as well as the addition of the Medicare and SSI programs.

Question: How is this type of situation assessed?

Answer: The workloads of the PSCs and district/branch offices are being continually assessed through SSA management information systems. These systems provide information on new claim receipts and post-adjudicative case actions. Reports of management officials on location, their supervisors and the data in the management information systems will signal when a situation is being created which may require shifting of work because of population shifts or for other reasons. These situations are analyzed and recommendations for change are made to the Commissioner.

VIDEOTAPE SURVEILLANCE OF SOCIAL SECURITY EMPLOYEES

Question: We read in the newspaper today that several dissident, upper grade employees are suing SSA over the fact that their activities have been subject to videotape surveillance. Would you try to briefly explain to us the necessity for such spooky management tactics?

Answer: The Social Security Administration, and more specifically the Bureau of Hearings and Appeals, does not engage in videotape surveillance of employees. A suit was filed in the District of Columbia against four officials of the Social Security Administration and the Secretary of Health, Education, and Welfare alleging a violation of the Privacy Act and the First and Fourth Amendments to the U.S. Constitution. This suit was filed by 24 employees at the Bureau of Hearings and Appeals who attended a meeting held by the Personnel Officer. The purpose of the meeting was to inform approximately 40 GS-12 employees that a decision had been made which would prohibit them from being promoted noncompetitively to the GS-13 level in their current career ladder. The Personnel Officer made a presentation which was followed by a question and answer period.

A GS-12 analyst, who called the Personnel Officer prior to the meeting, stated that she could not attend the meeting and would like to have a record which would provide the give and take of the meeting. Since the meeting was held in a training room and the equipment was readily available, the Personnel Officer authorized the taping of the meeting for future use and review by any analyst who may have missed the meeting.

The videotape equipment and the technicians were visible to everyone in the room. There was no attempt to hide the taping and, in fact, the equipment was within a few feet of the current Union President, at whose request the meeting was being held and who could see the videotape monitor.

Prior to the conclusion of the meeting, some of the employees protested the fact it had been videotaped. Management officials, including the Personnel Officer, met thereafter with the affected employees and apologized to them, both personally and on behalf of the Bureau Director. Moreover, at the employees' request, the videotape was made available to them for review, and a copy has been purchased by the Union. The tape, which consists primarily of close-ups of the Personnel Officer, his staff, and the backs of those in the audience, has been viewed by management officials only

as necessary in responding to the employees' complaint under the Privacy Act and, at the employees' request, by the Bureau Director. As plaintiffs concede in their complaint, management has offered to destroy the tape.

We sincerely regret that the incident occurred, but, in our opinion, it did not constitute a violation of the Privacy Act or of any of the employees' constitutional rights. It was never the intention of management to engage in surveillance of employees. Rather, the videotaping was made to provide a record of a meeting, held in the ordinary course of business, on a subject of serious concern to the employees present and to other employees similarly situated who could not attend that meeting.

PROCESSING TIME

Question: One of the most frequent complaints concerning the Social Security Administration is that disability claim determinations take too long to process. What is being done to improve this situation.

Answer: The Social Security Administration is very concerned with the amount of time it takes to process a disability claim. In the past year, we have shown marked improvement. In December 1976, the median time to process a disability claim was 78 days. As of December 1977, we had reduced it to 59 days. Recently, it has climbed again to 63 days, but we are making several major efforts to reduce this to a goal of 60 days. SSA Regional Offices are using data from a recently completed elapsed time survey to assist State Agencies in eliminating processing bottle-necks.

A workgroup on State Agency Organization and Workflow (made up of State and Federal representatives) has made a number of recommendations to improve the workflow within each State Agency. The workgroup report will be used by the States to save time in the overall process.

A project was begun in October 1977 under which district/branch offices authorize payment for virtually all title II disability claims and input the decision for direct payment. This project eliminates the processing delay for those cases which previously had required a central review before payment could be made. The project is now being evaluated for nationwide implementation.

In addition, SSA is testing a system for title II cases that allows State Agencies (which make the medical determinations) to trigger the issuance of the first check in those cases where all other factors of entitlement have been resolved by the district offices at the time the medical determination is made. This makes the title II process consistent with the process used for title XVI (SSI) cases. The change is scheduled for implementation by June 1978.

We are expanding the SSA claims control system to provide a case locator thoughout the entire claims development and review process. This should speed up locating cases and associating material which is essential to the decision process in the District Offices, Regional Case Review Sections, and the State Agencies.

At the same time that we are trying to speed up processing, we are also implementing quality assurance systems to measure

processing time and accuracy of the State Agency decisions. Some of the efforts involve sample reviews of cases, increased supervisory review, better and more timely reporting of processing time statistics, and special studies within the State Agencies.

FEDERAL VS. STATE ROLE
IN DISABILITY DETERMINATIONS

Question: Would you (1) explain briefly the relationship of the States to the disability process; (2) relate this to the appeals process; and (3) give us your opinion as to whether there is a better way of going about making determinations of disability which would be both cheaper and more satisfactory to the applicant?

Answer: The agreement sets out the respective responsibilities of the parties, enumerating the class or classes of individuals over which the State shall have jurisdiction and also describing generally the Federal requirements pertaining to the DDS operation. The total cost of the State operation is Federally funded (trust funds for DI claims, general revenues for SSI claims).

The Social Security Act (section 221) places the responsibility for determinations of disability with State agencies. The State agencies perform this function under agreements with the Secretary of Health, Education, and Welfare and are funded out of the Social Security Administration's Limitation on Administrative Expenses. Currently there are agreements with 54 States and jurisdictions. The agreements spell out the responsibilities of the State agencies, enumerating the class or classes of individuals over which each State agency has jurisdiction and describe the Federal requirements pertaining to the State agencies.

As a general rule, the disability claims are taken in SSA district offices where the disability interview is conducted, supporting medical evidence is obtained and the determinations of non-disability factors of eligibility are made. The claim goes to the State agency for a determination of disability. The State agency requests documentation of existing medical evidence from sources listed on the claim form. If the existing medical evidence is inconclusive, the State agency schedules a consultative medical examination for the claimant to determine the nature of the alleged disability, whether it will last 12 months or result in death, whether the alleged disability prevents SGA, and if the alleged disability meets or equals the medical listings in the disability manual. In addition to evaluating the claim based on medical evidence, the State agency considers if any limitations exist due to vocational factors such as age, education, occupational skill and work experience. Once the State agency makes the disability determination, it will return the claim to the district office where a payment or denial notice is initiated.

The State agencies responsibilities are defined under the Federal-State agreement and enumerated in the administrative regulations issued by SSA. In addition to providing regulations, SSA has emphasized consistency and uniformity among the States through development of model organization guides for the State agencies, development of comprehensive training packages to be used by the States, maintenance of liaison with the medical community to promote

understanding of the disability program and develop new medical resources for the States and development of a comprehensive quality assurance program to review the accuracy of State determinations.

In relating the process described in the first paragraph to the appeals process, it should be understood that the basic arrangement for initial determinations is by statute, i.e., section 221 of the Social Security Act, the reconsideration process is mandated by regulation. It involves the review of the initial determination upon request of the claimant or his representative. This review is conducted by a different examiner-physician team of the State Disability Determination Services. If warranted, additional evidence is sought and if the individual is still dissatisfied, he may request a hearing. When a claimant requests a hearing, the claim is reviewed in the district office and if warranted, is remanded to the State agency for a reexamination of the existing evidence compiled at the initial and reconsideration stages. If the State agency changes its denial decisions made at the initial and reconsideration stages, the claim is processed for payment by the district office. If the State agency reaffirms its denial decisions, the claim is forwarded to the Bureau of Hearings and Appeals, SSA, which schedules a hearing on the claim before an administrative law judge. If the claimant requests a hearing and the district office chooses not to remand the claim to the State agency, the claim is forwarded to the Bureau of Hearings and Appeals to be heard by an administrative law judge. Upon review of the claim, the administrative law judge may require that a consultative medical examination be performed to substantiate the existing medical evidence on file. The consultative examination request is made to the State agency in whose jurisdiction the claim was initially filed. The State agency schedules the consultative examination and sends the examination findings to the Bureau of Hearings and Appeals. If the hearing results in a denial, the claimant may appeal the claim to the Appeals Council, consisting of 16 members, which is the Bureau of Hearings and Appeals highest appellate tribunal and represents the final decision on a claim by the Secretary of HEW. Any decision of the Secretary may, by statute, be appealed to a court of competent jurisdiction.

There are a great many initiatives now under way, the major objective of which is to improve the disability determination process. HEW is currently conducting an intensive review of the disability program and recommendations will be forthcoming from that review.

REPLACEMENT OF MISSING BENEFIT CHECKS

Question: What is being done to improve the replacement of missing checks?

Answer: The Social Security Administration is concerned about beneficiaries who do not receive their checks timely. At present, we issue about 25 million checks and 6 million electronic fund transfer payments monthly, and a check is delivered properly and on time to 99.8 percent of our beneficiaries.

We do receive approximately 60,000 reports of missing checks each month. However, most of these turn out to be brief delays (four days or less) in receipt of the check. Nevertheless, about 10,000 cases per month actually require replacement of a missing check. SSA works closely with the Treasury Department to replace

these missing checks, and reports them to Treasury on magnetic tape in order to initiate action as expeditiously as possible.

Treasury matches this tape against its record of checks issued and in most cases is able to promptly issue a replacement. There are three possible actions:

If Treasury has no record that a prior check was issued, it issues one immediately.

If Treasury's record indicates a prior check has been issued and has not been negotiated, it issues a duplicate check immediately and stops payment on the original check.

If Treasury's record indicates a prior check has been issued and has been negotiated, it forwards a photocopy of the negotiated check to the claimant for verification of the signature. If the check was not signed and cashed by the beneficiary, Treasury issues a replacement check to him. When this situation occurs, it takes 6 to 8 weeks before Treasury's investigation is completed and a replacement check is issued. However, this occurrence is rare.

SUBCOMMITTEE RECESS

Senator CHILES. This will conclude our testimony at this hearing, and the subcommittee will be in recess until 2:30 p.m. tomorrow.

[Whereupon, at 3:30 p.m., Wednesday, March 8, the subcommittee was recessed, to reconvene at 2:30 p.m., Thursday, March 9, 1978.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1979

FRIDAY, MARCH 10, 1978

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:45 a.m. in room S–128, the Capitol, Hon. Birch Bayh presiding.

Present: Senators Bayh and Chiles.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DEPARTMENTAL MANAGEMENT

STATEMENT OF HALE CHAMPION, UNDER SECRETARY

ACCOMPANIED BY:

DAVID TATEL, DIRECTOR, OFFICE FOR CIVIL RIGHTS
THOMAS MORRIS, INSPECTOR GENERAL
HENRY AARON, ASSISTANT SECRETARY FOR PLANNING AND EVALUATION
LEONARD SCHAEFFER, ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET
CYNTHIA BROWN, DEPUTY DIRECTOR, OFFICE FOR CIVIL RIGHTS
PETER SCHUCK, DEPUTY ASSISTANT SECRETARY FOR PLANNING AND EVALUATION
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY FOR FINANCIAL MANAGEMENT
KENNETH LEVINE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION

BUDGET REQUESTS

Senator BAYH. We will come to order, if you please.

The subcommittee today will hear the activity known as the Health, Education, and Welfare departmental management area.

This includes the Office of Civil Rights, the Office of Inspector General, Policy Research, and the other traditional functions that can be found in any of the large organizations such as finance and budget, personnel, and the like.

We will consider both your 1978 supplemental and your fiscal year 1979 request together, if you have no objection.

The largest personnel increase is for the Office of Civil Rights. The question, as I see it—898 more people—that's a near doubling of your current staff. I gather that this is in response to the recent court mandate to clear up your backlog of complaints and to begin to handle them in a quicker and more orderly fashion as they come in.

You state that it also gives you the personnel needed to do a substantial number of compliance reviews across the country.

I will be anxious to hear about this. As I am sure you are aware, I was less than satisfied—which is perhaps an understatement—of where we were last year, realizing that some of the players involved now were not on the team, then; some that were, then, were inheriting a situation that they did not in fact, create.

The Inspector General is also asking for a total of 160 more people to increase his audit capabilities, for welfare and student aid programs, as well as to eliminate the backlog of fraud and abuse claims to be investigated.

Mr. Champion is the Under Secretary of HEW. I appreciate the fact that you and your colleagues are here. I assume you're the chief spokesman, and you may proceed as you see fit.

Mr. CHAMPION. Thank you, Mr. Chairman.

Let me introduce—you've met, I think, my associates. Running from the left: Henry Aaron, Assistant Secretary for Planning and Evaluation; Tom Morris, Inspector General; David Tatel, the Director of the Office for Civil Rights; Leonard Schaeffer, who is the newly appointed Assistant Secretary for Management and Budget; Kenneth Levine is the Deputy Assistant Secretary for Legislation; and Charles Miller, the Deputy Assistant Secretary for Financial Management.

My associates and I are pleased to be here to present the fiscal year 1979 appropriation request and several important 1978 supplemental requests for the Office of the Secretary.

PREPARED STATEMENTS AND BIOGRAPHICAL SKETCHES

I would like to summarize for you the most important features of these requests. We'll do that rather briefly. My colleagues will submit their own statements for the record, if that's acceptable to you. Then we can proceed right ahead.

Senator BAYH. Fine.

[The statements and biographical sketches follow:]

Statement of Hale Champion

My associates and I are pleased to be here to present the fiscal year 1979 appropriation request and a fiscal year 1978 supplemental request for General Departmental Management.

Since the General Departmental Management budget was presented last year, there have been significant changes in the organization of the Office of the Secretary which relate to this appropriation. Specifically,

-- The Secretary has realigned the Department's administrative, financial and personnel management functions. All administrative and financial management activities have been consolidated under the new Office of the Assistant Secretary for Management and Budget, while all departmental personnel functions have been placed under the new Assistant Secretary for Personnel Administration.

-- The Long Term Care Standards Enforcement function has been transferred to the Health Care Financing Administration as part of the Department's consolidation of health care financing programs.

The request reflects the Department's decision that the majority of departmental service activities formerly conducted in the Department's Working Capital Fund should be conducted directly within the General Departmental Management appropriation to strengthen management of these activities. The transfer was effective October 1, 1977 and is reflected comparatively in the budget. Most of these activities are now included in the Departmental Operations portion of the budget.

These changes do not affect the concept of the two major activities conducted under the General Departmental Management appropriation. These are Departmental Operations and Departmental Direction.

-- Departmental Operations supports six major services which respond to work requirements directly resulting from agency program operations. These include: 1. Legal Services provided to the Social Security and Food and Drug Administrations; 2. Facilities Engineering which directs all

facilities operations within the Department; 3. Administrative Services provided to department-wide headquarters staffs; 4. The Grants Payment System serving as a central payment and cash control point in the Department for recipients of HEW awards; 5. Regional services provided to the Department's regional components; 6. Central payroll and personnel data services provided by the Employee Systems Center for all the Department's employees. The last four activities were formerly conducted in the Department's Working Capital Fund.

-- Departmental Direction supports those activities related to the Secretary's overall responsibilities for the management of the Department such as budget formulation, personnel management, grants and contracts management, policy analysis, and selected legal activities including drafting and reviewing regulations.

Summary of the FY 1979 Request

We are requesting under the General Departmental Management appropriation 3,991 positions and $129,738,000 in budget authority. This is an increase of five positions and a decrease of $323,000. In addition, we are requesting authority to transfer $6,890,000 from the Social Security trust funds for a total obligational level of $136,628,000.

These changes are broken down between Departmental Operations and Departmental Direction as follows:

	1978 Appropriations		FY 1979 Changes	
	Pos.	Amount	Pos.	Amount
Departmental Direction	1,678	$62,647,000	-11	-$2,306,000
Departmental Operations	2,308	73,317,000	+16	+2,970,000
Total Request	3,986	$135,964,000	+5	+$664,000
Less: Trust Fund Transfer	---	-5,903,000	---	-987,000
	3,986	$130,061,000	+5	-$323,000

The increase of five positions and decrease of $323,000 results from a requested increase of 35 positions and $5,552,000 offset by decreases in the FY 1978 level of 30 positions and $5,875,000. These decreases result from three factors:

-- A decrease in the Welfare Reform Staff.....	$1.4 million and 19 positions
-- Savings identified in the FY 1979 Zero Base Budget process.....	$655,000 and 11 positions
-- Built-in decreases primarily resulting from one-time FY 1978 expenditures.....	$3.8 million

The increase of 35 positions and $5,552,000 results from two major areas of cost increases:

-- Increased workloads in current activities - primarily for the General Counsel's office with a projected 12% increase in court case filings in FY 1979. Social Security programs account for almost 60% of this increase -- $1.0 million.

-- Increased costs of current programs -- $4.5 million.

FY 1978 Supplemental Request

Included in the FY 1978 base is a supplemental request for 30 positions and $1,047,000 consisting of three items:

-- 30 positions and $177,000 for the General Counsel's Office to handle increased litigation workloads in all program areas. Together with the FY 1979 request, this would provide a total of 64 new positions to handle the litigation workloads.

-- $570,000 to develop a new accounting system for the Office of the Secretary and the Office of Human Development Services, and

-- $300,000 to meet increased charges by the U.S. Postal Service caused by a revised estimate of the volume of Office of the Secretary mailings.

I will now cover briefly each of the supplemental and FY 1979 increases which we are requesting.

1. Increased Workloads

We are requesting 30 new positions for the Office of the General Counsel in 1978 and 34 in 1979. These increases are compelled by the continuing

growth of the Department's litigation workload. $275,000 is also requested to automate retrieval of all past General Counsel opinions. Thirty-one of these positions would handle Social Security caseloads and 33 would perform litigation in all other Departmental areas including post-secondary education programs, Medicaid, AFDC, and our fraud and abuse prevention activities.

We currently estimate that the Department will be involved in 16,500 new federal court cases in FY 1979, an increase of 12% over fiscal year 1978, and 60% over the fiscal year 1976 level. The majority of the cases are suits against the Department, and over half involve the defense of appeals to the federal courts from denial by the Department of OASDI and SSI benefit claims.

We have very little capacity to control the growing demand for legal services, and additional staff will be necessary to avoid a reduction in the quality of the Department's legal representation and the ability to handle cases on a timely basis. Inadequate defense of the Department's position in a major case can have severe adverse administrative and financial consequences for the operation of a program throughout the nation. Even the loss of a routine disability benefit denial appeal costs the government an average of $29,000 in benefit payments. We estimate that the courts will decide in the Department's favor in 4,000 disability cases in fiscal year 1978. This would save $114,000,000 in future trust fund outlays if you were to assume that failure to handle appeals in a timely fashion would result in each case in a granting of full benefits.

As a further step in meeting the staffing needs of the General Counsel's Office, we intend to transfer to that office 73 positions currently used for provision of legal services but budgeted for the Social Security Administration. These positions were requested in the Social Security Administration's FY 1978 budget to provide temporary assistance to the General Counsel in handling what was anticipated to be a non-recurring workload related to the reduction of SSA's administrative appeals backlog. Major new increases in administrative appeals and in consequent court litigation now make it

essential that these positions be retained in the Office of the General Counsel on a permanent basis. Administrative appeals have increased from 10,000 per month in fiscal year 1977 to 16,000 per month in fiscal year 1978, and this will cause an estimated annual increase of 1,300 court cases. The FY 1979 General Departmental Management budget request includes these 73 positions in the Legal Services subactivity as a functional transfer from the Social Security Administration.

2. New Accounting System

An increase of $570,000 is requested in the supplemental for the Division of Accounting Operations in the Office of the Assistant Secretary for Management and Budget. This will allow development of a new computerized accounting system to provide more efficient and economical accounting services to the Office of Human Development Services and the Office of the Secretary. This new system is a key element in our department-wide effort to put financial management on a sound operating basis. The current accounting system cannot produce timely or reliable reports and is complex and cumbersome to use as well as expensive to operate.

Originally designed, nearly 10 years ago, to process salary and expense transactions, the current system has been patched and jerry-rigged since then in order to process other kinds of work. For example, the system processed $86 million worth of transactions for the Office of the Secretary in FY 1970. In FY 1978, currently authorized appropriations handled by the system total $5.6 billion and now include the many Office of Human Development Services grant programs.

A new system would be designed and implemented to overcome these deficiencies. It would be based upon a study, nearly completed, which will recommend the new system's general design and will indicate which specific computer equipment best meets our needs. Detailed development and testing would begin in the summer of 1978. This start date is necessary in order to implement the new system at the beginning of FY 1980.

3. POSTAGE

The supplemental request includes $300,000 for additional postage costs. In 1977, the Office of the Secretary conducted a postal management study to improve the accuracy of its postal cost estimation techniques. This study found that several Office of the Secretary offices in outlying downtown buildings had not been included in our FY 1978 postal cost estimate and that our estimates of regional mailings were too low. We estimate that the postal cost for these offices will add about $300,000 to the $466,000 currently budgeted in the General Departmental Management appropriation. We have revised our procedures for controlling and counting mailings in the Office of the Secretary and our 1979 budget request of $859,000 reflects these revised procedures.

4. FY 1979 Built-in Cost Increases

$4.5 million is requested for the increased cost of doing business in General Departmental Management activities. Of that, $1.5 million is for increased costs for office space and GSA building management services. Approximately $1.1 million is for full year costs of the new positions authorized in FY 1978 and the 1977 pay raise; $.9 million results from anticipated FY 1979 increases in administrative costs, Federal telephone service and copying. The remaining $1 million is requested for increased automated data processing costs, career ladder promotions and within grade salary increases, and increased court recording costs for the Civil Rights Reviewing Authority.

Summary

In conclusion, Mr. Chairman, we are requesting a FY 1978 supplemental for 30 positions and $1,047,000 and a FY 1979 budget of 3,991 positions and $129,738,000. This request includes increases for:

-- Increased workloads in current activities;

-- A new accounting system for the Office of the Secretary and Office of Human Development Services; and

-- Increased costs of current programs.

BIOGRAPHICAL SKETCH

BORN: August 27, 1922, Coldwater, Michigan
Graduated from Ann Arbor High School, 1939

EDUCATION: University of Michigan, 1939-1942
B.A., Stanford University, 1952

MILITARY: U.S. Army, 1942-1945, discharged as sergeant.

EMPLOYMENT:

Financial Vice President, Harvard University, July 1971-January 1977. One of four vice presidents in the administration of President Derck C. Bok, Champion oversaw budgets totalling $280 million. He directed financial and physical planning, assisted in financial matters of the 43 major budgetary units of the University, helped assess future needs and resources, and advised the President and Fellows on financial policy.

Vice President of Finance, Planning and Operations at the University of Minnesota, September 1969 - June 1971. He was in charge of a budget of $250 million covering five campuses with 51,000 students.

Director, Boston Redevelopment Authority, January 1968 to September 1969. He directed a $1 billion renewal program.

Director of Finance, State of California, 1961-1967. He was responsible for a budget of $5 billion. As Director, he also served as chairman of the state Public Works Board and the Lands Commission.

Fellow of the Kennedy Institute, Harvard University, 1966-1967.

Press, Executive Secretary to Governor Edmund G. Brown, California, 1958-1960.

Reporter, San Francisco Chronicle, 1952-1958.

Nieman Fellowship in Journalism, Harvard University, 1956-57.

Legislative assistant, Rep. Andrew J. Siemiller (Dem. - Milwaukee), 1949-50.

Reporter on various other journals.

OTHER PROFESSIONAL:

Participant on Presidental task forces on the reorganization of the Federal Government and the role of the University in urban society.

In 1975, Chairman of Massachusetts State Commission on Federal Base Conversion.

Lecturer at the Kennedy School of Government and chairman of a faculty seminar on compaign finance reform.

Past director, Harvard Community Health Plan, the Harvard Management Company, and the Economic Development and Industrial Corporation of the City of Boston.

MARRIED: Marie Tifft
2 childern - Thomas and Katherine

STATEMENT OF DAVID S. TATEL

I am pleased to present the supplemental budget request and the fiscal year 1979 budget request for the Office for Civil Rights. For Fiscal Year 1978, we are seeking an increase of 898 positions and $20,146,000. This would bring the total fiscal year 1978 appropriation to 2,000 positions and $53,228,000. In fiscal year 1979, we are requesting no additional positions and an appropriation of $72,156,000.

We recognize that this request is unprecedented. We are convinced, however, that the additional resources are urgently needed if the Department is to meet its civil rights responsibilities. The civil rights obligations of this Office have expanded rapidly. In addition to our responsibility under Title VI of the Civil Rights Act of 1964, which prohibits discrimination because of race and national origin, Congress in recent years extended OCR's jurisdiction to include enforcement of laws prohibiting discrimination because of sex or handicap in programs funded by HEW. Resources have not kept pace with these expanding obligations.

Even though our resources are limited, we are trying to utilize them more effectively. To some degree, recent OCR improvements have been responsive to the criticisms of the GAO in its report on OCR issued in March, 1977. We have moved swiftly to correct these deficiencies. We have improved the Case Following System, and expect greater system usability by mid-summer. We have established a work measurement system to help us assess employee productivity and allocate resources. We have a new staff training center. For the first time, OCR has one central policy unit. We are developing complaint processing procedures to ensure that each investigator applies the same legally sufficient standards.

Compliance and Enforcement

OCR began FY 1978 with a backlog of 3,100 complaints. We are requesting 799 positions to meet our commitment to eliminate the backlog of complaints by the end of FY 1979. After eliminating the backlog, OCR will use the new positions to process each new complaint promptly.

If the additional staff is approved, OCR expects to process 761 additional complaints in the latter half of FY 1978, and approximately 5,045 complaints in FY 1979. (See Attachment A for a comparison of OCR's complaint processing with and without the requested resources). We project that approximately 3,300 new complaints will be filed with this Office during the current fiscal year, and 4,100 complaints during

FY 1979. Without a major expansion of our staff, the backlog could reach 5,000 to 6,000 complaint by the end of FY 1979.

Because of inadequate resources, investigations often are not begun for years after complaints are filed, and those that are initiated may take years to complete. Many individuals must endure without relief unlawful discrimination at schools, health facilities, and other public programs. Individuals frustrated by OCR's failure to act have sought relief from the courts. Consequently, the courts have assumed detailed management of our affairs and a large measure of control over OCR priorities. Court orders have required OCR to concentrate its limited resources on specific categories of complaints, to the exclusion of others. These orders have greatly limited our ability to conduct compliance reviews, which are the most effective means of providing relief for larger groups of discrimination victims.

In the first of these cases, originally styled Adams v. Richardson, the court found that HEW failed to enforce Title VI in the 17 southern and border states. A second suit, originally styled Brown v. Weinberger, led to a similar ruling regarding the rest of the country. Women's groups filed another suit, originally styled WEAL v. Mathews, citing the Department for failure to enforce Title IX of the Education Amendments of 1972, and other authorities, which prohibit sex discrimination. On December 29, 1977, OCR settled all three cases.

The comprehensive consent order resolving these cases requires that the Department seek the resources it needs to fulfill its statutory obligations. The consent order also requires the Department to attempt to eliminate the complaint backlog within two years, if possible, and to address future complaints in a timely fashion. Finally, and most important, the consent order gives OCR flexibility to conduct about 270 self-initiated compliance reviews during the current fiscal year.

Section 504 Technical Assistance

We are requesting 72 positions and program funds of $8,697,000 for both FY 1978 and FY 1979 to implement a program of technical assistance to help recipients comply voluntarily with Section 504 and the implementing regulations. Section 504 imposes a new set of civil rights obligations on approximately 36,500 recipients of HEW funds including school districts, higher education institutions and health and social services providers.

Detailed guidance is needed to clarify the new requirements. We must inform recipients about various means to alter their program at minimum cost, so that they are accessible to handicapped persons. This technical assistance will

encourage self-initiated compliance and decrease the likelihood of more complaints and investigations.

Program Review and Assistance

OCR's Office of Program Review and Assistance (OPRA) will assist the Department's principal operating components (POC's) in incorporating civil rights reviews into the pre-award stages of their grant-making processes. We are requesting an additional 14 positions in the FY 1978 supplemental to help OPRA accomplish its mission. We want HEW to identify and correct discrimination in grant programs before they are funded. Our experience in administering the civil rights provisions of the Emergency School Aid Act has shown that an effictive pre-grant review system is often more productive and efficient than post-grant compliance measures. We intend to accomplish this objective by developing and conducting orientation programs for the program agencies, preparing pre-award clearance standards and procedures, revising HEW's procurement manual, consolidating civil rights assurance instruments, and assigning staff to work directly with the program agencies to monitor civil rights compliance in the grant clearance process.

Compliance Information Program

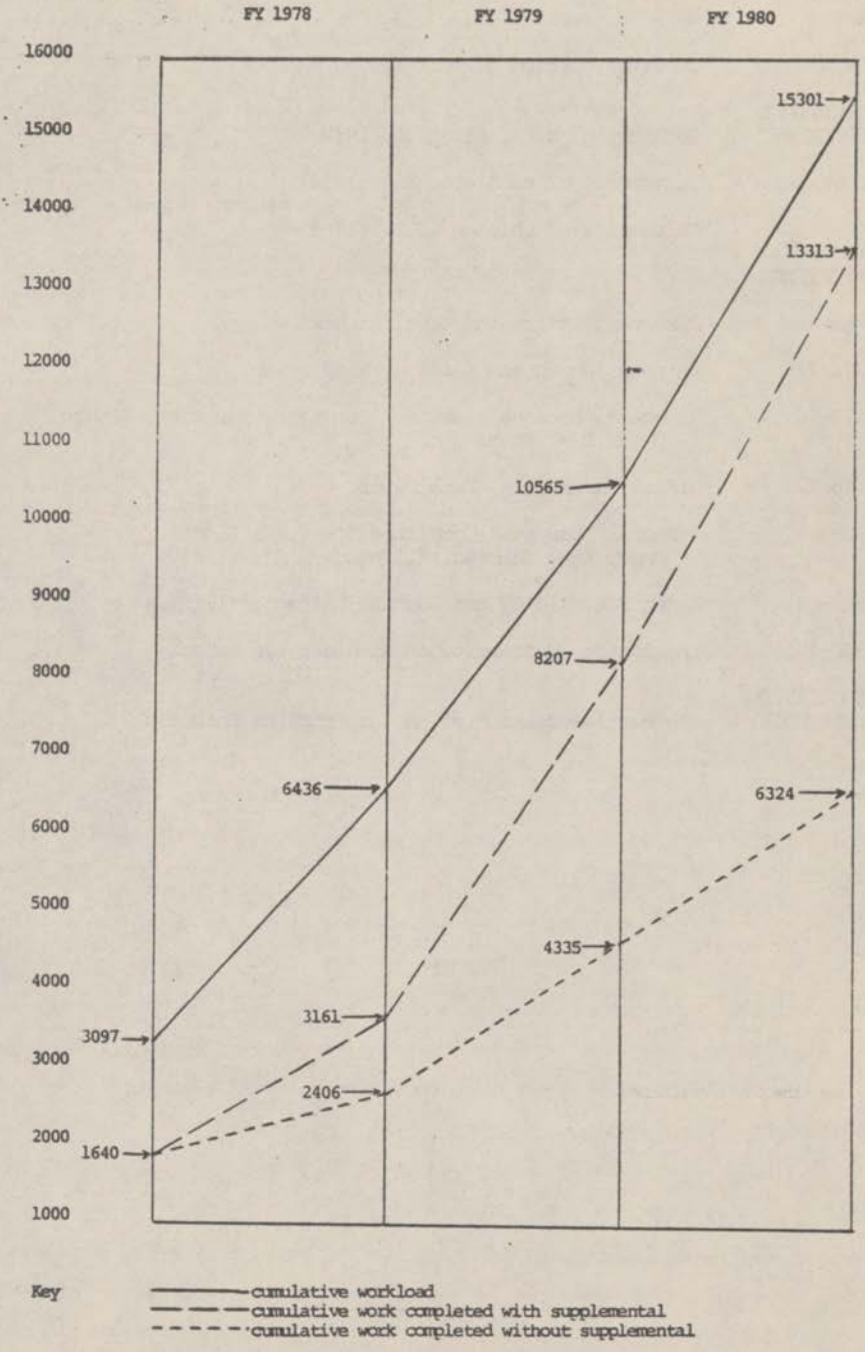
The FY 1978 supplemental request contains an increase of $1,650,000 to provide an improved and comprehensive management information and tracking system. This system will enable OCR to monitor its compliance with the court order, evaluate its work product, establish priorities and allocate staff. In addition, funds will be used to support reviews of several large recipients and to prepare and validate civil rights compliance surveys. For fiscal year 1979, we are requesting $3,000,000 to continue projects initiated in FY 1978 and to conduct surveys of specific types of recipients, such as health care providers, vocational schools and human development agencies.

Conclusion

Mr. Chairman, in summary, I have described the initiatives which we have undertaken to meet the GAO's criticisms. Improved management will permit us to hire rapidly and effectively utilize new staff resources.

The Administration and the courts have recognized that our expanded obligations can be met only with a major increase in resources. If our requests are granted, I am confident that we can meet our commitment to strengthen OCR's contribution to the Federal civil rights program.

Complaint Workload and Processing Projections



BIOGRAPHICAL SKETCH

NAME:	David S. Tatel
POSITION:	Director, Office for Civil Rights
BIRTHPLACE AND DATE:	Washington, D.C., March 16, 1942
EDUCATION:	University of Michigan, B.A. 1963
	University of Chicago, J.D. 1966
EXPERIENCE	
Present:	Director, Office for Civil Rights
1974-77:	Partner, Hogan and Harston, Washington, D.C.
1972-74:	Director, National Lawyers' Committee for Civil Rights Under Law, Washington, D.C.
1970-72:	Sidley and Austin, Washington, D.C.
1969-70:	Director, Lawyers' Committee for Civil Rights Under Law, Chicago, Illinois
1967-69:	Associate, Sidley and Austin, Chicago, Illinois
1966-67:	Instructor, University of Michigan Law School
ASSOCIATION MEMBERSHIP:	The Bar Association of the District of Columbia

STATEMENT OF HENRY AARON

My associates and I are here to present the Department's fiscal year request for policy research activities currently authorized under Section 232 of the Community Services Act and Section 1110 of the Social Security Act. This request is for $27,000,000, $3,000,000 less than the FY 1978 appropriation. The FY 1979 request is best described in terms of a number of major project areas. Those areas and the dollars requested for each are as follows:

— income maintenance experiments	$4,500,000
— monthly income reporting demonstrations	5,250,000
— health insurance experiments and related studies	6,850,000
— development of a survey of income and program participation	3,750,000
— study of equalization of school finances	2,000,000
— human services research	1,100,000
— basic research and statistical activities	3,550,000

Let me take a few minutes to explain the significance of work being done in each area and its importance to policy making in major programs within the Department.

Income Maintenance Experiments

In FY 1979 we will be nearing completion of the analysis of the voluminous data produced by the income maintenance experiments in Seattle, Denver, and Gary, Indiana. We have now entered the period of maximum payoff from our substantial investment in these projects over the past few years.

During the last fiscal year, a considerable amount of research which has direct bearing on the current welfare reform effort has resulted from the income maintenance experiments, although much remains to be done.

In particular, extensive analysis of data collected by the Seattle-Denver Experiment has now been undertaken focusing on the effects of the experimental programs on hours of work, family stability, geographic mobility, job satisfaction, and wage rates. Their experiment was the

largest and most comprehensive of the income maintenance experiments, and the results may therefore be the most reliable. Especially important is the fact that for the first time in the income maintenance experiments, researchers have obtained estimates of work responses to cash assistance programs that are in a form that makes possible simulations of the national effects and costs of a wide range of welfare reform alternatives. A computer simulation model incorporating these estimates has been developed and is being used within HEW and CBO to produce cost estimates for the Carter Administration's Program for Better Jobs and Income, to project the number of jobs that would be needed for the program, and to predict the program's effects on work effort. In addition, the model has been used to produce estimates of the bill as amended by the House Welfare Reform Subcommittee, to respond to Congressional inquiries regarding the cost and impact of welfare reform alternatives, and to provide state officials with estimates of fiscal impacts at the state level. A report that presents the basic Seattle-Denver labor supply results and a variety of program simulations has been produced by my staff.

At least as important as the analytic findings will be the administrative experience gathered in implementation of the experiments. We have designed the forms, written the software, trained the staff to administer a cash assistance program much like that in the administration's Program for Better Jobs and Income.

Valuable as these results have been, a considerable amount of very important research remains to be completed with data from the income maintenance experiments. For example, during the coming fiscal year we intend to complete important extensions of previous research on experimental effects on work effort and marital stability. Among other things, we will incorporate the marital stability results into a simulation model that will allow us to assess their national implications. A partial list of additional studies includes examination of effects on education and job training, housing quality, consumption patterns, child care, mental

health, fertility and illegitimacy, and child birth weights. These studies will provide a much better understanding of the relationships between cash assistance and the underlying causes of dependency. We shall be preparing public use tapes of the data so that independent analysts can extend the work done by the experiment's contractor.

Monthly Income Reporting

One of the earliest and most important findings from the income maintenance experiments was the usefulness of one of the administrative features: the monthly income reporting system. Monthly reporting leads to program savings because grant levels respond rapidly to changes in the circumstances of program participants. By improving the accuracy of information on recipient needs, the system greatly reduces both overpayments and underpayments, and allows earlier identification of ineligibles than under most current welfare administrative systems.

The success of monthly reporting in the income maintenance experiments led the Department to establish a test project in the AFDC program in Denver and Boulder County, Colorado, so that monthly reporting and retrospective accounting could be studied more systematically. The preliminary Denver findings are that monthly reporting brings program savings of approximately eight percent, and the Boulder findings indicate that the increases in report processing costs are no more than one percent of total program costs. If implemented nationally, this would correspond to a savings of about 800 million annually. It would save comparable amounts in Medicaid and Food Stamp benefits through elimination of ineligible AFDC recipients, who currently are automatically eligible for these programs.

The FY 78 Policy Research appropriation authorized us to spend $10 million on further monthly reporting research and demonstration projects. We have agreements with Colorado and Vermont for the state-wide implementation of monthly reporting. During this calendar year, a model state system will be designed in Colorado, and 60 percent of the state caseload will be converted to monthly reporting. The Vermont conversion awaits competitive selection of a research contractor.

We also plan to convert a large industrial state to monthly reporting beginning in FY 1978, as required by the Appropriations Committee Conference report for FY 1978, and to replicate the Denver/Boulder experiment in at least four additional sites. It is anticipated that all the monthly reporting sites will be selected and have received planning grants by the end of FY 78. However, because of the time required for competitive selection of design contractors in all these projects, actual implementation of these tests will not occur until FY 79 and may extend into FY 1980.

The monthly reporting research has direct applicability both to interim reforms in the AFDC program and to welfare reform. A primary objective of the experiments is development of a model administrative system that can readily be adopted in state AFDC programs. Moreover, the concept of monthly reporting, used with retrospective accounting, is a key feature of the welfare reform bill, both in the original Administration proposal, and in the bill, reported out of the Corman subcommittee. These two features mean that a reformed welfare system will cost the American taxpayer approximately 1.5 billion less than if the old systems of reporting were retained. The monthly reporting research also was invaluable to us as we worked on the administrative design of the Better Jobs and Income Program. The research findings gave us the ability to estimate administrative costs, staffing requirements, and the length of time required to calculate benefits and make payments.

Health Insurance Studies and Other Health Studies

The Health Insurance Study addresses several issues of great importance for National Health Insurance planning. It will provide estimates of the effects of various cost-sharing arrangements such as deductibles, coinsurance rates, and expenditure ceilings on the utilization of medical care. It will also estimate the effects on the quality of medical care received and on the health status of participants. The response of the health care delivery system to changes in utilization created by the insurance, through changes in prices, waiting times, or quality of care,

will also be examined. The study will also make possible the comparison of medical care in an HMO with that received by a similar population in the fee-for-service delivery system.

To accomplish these objectives, 2800 families have been enrolled in a wide range of experimental health insurance plans, and their utilization, health status, and quality of care carefully monitored. Enrollment of families in Seattle, Washington, and Fitchberg, Massachusetts was completed over a year ago. Enrollment in Charleston, South Carolina will be completed this year. The earliest of the experimental groups, in Dayton, Ohio, has recently completed its period of enrollment. Within a year, enough data will have been collected to permit preliminary analysis of the effects of the experimental plans on the demand for medical care. Thus preliminary findings will be available long before the end of the study. Field work will be completed early in 1982, and the final report will be available within a year thereafter.

The increase in cost of this project from FY 1978 to FY 1979 does not reflect any change in the scope of the study; rather, it merely reflects the full cost of the study at full-scale operation, as well as increases in the cost of medical care and other study operations due to inflation.

-- Health Services for Adolescents. A seriously neglected area of health service delivery is affecting adolescents, Adolescents face significant health sex--related problems--veneral disease, birth control, unwanted pregnancy, and maternal nutrition. We will survey existing programs which seek to reach adolescents, identify essential characteristics of service programs effective in attracting and holding adolescent participation. This information will be used in developing more effective service delivery patterns in departmental health programs.

Survey of Income and Program Participation

The Survey of Income and Program Participation will provide the

Department with an ongoing vehicle to analyze the impact of Federal transfer programs, including the estimation of future program costs and coverage and the relative effects of program alternatives. Present sources of data are not adequate for these purposes because they measure income inadequately and fail to collect such important types of data as assets, liabilities, expenditures, and program participation. This new survey will provide timely estimates of program eligibility and participation and the receipt of multiple program benefits; and general purpose estimates of the economic well-being of persons and families in the Nation. This survey will produce data useful in planning and evaluating the effectiveness of many federal programs including Education of the Handicapped, Drug Abuse, Alcohol and Mental health services programs, the Headstart program and after implementation, the new welfare program.

The development of the survey is half completed. To date, a phased research program has been initiated in partnership with the Bureau of the Census which has included testing in five cities and the implementation of a small nationally representative panel of households interviewed quarterly for five successive quarters. The major expenditures in FY 1979 are required to undertake a test panel of sufficient sample size to assess the feasibility and utility of several important survey design alternatives, including survey instrumentation, sample design, and alternative field procedures.

The need for an ongoing survey in the 1980 decade will not be affected by the mid-decade census program. While the mid-decade activity will provide statistics for States and smaller areas which will have significant utility for the Department, the mid-decade census cannot provide in-depth information on the variety of subjects to satisfy Departmental requirements for policy analysis.

Equalization of School Finances

Despite recent State school finance reform efforts, expenditures per pupil vary dramatically among the districts within States. In most

States high spending districts spend one and a half or two times as much as do low spending districts. Such spending differentials result in marked educational disparities as measured by pupil-teacher ratios, training and experience of staff, and availability of facilities, equipment and counseling services. Urban areas face special fiscal problems because of heavy demands against their deteriorating tax bases to support other municipal services. In responses to these concerns, political pressure is growing to expand the Federal role in equalizing school expenditures. However, even strong adovcates of this work admit we now lack sufficient knowledge in this area to propose specific programs. For example, we do not know whether money spent to assure equality of district outlays is an efficient way of helping needy children; or how to take differences in capacity effort, and local costs adequately into account in determining the needs of a district.

We propose to coordinate and participate in a department wide effort to develop the information necessary to determine the need for and proper scope of such a program. We expect other agencies to be involved as follows:

- The Assistant Secretary for Education and National Institute for Education to conduct parts of the study on those issues related to existing Federal categorical programs in elementary and secondary education.
- The Assistant Secretary for Human Development on matters of preschool education (e.g., Headstart).
- The Office of Civil Rights on those program requirements in elementary and secondary education governing services to protected special need populations (Handicapped, Bilingual, Racial Minorities, etc.)
- The Social Security Administration on the long range costs and methods of financing teacher pension plans.
- The Department's agencies involved in the development of Welfare Reform and health insurance and cost containment

policies (including ASPE) as these programs will have a major influence on the ability of local governments, particularly cities, and States to finance public services, including education.

It is proposed that overall responsibility for direction of this study be placed within the Office of the Assistant Secretary for Planning and Evaluation because its capacity and location in the Office of the Secretary will allow for more effective coordination of the efforts of the above mentioned agencies with outside groups and other Departments. We have already begun discussions with the various agencies to define complementary roles necessary to conduct this work. The outcome of this study will be information essential to the development of a long term strategy for achieving state school finance reform.

Human Services Research

We propose a number of relatively small studies which support policy making activities in a variety of human services areas. The major ones include:

- Post secondary student aid study. The Departments participation in post-secondary education aid takes place in the absence of basic information regarding the effects of this assistance on such important results as enrollment and retention of student recipients. This study will measure the effect of different levels of assistance on student behavior, thereby providing us with tools to alter policies regarding distribution of student aid.
- Project Share. This clearinghouse is becoming increasingly popular and effective in helping state and local governments discover new ways to improve the management of human services. Project Share actively seeks out relevant documents and adds them to its collection at the rate of 1000 per year. A variety of other quality services increased the subscriber audience of Project Share to above 6000 a year.

— The Structure and Functions of Disability Programs. While most of the disability and long term care research takes place in other agencies within the department, small but important amounts of work have been done under Policy Research. In FY 1979 we will continue refining cost estimates, and studying the relationship between welfare reform and disability, as well as the feasibility of labor market remedies to increase the employment of the disabled. We expect to end up with estimates of aggregate program costs as well as the costs of compliance with litigation of legislation. Results will also be useful in improving the administration of the rules and regulations of Sections 503 and 504 of the Vocational Rehabilitation Act.

Basic Research and Statistical Activities

One of the most useful aspects of the Policy Research Program is that, over the years of its existence, we have established a number of longitudinal and experimental data bases, statistical series, models and basic research projects which are invaluable in providing information pertinent to changing policy issues. These include the Panel Survey on Income Dynamics, the Dynamic Micro-Simulation model, support for the annual housing survey, and the P-60 statistical series on income and poverty conducted at Census, as well as inhouse computer support for policy research projects. Outside government, the Poverty Institute is the only major center of poverty research in the United States; its work has provided much of the intellectual foundation for Administration staff work on Welfare Reform, as well as valuable consultation on a wide variety of poverty issues.

SUMMARY

The past record establishes Policy Research as a "best buy." Concrete dollar savings are being realized in the monthly income reporting experiments. The utility of the monthly income plus the

income maintenance experiments for shaping program administration and welfare reform options is incalculable. As compared to earlier federal efforts, for example SSI, we are able to propose legislation, and conduct a dialogue with Congressional Committees regarding alternatives, on the basis of real experimental experience. The Health Insurance Studies should provide us with equally valuable findings for the national health insurance discussions.

Policy Research has provided leadership and support for a number of Congressionally mandated studies requiring broad participation amongst agencies inside and outside of the Department. These include the Federal Interagency Day Care Standards study and the Measure of Poverty study required by section 823 of the Education Amendments of 1974.

We believe the current request for $27,000,000 carries promise of future value similar to previous experience. Each piece of research can reduce costs or improve the operation of multi-billion dollar departmental programs.

BIOGRAPHICAL SKETCH

Work Experience

. February 1977 to Present	Inspector General, HEW
. March 1976-January 1977	Brookings Institution, Senior Staff, Advanced Study Program. Conducted educational programs for senior Federal and business executives on public policy issues.
. Nov. 1975-Feb. 1976	Assistant Secretary for Administrative Services, Department of Health and Rehabilitative Services, Florida. Assisted in reorganization of 30,000 employee department.
. 1970-1975	Assistant Comptroller General of the United States. Served in two different capacities: (1) oversight of internal management programs for the 5,000 member staff of the General Accounting Office; (2) oversight of Government-wide audits concerned with financial management, personnel practices, contracting and property management.
. 1969	Vice President, Litton Industries, Los Angeles. Coordinated merger of four newly-acquired machine tool companies, with $200 million in sales, into the corporate structure.

. 1970	Vice President, Dart Industries, Los Angeles. Ran production facility which was in trouble.
. 1961-1968	Assistant Secretary of Defense. Served in two different capacities: (1) oversight of all manpower programs, (both for military and civilian personnel--4 million in total); and (2) oversight of purchasing, warehousing, transportation, communications, construction, overhaul and repair activities, and operation of bases and installations world-wide.
. 1960	Assistant Director for Management and Organization, United States Bureau of Budget. Coordinated Government-wide programs to improve organization and management, and to reduce costs.

Employment Prior to 1960:

- Assistant to the President, Champion Paper and Fiber Company, Hamilton, Ohio, 1958-59.
- Deputy Assistant Secretary of Defense, Supply and Logistics, 1956-57.
- Partner in the management consulting firm of Cresap, McCormick and Paget, 1946-56. Served as senior staff member on both first and second Hoover Commissions.
- Navy Department, Office of Secretary, Management Staff. Attained rank of Lt. Cmdr., 1942-45.
- Carnegie-Illinois Steel Corporation (U. S. Steel) Methods and Procedures Specialist, 1940-42.

Other:

- BA, University of Tennessee, 1934
- Born April 19, 1913, Knoxville, Tennessee.

STATEMENT OF THOMAS D. MORRIS

We are pleased to report to the Committee on our first year of operations and to discuss our requirements for the remainder of FY 1978 and FY 1979.

When we appeared before you last year, we outlined requirements that had been developed long before the creation of the Office of Inspector General and, thus, could not have considered the special and continuing new initiatives which have been launched.

We believe we have made our first year of operation quite meaningful. To do this we rearranged our workloads, deferred a number of efforts and assigned over 150 members of our existing staff to two special initiatives. Briefly stated, these are:

--Project Integrity is the Department's first nationwide effort to expose fraud and abuse in the Medicaid Program. This effort involves the use of computer screening techniques applied to all claims paid to physicians and pharmacists in Calendar year 1976. This massive effort currently involves field reviews of over 2,400 providers selected for detailed analysis -- some in every Medicaid State.

--Project Match is an effort to identify Federal military and civilian employees who may be improperly receiving Welfare payments while drawing Federal pay checks. This, too, is a sizeable analytical operation. It has involved, thus far, analyses of computer matches of 4.8 million Federal employees against over 8.8 million AFDC recipients.

Both of these initiatives will continue in the future requiring the allocation of substantial staff resources. Moreover, during the same period our investigative workload has doubled and we expect this increased workload to continue indefinitely.

We believe these developments are simply indicative of the numerous opportunities to detect and prevent fraud and abuse. To face these challenges we are requesting that our staff be increased initially by a supplemental appropriation this fiscal year. I would like to summarize these proposals for you.

PROPOSED SUPPLEMENTAL TO AUGMENT STAFF IN FY 1978

We are requesting an additional $2,328,000*. This will permit us to accomplish three improvements in our staffing during the current fiscal year:

--First, there is the requirement to fund 90 positions that are currently authorized, but for which funds are not available. I should again point out that the under-budgeting occurred about six months before the OIG was established and at that time it could not be foreseen that most of the new staff would be at senior levels, and that new nationwide projects would be launched.

--Second, the proposed supplemental would allow us to add 100 positions to the Office of Investigations. The investigations backlog has doubled in the past year, and new initiatives have diverted half of the professional resources from our regular caseload. As a result, we have almost four years of investigation work on hand. The proposed growth from 114 to 214 staff will reduce this backlog to about 12 months.

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*Includes $83,000 for increased charges by U.S. Postal Service

--Third, we are requesting $1 million for contracts with State audit staffs or by private CPA firms. This will free the equivalent of 30 of our present Audit staff.

With your concurrence, we will begin contract and recruitment efforts with the understanding that no appointments will be made or dollars committed until the supplemental appropriation has been approved.

FY 1979 BUDGET REQUEST

For FY 1979 we are requesting an increase of $6,698,000 over the adjusted FY 1978 budget for the following:

--$4,128,000 to annualize the FY 1978 supplemental described above.

--$1 million for additional contract auditing. This will generate a $2 million contract program during FY 1979, thereby, freeing up about 60 audit staff-years.

--$1,570,000 to add 60 full-time positions in the Audit Agency. This, when added to the 60 staff-years to be gained from contract support will restore the Audit Agency's capacity for regular audits to the level which existed before the creation of the Office of Inspector General.

I believe I can assure the Committee that our direct dollar savings will, on a very conservative basis, be at least twice the direct cost of these efforts. The long-term benefits resulting from deterrence of fraud and abuse, and the improvement of management systems, should exceed the costs many times.

We would now be pleased to answer the Committee's questions.

BIOGRAPHICAL SKETCH

Name: HENRY AARON

Position: Assistant Secretary for Planning and Evaluation
Department of Health, Education, and Welfare

Birth: June 16, 1936

Date and Place: Chicago, Illinois

EDUCATION:

Ph.D. -Economics, Harvard University, 1963
M.A. -Russian Regional Studies, Harvard University, 1960
B.A. -Political Science and Economics, U.C.L.A., 1958, Phi Beta Kappa

EXPERIENCE:

Assistant Secretary for Planning and Evaluation - April 1977 to Present

Senior Fellow, The Brookings Institution, September 1968 - January 1977. Research on federal housing policies, welfare reform, property taxation, income tax indexing and the use of research in the formulation of public policy on human resources. Resulted in four books, one manuscript, and congressional testimony.

Professor of Economics, University of Maryland, September 1967 - January 1977. Taught courses in public finance, macroeconomic theory of collective decisions.

Chairman, Panel on the Housing Allowance Experiments, Department of Housing and Urban Development, 1975 - 1977. Chairman of external interdisciplinary panel to monitor the progress of the housing allowance experiments, evaluate the research reports prepared by the principal contractors in order to assist HUD in determining how these reports should be used in the formulation of policy and the contractors in modifying research methods.

Visiting Professor of Economics, Harvard University, Fall 1974. Taught courses in public finance and the economics of income distribution.

OTHER EXPERIENCE, 1966 - 1977

Dr. Aaron was a Senior Staff Economist for the Council of Economic Advisors, and served as a consultant on a wide variety of income maintenance, taxation and housing related issues.

OFFICE FOR CIVIL RIGHTS

Mr. CHAMPION. I'd like to begin with the Office for Civil Rights. OCR has made several advances in doing its work with us this year under the leadership of David Tatel, who I think is new since our last hearing.

A first major step has been to eliminate the chronic vacancy problem about which you were rightly concerned. When Mr. Tatel became director, the office had 225 vacancies. The fiscal year 1978 appropriations placed 100 additional positions in OCR.

At the present time, Mr. Tatel has filled all but 52 of those positions—which is about a normal frictional vacancy rate.

Senator BAYH. In an operation that large, you have only enough friction to involve two people? You're to be envied.

Mr. CHAMPION. No, 52.

Senator BAYH. Oh, that's more normal. I have to be more careful there; excuse me.

Mr. CHAMPION. I think probably that rate can be pulled down, but not to that level.

OCR has also taken steps to increase its complaint handling efficiency, by improving employee case consideration closure rates by 30 percent in 1978, and has a goal of improving it at least that much again in fiscal year 1979. I think we're moving, now, from an average case closure rate annually of something like 4.6 percent to around 6 percent per investigator. There's been a steady improvement in that.

We have also issued major new regulations implementing section 504, which prohibits discrimination against the handicapped; and we have begun to provide technical assistance to recipients.

We are seeking, as you noted, a supplemental increase of 898 positions, for a total level of 2,000. This, of course, is an unprecedented expansion, but we believe that the additional resources are urgently needed to meet our obligations.

Most of this increase is to eliminate a large backlog of complaints, and to process promptly all new complaints in all our areas of jurisdiction.

The backlog situation is critical, and has resulted in an order by Judge Pratt in which the Department consented, requiring us to seek the resources needed to fulfill our statutory obligations.

The request would enable us to eliminate the backlog of complaints by the end of fiscal year 1980. We are convinced, Mr. Chairman, based on what Mr. Tatel has done already this year, that we can expeditiously hire, train, and put to work this large number of new staff.

We are also requesting $8.7 million for a program of technical assistance to help recipients comply voluntarily with section 504, a workload that is growing very rapidly.

OFFICE OF INSPECTOR GENERAL

Next, I'd like to speak briefly about the Office of the Inspector General. Tom Morris, the Department's Inspector General, will outline for you our overall accomplishments, but I want to state briefly what we think is an impressive record.

This office, formed last year, is responsible for overseeing almost 8,000 audits of HEW operations and grantees each year, and conducting over 600 criminal fraud investigations affecting HEW programs.

This year, the Secretary has launched new initiatives to combat medicaid and welfare fraud. Project Integrity currently involves detailed analysis of over 2,400 medicaid physicians and pharmacists suspected of fraud and abuse.

Project Match involves a computer match of 4.8 million Federal employees against 8.8 million AFDC recipients. With this, we found over 30,000 cases requiring investigation of eligibility.

We are even now extending these computer-assisted projects into other major program areas, including student financial assistance, medicare, and some other medicaid providers.

The request for this office includes 100 new positions, to double our investigative staff. The investigations workload has doubled in the past year, in response to new critical initiatives.

The request also includes 60 new audit positions, and $2 million for another 60 staff-years of contract auditing. Because of the involvement of auditors in the critical fraud and abuse efforts, these 120 additional audit staff years are necessary to bring us back to where we were last year in our regular audit program.

POLICY RESEARCH REQUEST

Mr. Aaron will speak further on behalf of the Policy Research appropriation. Our fiscal year 1979 request is for $27 million, a decrease of $3 million from the fiscal 1978 level. This reflects decreases in our income maintenance and monthly income reporting projects of $6.7 million. They are partially offset by increases for the health insurance experiment—the work being done in advance of that presentation; the education equalization study, and the survey of income and program participation.

GENERAL DEPARTMENTAL MANAGEMENT

With respect to general departmental management, the major request is for 64 new positions in the Office of the General Counsel. This increase is compelled by continuing growth in the Department's litigation workloads in all program areas.

We estimate that the new court cases will grow to 16,500 in fiscal year 1979, an increase of 60 percent over the 1976 level.

More than half of these cases involve OASDI and SSI benefit claims, and it is important that we cope with that workload.

You may have noted that, in some cases, courts have said that, where decisions have been delayed or appeals have not been heard in time, people should automatically be entitled to receive benefits.

So it's very important to us that we receive additional legal help to handle those cases; $570,000 is also requested to develop a new accounting system for the Office of the Secretary. The current system was designed 10 years ago to handle 86 million dollars' worth of transactions. It has been patched and mended to fit an accounting network that now includes many human development services grant programs, and $5.6 billion in transactions.

Mr. Chairman, we would be glad to answer any questions you may have.

Senator BAYH. If the others don't want to make comments, now—you mentioned they would be discussed in more detail?

Mr. CHAMPION. They will submit full statements for the record. This is our basic presentation.

OFFICE FOR CIVIL RIGHTS

Senator BAYH. That's fine.

Let's look at the OCR right off the bat. You're requesting 989 more people?

Mr. TATEL. 898.

STAFF INCREASE

Senator BAYH. 898. Yes.

Is it coincidence that that's a good round total of 2,000?

Mr. CHAMPION. No, although that may have influenced the courts, and the others, when we were trying to work it out, but it actually was done with workload-productivity figures, to which Mr. Tatel can speak.

The number was designed to insure elimination of the backlog by the end of fiscal year 1980.

Senator BAYH. I'm anxious that that backlog be eliminated. And of course the court has mandated it.

If you could, Mr. Tatel, give the committee a breakdown for the record so that we could substantiate the figure 2,000, instead of 898, if you could give us some general idea. I understand there's no way in which you could be absolutely certain that you're not going to need a few more, or perhaps a few less, to do the job, but give us some sort of ballpark idea as to how this 898 increase is going to meld in with the present people, and what functions they'll be filling. I think that would be helpful to us in assessing the overall burden.

[The information follows:]

POSITION REQUEST

The request for an increase of 898 positions is based on workload data and projected needs in three essential areas: complaint investigations, extension of civil rights responsibilities throughout the agencies of the Department, and provision of technical assistance on section 504 implementation. The chart explains our current staff allocation by general type of activity and indicates how the 898 additional positions will be assigned. The 2,000 total is simply a coincidence, not a goal we set.

POSITION SUMMARY TABLE

Activities	Current fiscal year 1978	Supplemental fiscal year 1978	Total fiscal year 1978
I. Compliance and enforcement:			
1. Complaint investigations	224	+496	720
2. Compliance reviews	132	.....	132
3. Pre-grant reviews	77	.....	77
4. Monitoring	4	.....	4
5. Compliance support:			
a. Regional support	296	+222	518
b. Headquarters support	87	.....	87
c. Legal assistance	84	62	146
d. Training	15	+14	29
Total	919	+794	1,713
II. Program review and assistance:			
1. Technical assistance	25	+9	34
2. Program planning	11	+5	16
Total	36	+14	50
III. Section 504 technical assistance	.....	+72	72
IV. Policy, planning, and research	59	.....	59
V. Management and administration	79	+18	97
VI. Office of the Director	9	.....	9
Total	1,102	+898	2,000

POLICY DEVELOPMENT

Senator BAYH. A year ago, as I recall, the GAO issued a report on the management and operation of OCR, and it was extremely critical, as you recall, of your operation at that time.

One of the criticisms, as I recall, went to the fact that there was no uniform policy guideline structure. I wish you'd respond to that for us, if you could. I understand you've established an Office of Policy, Planning, and Research. How successful has that been in developing and implementing policy shortcomings which were highlighted by the GAO?

Mr. TATEL. I might say that the GAO report was very helpful to us in planning our entire reorganization and many of the other efficiency-saving techniques that the Under Secretary has described.

In terms of uniform policy formulation, the GAO—as you pointed out—found not only that it wasn't centralized in Washington, but that regional offices were, from time to time, issuing policy directly.

The new Office of Policy, Planning, and Research, which is headed by the Associate Director, was formally created in September. We've been adding staff since then. We've succeeded in stopping the ad hoc policy determinations made by regional offices and the new Office of Policy, Planning, and Research is working to resolve many of the backlogged policy issues that are holding up resolution of some of our complaints.

We have a system that we're confident of. We expect to publish the first set of title IX and section 504 policy statements, which we believe are clear, articulate, and rational, within the next several weeks.

POLICY STATEMENTS

Senator BAYH. We will be anxious to see them.

When you say "the next several weeks" as for title IX policy guidelines, could you give us a more definitive idea? There's a lot of anxiety about taking a look at those.

Mr. TATEL. The first set of title IX and section 504 policy statements are completed and in the departmental clearance process. Part of what we've done, Senator, is to develop a process which insures that all senior departmental officials have input into these policy statements. This also insures the statements are consistent with policies of OE, the Health Division, and other HEW agencies. There have been many promises concerning issuance of policy in the past, and I don't want to give a date, now. But I am confident that it will be soon.

Senator BAYH. Well, assume an arbitrary, headstrong subcommittee chairman is asking you to pick a date. What date would you pick, under those circumstances? [Laughter.]

Mr. TATEL. I would pick 2 weeks.

Senator BAYH. All right, if such an arbitrary committee chairman comes along, I'll tell him. [Laughter.]

Mr. TATEL. I'll pass that arbitrary date along to the Secretary. [Laughter.]

REVENUE-PRODUCING SPORTS PROGRAMS

Senator BAYH. I assume you know a little bit about the content of the regs that have been proposed and are going through the channels. Does it address the question of revenue-producing sports?

Mr. TATEL. No, the first set does not. We've been working on the general question of intercollegiate sports, which includes revenue-producing sports.

The tentative opinion of our Office of General Counsel is that intercollegiate and revenue-producing sports are covered by title IX. The Secretary wants to be absolutely sure that the policy we issue takes into account all the suggestions and problems of the women's groups and universities, and he's asked us to set in motion a process to insure this.

Our idea is to arrive, over the next month or two, in meetings with university presidents, athletic directors, and women's groups, at some consensus about the best way to apply the regulations to intercollegiate sports.

The regulations are not clear on this complex subject, and we want to be sure that the standards we develop are consistent with the law and take into account the problems of intercollegiate sports.

Senator BAYH. Well, that's partially encouraging and partially discouraging. I'll be very frank in saying to you that as the author of title IX in the Senate, I think your assessment that this does apply to income-producing athletic activities is accurate.

I think anyone who has any sensitivity at all understands and understood in advance that this is an area where you're going to have a great amount of concern expressed by people who are affected on both sides of this issue. It's a very volatile, very controversial issue. All the more reason, it seems to me, that we have to deal with it carefully.

I had assumed that the whole purpose of the title IX policy guidelines was to give us more than just general directions, but to give a specific direction. It seems to me that we need more specific direction in the area where you have the most controversy than in some of the areas where the parties have pretty well signed off on how it should be resolved.

Could you tell us how we could be this far along in the process—2 weeks, you said—and still have to tell the people on both sides of this issue, who have been literally and figuratively sweating it out—— [Laughter.]

Senator BAYH [continuing]. That we're going to have a void here? That we're still on the drawing board on this one?

ATHLETIC GUIDELINES

Mr. TATEL. Well, we're not on the drawing board, as the Department, I think, will shortly resolve the question that they are clearly covered.

There has been a lot of debate on just this issue.

Senator BAYH. Not from the point of view of legislative intent. In this Senator's mind, there hasn't been. There has been some wishful thinking, but there's no little word asterisks in the report that says "we cover everything, but see page 79 where there's hidden in there that this doesn't cover revenue-producing sports." People who are in the revenue-producing sports business may wish it was different. Some of them are great constituents of mine, and I love them, but I'm not sure that's reciprocated because of my feeling on this issue. [Laughter.]

We can disagree on that. I don't see how you can say there's one area that the regs can't deal with, as far as the impact of that area, on women athletes.

Mr. TATEL. I think we can, because the regulations are not sufficiently precise. Also we don't have enough information at this stage about how revenue-producing sports operate—which ones are even revenue-producing. We don't have a mechanism either for measuring the interest and ability of women athletes.

The standards in the regulations are not decisive I'm confident that what will come out of this process that the Secretary will shortly set in motion, is the kind of specific guidance which you mentioned is needed by both sides regarding their rights and responsibilities. But we think we can get the job done.

We want to be sure that we do it right, and that there aren't any unforeseen potholes that we fall into along the way.

Senator BAYH. Well, you know, title IX does not say that Notre Dame or St. Mary's has to have intramural women's football programs. You're familiar with the criteria there.

But it does say that title IX applies across the board, in my judgment, to all kinds of athletic activities—from elementary physical education, to the No. 1 football team in the Nation.

Now, I guess Senator Allen and Senator Bumpers if they were around here, might not agree. [Laughter.]

My friend Moose Krause suggests that if you cover a football program by title IX, suddenly Notre Dame will become an inferior football power—sort of ignoring the fact that presumably Arkansas and Alabama and the other schools who play football would have to meet the same standards.

I get back to the fact that it seems to me that this is the hottest burner, and where the stew ought to be cooking—not on the back burner, where it's just sort of simmering.

Now, how long is it going to take us to get a final resolution of this?

Mr. TATEL. The issue is not, at this point, simmering on the back burner. It's a high-priority matter.

Senator BAYH. I use that only comparatively. Perhaps it's a bad comparison, but at least the first batch of stew is going to be cooked in 2 weeks. Maybe the other just has to cook longer at the same or higher heat.

But when do you think it will——

Mr. TATEL. July is the date for the end of the adjustment period provided by the implementing regulations. Our plan is to get this job done long before that so that during the summer months and in the fall there will be adequate guidance on what is required.

ADJUSTMENT PERIOD

Senator BAYH. Has any consideration been given to the possibility of extending the time for compliance?

Mr. TATEL. No. It's been suggested. The time requirements are in the regulations. Once the policy is established and the institutions and the women's groups know what the requirements, the enforcement mechanism would be complaints and compliance reviews. Recipients would have time to bring their programs into compliance.

If we found violations, we would negotiate agreements to bring about compliance within a specified period of time. But at this stage, I'd see no reason to extend the time requirements set forth in the regulations.

Senator BAYH. As I recall, title IX passed in 1972, and it took us till 1975 to get somebody off the dime, and have any regulations. The last time I checked, we were rapidly moving through 1978, and I would hope that whatever steps we take here would not convey the impression that we're going to continue to permit this thing to be put off and put off and put off, but sooner or later we're going to have to bite the bullet on it.

I hope that concern has been appropriately expressed. I assume it has.

Mr. TATEL. Yes.

WOMEN ATHLETES

Senator BAYH. Have you or your staff given any attention to some of the concerns that have been expressed by women athletes at the Olympic level?

Mr. TATEL. I am not aware of it, Senator. If it's come up at the staff level, I'm not aware of it.

TITLE IX REPORT

Senator BAYH. We had a little friendly get-together down at the White House several days ago. Mr. Cheatham, I think, was there. Several of the women athletes and the women who had been active in physical education and women's sports programs were present. The Vice President was kind enough to give us some of his time, and I understood that there was going to be a report on those issues raised, given to the Vice President.

We've not heard of that report going forward. Has it been and we've just not heard about it?

Mr. TATEL. No. The report was finished about a week ago. We pulled it back the other day to change a couple of paragraphs to reflect some actions that we took last week. It's back in the regular clearance process, and is ready to be signed off.

It covers compliance activities during the past several months and some of the problems we have in terms of the court order and the complaint backlog.

Senator BAYH. I don't want to, by persisting, insist that you move expeditiously but not wisely, if that's not a contradiction in terms, but to suggest that in this forum where the squeaky wheel gets the grease, I will insist that we apply a little lubricant to this problem and try to get it resolved. It's not an easy one. I'm not unaware of the complications involved.

So, if you could sort of talk to some of the folks in this area and urge them to really hang in there.

TITLE IX COMPLAINT INVESTIGATION

Could you give us your thinking about the present status of the Oak Ridge, Tenn., case. I understand OCR found discriminatory treatment, and then, again, there's some feeling that maybe the findings have been taken out of context with regard to some activities like cheerleading activities.

Could you give us the latest assessment on that, please?

Mr. TATEL. Yes. The findings have been taken out of context. A letter of findings was sent to Oak Ridge in January. It was a fairly standard letter of findings based on an investigation of a complaint filed by girls in the high school system. The complaint alleged that the athletic opportunities for girls were limited by the school system.

The letter of findings followed very carefully each of the items in the regulations which are used to measure the comparative quality and quantity of athletic opportunities for boys and girls.

Unfortunately, one of the sentences in the letter of findings, prepared by our Atlanta regional office, talked about cheerleading only at the boys games.

It was read by a columnist who suggested that the charge was that they didn't cheer equally. That wasn't the case, and it was only, as I pointed out, a very small part of our compliance determination. We made a comprehensive finding of title IX noncompliance, covering types of sports offered, quality of equipment and coaching, salaries of coaches—it was a classic violation of the law.

The school system has responded and virtually all of the issues have been resolved. I believe the last issue, relating to an aspect of the basketball program, will be resolved shortly.

Notwithstanding the bad publicity the one sentence generated, this is just the kind of case title IX was intended to cover and I think we've dealt with it properly.

That's also the case, Senator, regarding the two enforcement proceedings initiated last week, which are only the second and third that have been initiated since the enactment of title IX.

INFORMATION SYSTEM

Senator BAYH. Let me ask you to go back to the GAO report. One of the other criticisms was that you didn't have a comprehensive and reliable management system. Have steps been taken to rectify that problem?

Mr. TATEL. Yes; we've been working hard on the problem. The GAO report was absolutely accurate in its assessment of the agency's management-information problems. One of the problems it identified was our case-following system, which is the computerized system that keeps track of the numbers of complaints and their disposition.

At the time I arrived, in May, it was relatively useless. The inputs were not good. The system was not uniform throughout OCR, and programing was too complex. There was not proper use of information the system could produce.

The bugs are not out of it yet. The problems developed over years, and they are not easy to solve. We're simplifying the program. We're also trying to insure that the inputs of the regional offices are accurate and regular and information is useful.

We've added two major elements to the case-following system which also respond to the GAO report. The GAO report stated the office had no reliable work-measurement system. We had no way of identifying how long different aspects of our work took. In November we implemented an agencywide timekeeping system, which is computerized and which is a key to the various aspects of the complaint process of the system. That's been put in the same case-following system and will, once we have an adequate data base, tell us accurately, once and for all, how long each phase of the complaint and compliance review process takes and where our problems and strengths are.

The second thing added is an impact system to measure the effect and accomplishments of our compliance activities. We're collecting information on the impact of different kinds of complaint investigations and compliance reviews. This will allow us to know how complaints compare to compliance reviews, how different kinds of complaints compare to each other. We will also measure the kinds of relief we've been able to obtain for those who are protected by the statutes. This was put in the system, I believe, in late November. It, too, will fill gaps the GAO report so accurately identified.

TITLE IX ASSURANCE FORMS

Senator BAYH. I assume that if you're tightening up the management process, the past experiences where you had the Secretary

threatening to cut off 49 school districts and colleges and finding out that 19 of them had never received any HEW funds wouldn't happen. Is that a fair assessment?

Mr. TATEL. With regard to the title IX proceedings, some of the school districts turned out not to receive Federal funds. However, many who thought they didn't, in fact, receive Federal funds because they participate in student loan programs. But even if school districts don't receive Federal funds, if they have not filed a title IX assurance, which was what that was about, they have to be put on a list of districts ineligible to receive funds in the future, so that the grantmaking agencies will know about them if they file applications.

Senator BAYH. If you'll excuse me, why don't you go ahead and finish that answer, and I'll ask the staff to take it under consideration. I'll be back in about 3 minutes. I am going to have to vote. Excuse me.

Mr. TATEL. Just to finish the answer, we have a system for recipients who do not submit an assurance of compliance. If our checks with the Office of Education and the State agencies indicate they do not receive Federal funds or participate in the student loan programs, they are advised that their names will be placed on the Interagency report which makes them ineligible for funds in the future until the problem is resolved.

Mr. MORAN. We'll suspend the hearings until Senator Bayh returns.

[A brief recess was taken.]

Senator BAYH. If, Mr. Tatel, you can deal with all these OCR problems, then we won't have to ask all these questions next year.

Mr. TATEL. I hope that happens.

PROJECT MATCH

Senator BAYH. Let's turn to Mr. Morris, if we could, please. Could you tell us what your goals are, and where you are with implementation of the program in Operation Match?

Mr. MORRIS. Yes, sir. Project Match, Mr. Chairman, is an effort to screen the Federal payroll, both military and civilian, against the AFDC rolls in at least three-quarters of the population receiving welfare benefits.

We have just completed the military match. We completed the civilian match early in November. At the present time, we are now verifying the employment status of the individuals and their earnings records.

When that is completed, we will send these to the States where the State welfare offices will go through their normal eligibility redetermination. Those people who are found to be eligible—we estimate that as many as 70 percent will be found eligible—will immediately be put aside, and those records will be destroyed. We will not keep them in Project Match.

The others will then be subjected to various adjustments and disciplinary actions in accordance with the severity of the case. The very worst cases will be referred to the U.S. Attorneys and the FBI for possible prosecution.

Senator BAYH. What's the cost-benefit ratio, so far?

Mr. MORRIS. It's been very high, sir, in the few cases which have been brought to completion thus far.

For example, here in the District as an experiment last summer, we ran the HEW payroll against the District welfare roll. We found some 75 people on our payroll were ineligible for welfare but were drawing welfare checks, and another 43 who weren't entitled to the full amount they were drawing. Those people had drawn over $330,000 improperly from the District.

It took only a simple check on our part and the District's part to discover that.

Senator BAYH. As far as the immediate step of stopping payment, are there any costs involved on that? Do they just make that decision and, boom, it's done? Did they have legal costs?

Mr. MORRIS. No, sir. The agencies and the States go through their normal processes which involve due notice to the individual. This is often a hearing as I understand it, or at least a face-to-face discussion to establish the facts, and then the action is taken.

Senator BAYH. You mentioned that 70 percent that you feel are red-flagged will, on investigation, be proven to still be eligible?

Mr. MORRIS. That's a very crude estimate, of course.

Senator BAYH. But care is being taken that those people are not going to be jeopardized, either now or in the future, because they happen to show up on the list?

Mr. MORRIS. Correct, sir.

LEGALITY OF PERSONAL RECORDS

Senator BAYH. I think that's important. I assume you've clearly studied the question of the legal issues created by such a massive investigation of peoples' personal records?

Mr. MORRIS. We did, sir. Our general counsel investigated the plan very thoroughly last summer before we began and wrote a detailed legal opinion, and the Civil Service Commission counsel did the same.

Senator BAYH. Could we have a copy of that legal opinion?

Mr. MORRIS. We'd be pleased to furnish it, sir.

[The information follows:]

October 11, 1977

Office of the General Counsel
Inspector General Division

Project Match—Compliance with the Privacy Act of 1974

You have requested confirmation of the General Counsel's position with respect to the Inspector General's comparison of Federal employee tapes and State AFDC records through "Project Match."

A detailed work plan outlining the procedures and safeguards to be used in the transfers of data has been prepared by the Office of Inspector General. This work plan has been carefully reviewed by the Office of the General Counsel, and a detailed analysis of the project was prepared on August 17th by our Office of Legal Counsel. It was therein concluded that "Project Match" could proceed as planned without breaching Federal law, so long as continuing efforts were made to make sure that the privacy rights of Federal employees and AFDC recipients are fully preserved during the administration of this project.

While this opinion applies to Federal law, each State agency should make its own determination that the implementation of this project will be consistent with any applicable State laws or regulations. These laws will, of course, vary from State to State, and it will then be the responsibility of the State agency to coordinate its efforts with their respective Attorney General's Office.

Donald A. Gonya
Acting Assistant General Counsel

27-001 O - 78 - 53

MEMORANDUM TO PETER LIBASSI

FROM: Dan Marcus
Linda Donaldson
Office of Legal Counsel

The Office of the General Counsel has been asked to give an opinion to the Inspector General concerning laws that may be relevant to the administration of Project Match, in which computer tapes containing the names and other identifying data of federal employees will be matched against State AFDC rolls to uncover incidences of fraud. With the assistance of Skip Mancuso of OGC/IG and other members of that office, and after consulting with Bernard Feiner and Joel Cohen, we have reviewed possible legal constraints and have concluded that the program may proceed as planned without breaching federal law. However, both law and policy require that measures be adopted to ensure that the privacy rights of federal employees and AFDC recipients are fully preserved during the administration of the program.

The following memorandum will first consider statutory and constitutional restrictions which are implicated in Project Match. It will then suggest certain steps which might be taken to minimize the possibility of unjustified harm to individuals and address some of the policy issues raised by the project.

I. LEGAL CONSTRAINTS ON PROJECT MATCH

Two aspects of Project Match present potential legal issues which must be addressed at this point. The first is that the program requires several inter-departmental and inter-governmental transfers of computer tapes and printouts containing personal data on individuals. These transfers can take place only if they are consistent with existing statutes, notably the Privacy Act. Second, the implications of the program for those whose names are matched and the nature of some of the information which may be processed require government officials to store and handle the data with utmost care, in order to avoid violations of law and to give due respect to the privacy interests of individuals.

A. TRANSFERS

Project Match, as outlined in the Inspector General's Memorandum of August 4 to the Secretary, contemplates at least seven inter-departmental or inter-governmental transfers of personal information. Generally, with each transfer both the interest of the individual in preservation of privacy and the interest of government in further investigation increase; one result is that the legal implications of transfer are most difficult to determine at the early stages, when the rights of both groups are less well-defined.

At the same time, it should be noted that the justifications for transfer toward the end of the investigatory process will rely increasingly on law enforcement rationales. Inasmuch as the grounds for suspicion that a violation has occurred will depend on the matches, which could never be made if the earliest transfers could not take place, the whole system depends primarily on the legal bases for these early transfers.

Although Title IV-A of the Social Security Act, which governs the AFDC program, contains some restraints on transfers of information, the principal restraint lies in the Privacy Act. That Act requires each federal agency that maintains a system of records concerning individuals from which information is retrieved by use of name or identifying number not to disclose any record from that system to any person or to other agencies without the prior

written consent of the individual. 5 U.S.C. §552a(b). Eleven specific exceptions permit disclosure without consent; three of these, including one which in essence incorporates the Freedom of Information Act, are relevant to Project Match transfers. In addition, the statute establishing the Office of the Inspector General creates another exception.

(1) Civil Service Commission and Department of Defense to HEW:

During the first step in Project Match, senior audit officials at HEW in Washington will acquire personnel data from the Civil Service Commission (CSC) and the Department of Defense (DOD). CSC has agreed to supply us with computer tapes from their Central Personnel Data File (CPDF) containing the name, Social Security Number (SSN), date of birth, active/inactive status, pay, and duty station of all federal civilian employees. DOD has not yet indicated whether or not they will supply comparable information.

(a) Notice to Federal Employees

A threshold issue arises before the issue of the validity of the transfer from CSC to HEW. Although it is primarily the concern of the CSC and other agencies, its existence should be noted. The information on CSC's CPDF is compiled from computer tapes supplied by each federal agency, which, in turn, has compiled its tape from forms completed by federal employees and by agency personnel staff. The CSC supplies some of the information on the CPDF to the public as a matter of course, including the name, status, pay and duty station of present and past federal employees. 5 C.F.R. §294.702. The ultimate source of the information not supplied to the public—date of birth and social security number—is the employee, who has filled out both an application form and forms connected with appointment. The Privacy Act requires that these individuals be given notice of, inter alia, "the principal purpose or purposes for which the information is intended to be used" and "the routine uses which may be made of the information." 5 U.S.C. §552a(e)(3)(B) and (c). "Routine use" under that Act is "the use of such record for a purpose which is compatible with the purpose for which it was collected." Id. §552a(a)(7).

CSC has recommended use of certain standardized notice forms, which indicate that the principal purpose of the application form and other forms "is to collect information needed to determine qualifications, suitability, and availability of applicants for Federal employment and of current Federal employees for reassignment, reinstatement, transfer, or promotion." Attachment 5 to FPM Ltr. No. 295-5. The potential employee is also informed that the CSC may disclose information to "appropriate Federal, State or local law enforcement agencies charged with the responsibility of investigating a violation or potential violation of the law". Id. presumably, this is a "routine use" deemed "compatible" with the principal purpose of collection because an employee's violation of the law might make him unfit for federal employment.

Since the Privacy Act gives an individual a right to bring a civil damage action for any failure to comply with the Act which has an "adverse effect" on him, 5 U.S.C. §552a(g)(1)(D) the question arises whether the CSC and the employing agency might be held liable for failure to notify employees of the type of use contemplated in Project Match. We found no case law on this question. Two arguments might insulate the agencies from liability. First, the statute does not require employee notification of all possible uses, but only the "principal purpose" and "routine uses". Second while the notice concerning law enforcement implies that information will not be disclosed without some indication that a violation by the specific employee has occurred or might have occurred, it could be read broadly to inform the employee that the information might be used for broad-scale investigations where the potential violation is not associated with any particular employee.

Although these interpretations might prevent the assessment of civil penalities, thought should also be given to providing all federal employees with a general notice, perhaps dispensed with paychecks, informing them that Project Match will be undertaken. In this way, the underlying intent of the Privacy Act notice requirement will be met. In addition, notices presently in use should be revised to reflect the type of use made in Project Match if similar programs are to be undertaken in the future.

(b) The CSC transfer to HEW

The actual transfer of information from the agencies to the CSC is clearly a "routine use" of the records they compile. The transfer from CSC to HEW is more troublesome. CSC has rejected three potential bases for inter-agency disclosure to HEW, but has accepted a fourth. Our opinion is that they have rejected at least one strong basis in favor of a weaker one.

The exception used by CSC is 5 U.S.C. §552a(b)(2), which permits disclosure without individual consent when it would be "required under §552 of of this title [the Freedom of Information Act]." Exemption 6 to the FOIA, 5 U.S.C. §552(b)(6) permits an agency to withhold from the public "personnel . . . files . . . the disclosure of which would consititute a clearly unwarranted invasion of personnel privacy," but mandates disclosure on request if no such invasion would occur. There is no doubt that Congress contemplated that a court reviewing a refusal to disclose under exemption 6 would balance the public interest in disclosure against the interest in privacy of the individual whose file was being disclosed. The CSC suggests that the public interest in disclosure here would clearly outweigh the "minimal" invasion of privacy involved in disclosing an individual's date of birth and SSN to HEW. Letter of July 27, 1977, from Carl F. Goodman, General Counsel of CSC, to Charles Ruff, Acting Deputy Inspector General, pages 3-4 [hereafter "Goodman Letter"].

Although the CSC did not develop this argument in its letter, it does have merit. Congress' concern in exemption 6 was primarily with the disclosure of "intimate" information, and date of birth and SSN is not particularly intimate information. 1/ Also, substantial public interest would be served if Project Match is successful. However, as the CSC itself acknowledged, permitting a federal agency to use the FOIA to obtain data that a private citizen could not obtain (because he or she could not advance the same "public interest" in disclosure) is anomalous. The legislative history of the Privacy Act indicates that in putting in an FOIA exception, Congress intended to protect the access of private citizens, not that of agencies. The Senate Report stated: "The Committee [on Government Operations] does not intend agencies to use the Freedom of Information Act as an excuse to avoid their obligations under this section to obtain informed consent and to assure to the extent possible the lawful use and proper treatment of information transferred to other agencies when it may be used to make a decision about the individuals." S. Rep. 93-1183, 93rd Cong., 2d Sess. 71 (1974). Whether this statement means that agencies are barred from using the FOIA exception to the Privacy

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1/ The Department has refused to disclose SSNs in response to FOIA requests, largely in recognition that the use of SSNs as universal identifiers by various private entities may, in the absence of protective legislation, result in substantial incursions on individual privacy rights. Cf. The Report of the privacy protection Study Commission, Personal Privacy in an Information Society, Ch. 16, and recommendation (4), pp. 617-18 (1977). However, the SSN in itself does not convey the sort of "intimate" information concerning an individual about which Congress was primarily concerned.

Act in disclosing to other agencies when private citizens could not obtain access to data is not clear, but at least it raises a question. 2/

A better justification for the transfer is found in the statute creating the Office of the Inspector General. Section 205(a)(2) of that statue, 42 U.S.C. §3525(a)(2), authorizes the Inspector General to seek such information from other federal agencies as may be necessary for the performance of his investigatory duties. Section 205(b)(1), 42 U.S.C. §3525(b)(1), requires the head of an agency to furnish information to the Inspector General if it is not in contravention of federal law or regulation. Section 205(b)(3) states that if the information sought "is not considered to be available under the provisions of section 552a(b)(1), (3) or (7) of Title 5, such record or information shall be available to the Inspector General in the same manner and to the same extent it would be available to the Comptroller General." Section 552a(b)(10) of the Privacy Act permits disclosure without individual consent "to the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the General Accounting Office."

The Goodman letter rejected the (b)(10) exception as a basis for disclosure because the CSC could not "conceive of a situation where the Comptroller General in carrying out his audit-investigative functions could properly make the sort of broad request at issue here . . . ." Goodman Letter p. 3. In other words, the CSC interprets Section 205(b)(3) to give the Inspector General access to information as if he were the Comptroller General. A more logical interpretation is that when the statute speaks of access "in the same manner and to the same extent," it means access to information needed by the Inspector General "in the course of the performance of the duties of [his] office." The measure of availability should be the duties of the Inspector General,not those of the Comptroller General. 3/ Section 205(a)(2) reinforces this interpretation, as does the fact that the statute mentions three other exceptions to the Privacy Act, two of which bear direct relationship to the Inspector General's duties. Section 552a(b)(1) of the Privacy Act permits disclosure to officers of the same agency holding the records "who have a need for the record in the performance of their duties." This would give the IG access to HEW records needed for his duties. Section 552a(a)(7), discussed in more detailed below, permits disclosure to a law enforcement agency under certain conditions. It has been construed to require a showing that the person whose file is sought may have acted improperly. This section would give the IG access to information when he was investigating particular persons about whom he was reasonably suspicious.

But the IG's investigatory duties require him to seek out information beyond that available under (b)(1) and (b)(7). He is charged with preventing "fraud and abuse in [HEW] programs and operations," a broad mandate which does not appear to limit him to cases of individual misconduct.

2/ The CSC suggests that the result is not anomalous because members of Congress have used the FOIA to obtain agency records. Members of Congress, however, are treated like private citizens by agencies for FOIA purposes, perhaps in recognition of the separation of powers between executive and legislature. Different principles apply when inter-agency transfers are made. In addition, the CSC did not suggest that members of Congress, by virtue of their office, are given broader access to agency records than private citizens. Yet, the Commission's proposal would give such preferential treatment to a Federal agency.

3/ Unfortunately, the legislative history does not provide much guidance as to the interpretation of section 205(b)(3). The Senate Report states that the Inspector General is to "receive the same treatment under the Privacy Act as the Comptroller General . . ." S. REp. 94-1324, 94th Cong. 2d sess. 8 (1976). Since "the same treatment" could mean either access to the same documents or access within the necessary scope of his duties, the statement is not helpful.

Section 205(b)(3) should be read to give him access to records held by other agencies, so long as they are necessary to the performance of his duties.

Finally, it is also possible that CSC disclosure to the IG might be permissible under section 552a(b)(7) of the Privacy Act. That section permits disclosure to law enforcement agencies when their activities are authorized by law and when the head of the agency makes a written request "specifying the particular portion desired and the law enforcement activity for which the record is sought." Justice has indicated to HEW that the last phrase means only that the requestor must provide enough information so that the disclosing agency knows the investigation is authorized. Internal memorandum of May 25, 1977, from Mary M. Goggin. The specificity of the request presents other problems. OMB has opined that section (b)(7) does not permit "blanket requests for all records pertaining to an individual." 40 Fed. Reg. 28955 (July 9, 1975). CSC endorses that view and adds "a reasonable corollary" that blanket requests for limited information on a large number of people are also not permitted. The attraction of the corollary is more apparent than real, however, since the issues raised by a request for very restricted information on a large number of people differ from those raised when all information on one person is sought. Section (b)(7) does not on its face prohibit the IG's request. Nonetheless, the legislative history of the Privacy Act suggests that Congress did contemplate requests "on a case-by-case basis," rather than on a mass basis. S. Rep. 93-1183, 93rd Cong. 2d Sess. 73 (1974). For this reason, particularly given the opposition of the CSC, it is better not to rely on (b)(7) as a basis for the CSC transfer. 4/

The CSC is understandably concerned, as the agency maintaining the records sought and as the primary repository for federal personnel records, that there be clear authority for disclosure. Already, Labor and Agriculture are interested in making a computer match similar to Project Match. We should certainly honor CSC's concern. However, in light of the potential difficulties with sole reliance on section 552a(b)(2)(FOIA exemption (b)(6)), we should give some thought to persuading CSC to rely on the IG statute as well. Use of that statute has the additional advantage of permitting the CSC to restrict access of agencies without the clear investigatory authority conferred on the IG, as the CSC seems to recognize. See Goodman Letter, p. 4.

(2) States to HEW

At the same stage as the CSC and DOD transfer, the States will transfer their AFDC computer tapes to HEW regional audit officials, who will send them to Washington. It is not clear how much information these tapes will contain, but at a minimum they may be expected to contain names, SSNs and dates of birth.

Since the states are not subject to the disclosure restrictions of the Privacy Act, we need not be concerned with the Act at this point. However, many states have comparable statutes which may limit disclosure. To protect

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4/ A final possible source of authority for the transfer is section 552a (b)(3), which permits "routine use" transfers. The CSC maintains that the IG's contemplated use is not compatible with the purpose for which the CPDF data was collected. Goodman letter p. 2. This assertion is questionable in light of the fact that disclosure for law enforcement purposes is one of the CSC's routine uses. However, the CSC does incorporate a requirement into its routine use provision that there be "an indication of a violation or potential violation" before disclosure. The CSC maintains that no such indication exists at the initial transfer stage. In light of the fact that better justifications for disclosure exist, no point would be served by pressing CSC to disclose in contravention of their own interpretation of their own regulation.

individual rights and to avoid future problems, we should encourage States to investigate possible restrictions in their statutes and to comply with any necessary procedures.

Several other provisions should be noted here. Section 402(a)(9) of the Social Security Act requires each State to "provide safeguards which restrict the use or disclosure of information concerning applicants or recipients to purposes directly connected with (a) the administration of [the State plan, and] (b) any investigation, prosecution, or criminal or civil proceeding, conducted in connection with the administration of any such plan or program . . ." See 45 C.F.R. §205.50. Project Match appears clearly to satisfy both of these requirements.

Section 7 (b) of the Privacy Act, 5 U.S.C. §552a, note, requires each State or local agency which asks an individual to disclose a SSN to inform the individual whether disclosure is mandatory or voluntary and "what uses will be made of it." Section 402(a)(25) of the Social Security Act requires States to require applicants to furnish SSNs. Hopefully, States complying with these sections and with Section 409(a)(9) above inform applicants and recipients that the SSN might be used for investigations in connection with the administration of AFDC. Otherwise, it is possible that recipients may have a some sort of implied statutory remedy against the States when states disclose to the Federal government under Project Match.

(3) HEW to Other Federal Agencies

Once an initial raw match has been made, HEW will transfer computer tapes and printouts containing the matches to the federal agency employing individuals whose names have been matched for verification of the data. This transfer, which implicitly will convey the information that certain agency employees are enrolled in AFDC, presents some difficult legal issues.

The only Privacy Act exception which might be applied here is Section 552a(b)(3), the "routine use" exception. However, neither of the routine uses presently applicable to the IG's system of records appears helpful in this instance. One use permits HEW disclosures to other Federal agencies when a violation or potential violation of the law has been indicated. However, this use authorizes disclosure to, rather than from, the agency administering the program in which the violation occurred, or to an agency charged with investigating and prosecuting violations. 45 C.F.R. §5b, App. B, use (1). In other words, it would justify disclosure to HEW, but not in the opposite direction.

A second routine use permits disclosure to a Federal agency that has requested records "in connection with the . . . retention of an employee." Id. use (4). Although Project Match contemplates dismissal of individuals found to have engaged in fraud only in egregious cases, this exception might be available. However, it appears to anticipate requests for information concerning an individual, rather than groups of employees.

A better approach may be to treat this transfer as something other than a disclosure of records from a system of records to which the Privacy Act applies. Other agencies will not really seek disclosure of information from HEW for their own immediate purposes; at this stage, they should not be concerned about the fact that their employees may be receiving AFDC benefits, for the data will be unverified and legitimate eligibility will be unknown. Rather, the agencies may be perceived as performing a task for HEW at our request. Section 205(a)(2) of the Inspector General's statute, 42 U.S.C. §352(a)(2), authorizes him "to request such . . . assistance as

may be necessary for carrying out [his] duties and responsibilities . . . from any Federal, state or local governmental agency." Section 205(b)(1) requires agency heads to assist him unless it would be in violation of law. It might be possible to rely on these sections and to view the verification as "assistance" rather than as a transfer of records to which the Privacy Act applies. This characterization of the transaction will be more plausible and indeed the underlying concern of the Privacy Act will be more fully met, if the agency performing the verification does not retain the initial records sent by HEW or the products of its verification, but returns them to HEW.

It should be noted that while section 205(a) may well authorize the verifications by agencies, it is not altogether clear that this is the case. If the IG wishes to be absolutely certain that this transaction is authorized, there are two additional steps that he might take. The first is to arrange to have the verifications performed by officials from his own office, so that no disclosure of any information to officials of other agencies occurs. This alternative appears quite burdensome, however, and might delay the project substantially. The second alternative is to established a new routine use for the IG's system of records, a preferable option in the long run, assuming future projects of a similar nature are contemplated. While this would involve some delay for publication in the Federal Register, it is the safest course to take.

(4) Federal Agencies to HEW

Once the agencies have verified the raw match and added information concerning wages and dates of employment and termination, verified tapes and printouts will be sent to HEW. This transfer may be justified under Section 205(b)(3) of the IG statute and, at this stage, perhaps under 5 U.S.C. §552 (b)(7) as well. In the case of some agencies, a "routine use" exception for reference to law enforcement entities may also be available.

(5) HEW to States

This transfer appears to be justified by either of two provisions of law. The first is HEW's routine use no. 5, 45 C.F.R. § 5b, App. B, use (5), which permits disclosure to state or local agencies charged with enforcing a statute when there is an indication that a violation of the statute has occurred. Since HEW gathered the information for investigatory purposes, this disclosure would be "compatible with" the purpose of collection, as required by the Privacy Act. 5 U.S.C. §552a(a)(7).

The second available rationale is Section 205(a)(2) of the IG statute, 42 U.S.C. §3525(a)(2), which authorizes requests for assistance from state or local agencies. Unlike federal agencies, state and local agencies are not compelled by the statute to cooperate. If they do, however, Section 205(a)(2) seems to justify the IG's asking them to verify and investigate matches. Since state and local agencies will retain the records and will use them for their own purposes, there should also be a justification for the records transfer under the Privacy Act. The "routine use" exception described above seems to be the most likely, although it might also be possible at this stage to use section 552a(b)(7) as well. In this event, the IG would have to secure a written request from the head of the state agency charged with investigation of welfare fraud, and that agency may have to perform the actual investigation.

(6) States to HEW

This transfer will be governed by state law and the federal statutes described in the discussion of transfer 2. We anticipate no difficulties with transfers at this stage, so long as precautions are taken to ensure that unauthorized disclosures which might threaten the due process rights of suspects do not occur.

(7) HEW to Other Federal Agencies

Information turned over to HEW by States will be referred either to the Justice Department for criminal prosecution or to Federal agencies for administrative action. In the case of transfers to Justice, HEW's routine use (1), will authorize the transfer. If needed, exception (b)(7) may also be available. The transfers to other agencies will also be authorized by routine use (1), as well as by routine use (4). 45 C.F.R. § 5b, App. B, uses (1) and (4); see section 3, above.

B. HANDLING AND STORAGE OF RECORDS

The nature of this investigation and the potential consequences for those whose names are matched require, as the IG recognizes, that extreme care be taken in developing safeguards for the handling and storage of records. To some extent such care is mandated by law. The Privacy Act requires agencies that maintain systems of records (1) to establish "rules of conduct" for those handling records and (2) to "establish appropriate administrative, technical and physical safeguards to insure the security and confidentiality of records and to protect against any anticipated threats or hazards to their security or integrity which could result in substantial harm, embarassment, inconvenience, or unfairness to any individual on whom information is maintained." 5 U.S.C. §552a(e)(9) and (10).

In addition, a recent Supreme Court decision indicates that government's handling and storage of records carries with it a duty "to avoid unwarranted disclosures," which "arguably has its roots in the Consititution." Whalen v. Roe, 45 U.S.L.W. 4166, 4170 (U.S. Feb. 22, 1977). Whalen involved a New York scheme for the collection and use of information relating to use under prescription of dangerous drugs. The State's system imposed numerous safeguards on the storage of the data and on access to it, which was limited to a group of health department employees and to law enforcement officials. The Supreme Court upheld the system against a constitutional challenge, but for the first time indicated that unwarranted disclosure of information about a person collected by the Government may constitute a violation of a "liberty" interest protected by the Fourteenth Amendment.

The Privacy Act and the Whalen decision require that procedures be implemented to safeguard the information collected and processed in Project Match. We recommend strongly that the number of persons given access to the data be kept to a minimum; that the number of copies of tapes and print-outs produced at various states be kept to a minimum; that tapes and print-outs be stored with great care; that protocols governing access to established; that records be maintained indicating when the records have been removed and used and by whom; that all unnecessary records be destroyed and that States and other Federal agencies be required to implement similar safeguards under HEW supervision.

In addition, we note that Section (c) of the Privacy Act requires agencies to keep an accounting of all disclosures made under section (b) of the Act, 5. U.S.C. §552a(b). 5 U.S.C. §552a(c). Since a number of transfers made under Project Match will be authorized by section (b), HEW and other federal agencies must comply with this requirement.

C. Disclosure to Private Citizens

(1) FOIA

At some point in Project Match, HEW, other Federal agencies, and/or State agencies are likely to receive FOIA or other requests for the information that has been compiled. Disclosure presents the possibility of substantial harm to the privacy rights of individuals and might also impair the investigation. If such harms are perceived, HEW and other Federal agencies will be able to rely on the exemptions to the FOIA in resisting such requests.

At the early stages, before any matches have been made, reliance may be placed on exemption (b) (6), described above in section I.A.1 of this memorandum. As was noted, exemption 6 requires a balancing between the public interest in disclosure and the individual's interest in privacy. In this context, it is likely that the individual's interest will outweigh the interest of any particular requestor. This may even be true with regard to the information routinely disclosed by the CSC (name, position title, grade, salary, and duty station), since the applicable regulation prohibits disclosure of lists of employees where the fact of selection for the list conveys additional information about the employee and thereby results in a clearly unwarranted invasion of privacy. 5 C.F.R. §294.702, 42 C.F.R. 32252 (June 24, 1977).

Once initial matches have been made, reliance should be placed on exemption (b)(7) which permits withholding of "(7) investigatory records compiled for law enforcement purposes, but only to the extent that the production of such records would (a) interfere with enforcement proceedings . . . [or] (C) constitute an unwarranted invasion of personal privacy." The Attorney General has suggested that sufficient interference to justify withholding would occur if release would alert a subject to an investigation. Memorandum on 1974 Amendments to th FOIA, page 8. The availability of (b)(7)(A) would depend, therefore, on whether or not federal employees were already aware of the investigation and could take steps to prevent discovery.

With respect to (b)(7)(C), it should be noted that its language tilts the balance slightly more against disclosure than does exemption (b)(6), by omitting the word "clearly" before "unwarranted." The precise impact of this distinction is somewhat obscure. However, given the implications of this investigation, the rawness of the data at initial stages and their consequences at later stages, it seems likely that a court would not require that the computer matches be turned over to an inquisitive citizen during the course of the investigation.

A more difficult problem is presented regarding records when held by the states, which are not subject to the federal FOIA. Some states may have comparable laws, which will permit them to resist disclosure. In addition, in complying with section 402 (a)(9) of the Social Security Act, and 45 C.F.R. §205.50, the states should have passed laws restricting disclosure of AFDC records to the public. Such laws may protect Project Match records from public disclosure.

(2) Privacy Act

Federal employees may seek access to those portions of the records concerning them during the course of Project Match. The Privacy Act generally permits such access, but contains an exemption for investigatory materials under certain circumstances. 5 U.S.C. §552a(j)(2). The IG's records are protected under this section, so that individuals may be denied access to them during the investigation. Whether or not this protection may be extended to the records when in the possession of other federal agencies and state agencies has not yet been researched.

II. POLICY IMPLICATIONS

A few policy implications of Project Match should be noted. The first concerns the focus on federal employees as targets of investigation. Because of the availability of extensive, computerized records on federal employees, and the availability of computerized records for various federal benefit programs, the temptation to conduct numerous match programs is evident. It is an effective law enforcement machanism and, up to a point, is politically appealing. Other agencies have shown interest in such efforts and, if Project Match is successful, the Inspector General may be expected to conduct similar investigations in other HEW programs.

To focus exclusively on federal employees in conducting such investigations, while convient, may be perceived as unfair. Surely, this group is no more likely to be engaged in fraud than any other group of employees in society. To single them out for repeated investigation may raise problems of "equal protection," if not in a strictly legal sense, then at least in an equitable sense.

On the other hand, extending investigations to the employees of state and local government or to private sector employees will raise difficult issues that are different from the issues raised in a federal context. Both groups, particularly private employees, generally have fewer rights with respect to their records under existing law than do federal employees. HEW should be careful not to conduct such investigations before those rights are adequately safeguarded.

Computer match investigations on a large scale might raise anew the fears that led Congress to pass the Privacy Act and stimulate broad opposition from groups concerned with individual rights and individuals whose records are being matched. To avoid engendering such fears and to ensure that there is no reason for them, Project Match must be conducted with great concern for security. In addition, before similar projects are undertaken with respect to other programs, thought should be given to the broader policy implications of wide-scale use of such investigatory techniques.

AVOIDANCE OF ABUSES

Senator BAYH. In that legal opinion, or in your implementing procedures, have you given sufficient attention to how you can prohibit the abuses which might be forthcoming when you have a large, sophisticated computer with millions of names available to it? Can this turn into sort of a witch hunt that could be abused by someone not as sensitive as you or others?

I don't think anybody could complain if you have somebody cheating and violating the law, that we judiciously use whatever mechanics we have to reach those people. What sort of care has been taken to stop abuses?

Mr. MORRIS. We have given careful thought to each step in the process. For example, all of the computer matching is done under our personal supervision—that is, under my personal supervision, by a senior officer right in the north building where our offices are. We control the tape matching immediately at that point, and keep the tapes under lock and key.

As to the printouts of those cases that then need to be annotated by a Federal employer and later investigated by the State agency, we try to hand carry them to the fullest extent. We have identified senior people at each receiving point to accept them, and in this way security is maintained by minimum handling and by minimum access to the data, all through the process.

Senator BAYH. I have no sympathy for those who fall afoul of new technology, if they're doing something wrong. The concern I have is that, as sophisticated as computers are, they sometimes get people in the wrong category.

It would be tragic if those people, because of the way the computer is programed, subsequently are put into a suspicious category or discriminated against.

CROSS MATCHING

I understand that, at one time, some consideration was given to using this computer operation in cross-matching the HEW files with private corporations. Was that ever done?

Mr. MORRIS. Sir, Congress, in the Social Security amendments signed last December, required that wage reporting records, both at the State level and at the Federal level in social security, be made available to State welfare agencies, on request, in order to make just such a match.

We are currently working with the States to work out the best procedures and the best security. In fact, the law requires us to do this. That's the sense in which we think the private match will be accomplished in the future.

There have been a few States that have gone directly to private employers. Michigan, for example, has worked with the big automobile companies, but they have a State law which authorizes and directs them to do that.

Senator BAYH. As you envision the law now, could you tell me, once again, what type of information you specifically are required to give, and to whom?

Mr. MORRIS. The law requires that W-2 type information—earnings information—be furnished to the State welfare agency so it

can check its records, see if those people have declared such earnings to that State agency. If they've declared no earnings—as is sometimes the case in such a match—then the State knows it has a problem of eligibility that must be dealt with.

Senator BAYH. You're making information that is available to the Federal Government in its pursuits available to the State governments, giving assistance to them?

Mr. MORRIS. Correct, sir.

Senator BAYH. This is different, it seems to me, than getting into the private sector where you run the information you have against the private records.

Mr. MORRIS. That's right.

Senator BAYH. Ford Motor Co., or whatever.

Mr. MORRIS. Right, sir. It's quite different. The law that I mentioned applies to the regular wage reporting that private employers must do to Internal Revenue, and via Internal Revenue, to Social Security, for all people under social security, as well as in those States—and there are 37 of them—that have their own State wage reporting reviews.

Senator BAYH. I hope you'll keep us closely informed on how this goes along. Because it's a delicate balance between using technology to help pursue and accomplish legitimate goals and not becoming enslaved by this technology in a way that violates our privacy.

Mr. MORRIS. We'll be pleased to.

Mr. CHAMPION. Mr. Chairman, I would like to note that Mr. Morris has been extremely careful. As a result, we have no specific complaints of any kind of violation of privacy at this time.

So I think these activities are being carried out with great care.

POLICY RESEARCH FISCAL YEAR 1979 REQUEST

Senator BAYH. Let me ask Mr. Aaron. I notice that, unless there's a typographical error here, that you're asking for less money this year than last. Is that some aberration?

Mr. AARON. It may be unusual, but it's not a typographical error. [Laughter.]

Senator BAYH. I understand that goes to something relative to AFDC. Could you tell us something about that?

Mr. AARON. About the reasons for the reduction in our request?

Senator BAYH. Yes.

Mr. AARON. Well, there are two major sources of cuts in our budget request for fiscal year 1979. One of those is the normal phasing down of the income maintenance experiments which have been going on for a number of years. We're winding up the assistance payments under those experiments and concluding the analyses. Although expenditures are going down, I think this is the period when the payoff will be at its maximum.

The other major source of reduction concerns the monthly income reporting demonstrations which we were authorized to perform by last year's appropriation. At that time, a $10 million addition was made to our budget specifically to support monthly reporting demonstrations.

The appropriation action, as you know, was somewhat delayed last year. We are proceeding as rapidly as we can to implement the demonstrations, but our best guess is that we will be carrying over

some funds from fiscal year 1978 to fiscal year 1979. For that reason, we are requesting substantially less than last year's appropriation—a reduction from $10 million to $5,250,000.

This will enable the program that we understood was envisaged by Congress to proceed as rapidly as we can carry it out.

RESEARCH AND EVALUATION PROGRAM RESULTS

Senator BAYH. You have moneys allocated for evaluation and research, I see, in excess of $100 million.

On the committee we seldom see any positive assessment of conclusions from these evaluations. Is there any way we could have a chance to look at some of these assessments?

Mr. AARON. Total expenditures on evaluation last year were approximately $50 million. In addition, the Inspector General is carrying out at the present time something called service delivery assessments under instructions from the Secretary.

With respect to policy research, which is a quite distinct activity, we prepare and can submit to you very shortly our report on policy research for the last fiscal year.

In addition, we have recently completed a compendium of evaluations performed by the Department and can make that available to the subcommittee.

Of greater practical use, however, would be some description of the major evaluation projects that we think have led to constructive changes in HEW programs or policies. I would like to submit such a list for the record. I think it's quite impressive in the breadth of payout that it shows.

I would add that I think that payout comes from a minority of the total evaluation projects. We are taking steps within the Department to try to improve coordination and relevance of the evaluation activities. We think there is a much greater potential for contributions, both to policy development and to program management, than has been realized in the past.

Senator BAYH. I certainly think the committee would like to have a chance to look at that, look at this assessment result, the tabulation.

[The information follows:]

EVALUATION RESULTS

As a general matter evaluations do not provide recommendations for specific legislative, budgetary, or regulatory changes, although there are exceptions. Instead, the studies reach conclusions as to the consequences of current policies and in some cases, alternative policies. Moreover, findings are often cumulative over time and other studies. Most importantly, evaluation findings are only one of the many factors which influence decisions. As a result, it is not generally the case that there is a direct connection between a particular evaluation and a particular decision. However, any number of examples of the influence of evaluations can be produced including, illustratively:

A number of studies of the administration of guaranteed student loan programs documented the nature and causes of problems and influenced both legislative and regulatory changes to tighten the administration of these programs.

Studies showed that Community Mental Health Centers (CMHC) could never achieve the original statutory objective of self-sufficiency within three years. As a result, the legislation was amended on several occasions to provide for extended Federal support.

The Economic Impact Analysis of the draft regulation implementing section 504 of the Rehabilitation Act of 1973, concerning non-discrimination on the basis of handicap, confirmed that the regulation's controversial standards for program accessibility were cost-beneficial. The regulation was subsequently issued largely unchanged.

Several evaluations of Medicare's Early and Periodic Screening Diagnosis and Treatment Program helped lead to the Department's proposed legislation for the Child Health Assessment Program.

EDUCATION CONSOLIDATION

An Evaluation of the Strengthening State Departments' of Education Program found that this program could not accomplish its objectives and as a result its funds were consolidated into a more comprehensive support and innovation authority.

We have done a number of studies on Health Maintenance Organizations. This set of studies influenced major changes to the HMO legislation (the amendments of 1976); a renewed emphasis on HMO development and implementation by the Department, including an increased budget request this year; and changes in the Department's administration of the program.

A recent evaluation of the National Center for Health Statistics assessed program administration and content, and has resulted in a total administrative reorganization of the center, and substantially increased effort in the cooperative health statistics systems and emphasis on cooperative efforts between the center and the States for data collection.

The interim report from the impact study of Bilingual Education has raised substantial questions about program effectiveness and will influence reauthorization action of that portion of the Elementary and Secondary Education Act, as well as Departmental regulations and technical assistance.

A study done by my office addressed the question of whether funds for the major program areas in elementary and secondary education reach the school districts that are most in need. When these funds were aggregated, the resulting pattern of total Federal funding showed:

-- overall, an emphasis on low-income districts;

-- in the more urbanized States, an emphasis on the cities;

-- in less urbanized States, emphasis on rural districts; and

-- in particular, the Title I program is especially well targeted to these types of districts.

FEDERAL AID TO EDUCATION

In the aggregate, Federal aid to education appeared to be quite well targeted on districts disadvantaged by lack of family income or by degree of urbanization, but the aggregate did not target nearly as well on districts disadvantaged by lack of taxable property.

Another study conducted by my office compared States which enacted major School Finance Reform in 1970 and 1975, with States that had no such reforms. As a group, reform States made significant progress in reducing spending differences among districts, but widening disparities in non-reform States more than offset these gains.

Reports from an ongoing longitudinal study of disadvantaged children conducted by the Educational Testing Service found that:

-- Through the first grade, the self-esteem of economically disadvantaged children its suprisingly high. However, by third grade the self-concept of of the disadvantaged declines more significantly than for their middle-income counterparts.

-- Nonetheless, disadvantaged children continue to enjoy school through the third grade, especially those who have participated in Head Start.

-- Moreover, Head Start participation does seem to make a difference in learning skills of disadvantaged children as they advance into higher grades.

Another evaluation of Home Start provided clear evidence of the effectiveness of that program. Educational gains made by Home Start children generally exceeded those of non-Home Start children, and were about the same as those of children in the comparison center-based Head Start Program. Specifically, the Home Start Study has had a significant impact on:

-- introduction and development of the home-based option within Head Start;

-- revision of the Head Start performance standards;

-- recognition of training and technical assistance needs of home-based programs, and subsequent provision of such assistance; and

TITLE XX EVALUATIONS

-- provision of strong evidence to support parent -- and family-focused child development programs.

A recently completed evaluation of the Performance of State and Area Aging Agencies during the first year of operation of the social services program authorized by Title XX of the Social Security Act -- part of a larger study of Title XX -- examined how those agencies performed in the Title XX planning process. Results of the study have helped these agencies to make Title XX more responsive to the needs of the elderly.

AFDC/SSI PROGRAM IMPACT

Senator BAYH. You are one of the people I've had the good fortune to know for a long period of time who is very sensitive about human concerns.

Have you been able to reach conclusions as to just what the impacts of the income maintenance and AFDC programs are on individuals involved? What circumstances work? Does it play a fundamental role?

Do you have that kind of information available and is it forthcoming?

Mr. AARON. Yes, we have a considerable amount. We have clearly identified substantial benefits from AFDC, SSI, and other transfer programs. We can identify who receives the benefits, how they are distributed across the United States, and how it affects labor force participation, consumption, and other behavior of recipients.

Policy research supplied information that contributed to the development of the welfare reform proposal that the administration introduced last year. It has been the source of our capacity to provide cost estimates of the administration's proposal, as well as the modifications by the Corman subcommittee, and of Congressman Ullman's proposal.

We are also in the process of trying to apply the same model developed with this research to the proposal introduced by Senators Baker, Bellmon, and Ribicoff.

Senator BAYH. I have some other questions here that I'd like to have asked and answered for the record. I don't want to occupy your time here.

Senator Chiles?

PAPERWORK BURDEN

Senator CHILES. I guess the area in which I am interested, Mr. Chairman, if I may ask a question about it at this point, is trying to determine what you all are trying to do about the paperwork problem we're making for people in an attempt to answer complaints, questionnaires, in all of the different areas that have come about. And as we work toward the reorganization of the Department, it would be my concern to see that we build something in to try to deal with that problem?

Mr. CHAMPION. May I respond to that question, Senator?

Senator CHILES. Yes.

Mr. CHAMPION. I can give you our last report on this subject to the President.

In fiscal 1977 we reduced the paperwork burden by 9.5 million hours from a beginning base of 43.8 to 34.3, a 21 percent reduction.

The major part of this reduction, you may know, was achieved through the elimination of duplicate student financial aid forms. This accounted for 5 million hours alone.

Additional reductions were made by eliminating 50 percent of the Office of Education grant reporting requirements and by changing the OCR elementary and secondary school survey from an annual to a biannual survey.

In 1978 we've asked the agencies for an additional 15 percent reduction, from 34 million——

Senator CHILES. I don't want to interrupt you, but because I have been involved in tacking some amendments onto the education bill to require some changes in the paperwork provisions there, I stood up before a teacher group in my State and was taking the credit for those reductions when I received your letter, giving those numbers. We talked about the reduction in man-hours as a result of some of this action: that was the biggest laugh I got that night, better than any of the jokes that I tried to tell.

So what we've done and what's perceived—and part of it, of course, as they told me, is reducing that questionnaire, cutting the questionnaire, cutting some of the sets of possible answers in half. We're claiming a lot of credit there that hasn't reduced people's time that much. They still must address the questionnaire; they still go through all of the processes there. And you don't save half the man-hours because you've cut half the sets out of the questionnaire. There's no way, you know, of equating—making that kind of an equation.

I'll let you go ahead.

Mr. CHAMPION. I think that's right, Senator. One of the things, however, that we're trying to do is to address the problem of frequency. When we get essential information, time required to compute figures, no matter what the size of the formula, is substantial, and we can't altogether eliminate that.

But we've asked people who have this problem to constantly let us know so that we can improve on what's been done.

Our goal then for this year is reduction of another 5 million hours. At the same time, because of the nature of this reporting, we're going to have some increases, but they are unavoidable for us.

If the administration's student financial aid program goes through, the number of student recipients will almost double. Because of this increased interest in applying for student aid, we expect the number of applications to to go from 1 million applications to 1.9 million.

In trying to refine reporting requirements in an effort to address some of these concerns, we realized that in the medicare area our original estimates of time required were too low. Now that we know what the actual workload is, we will have to make the proper statistical adjustments, which may again increase the total hours figure.

So we're going to have that kind of a statistical problem for a while.

But we take very seriously your concern, and we keep asking people to tell us whenever they have a problem.

INTERPRETATION OF STATISTICS

Senator CHILES. All I have to do is have a meeting of school administrators, teachers, or other groups, and it dominates the meeting, the things that I try to talk about.

One of the problems they continue to raise with me is the interpretation that's given to bare statistics.

Some of the Florida school districts had their elementary and secondary school funds held up until they explained in writing

such things as why so many black students signed up for Afro-American history courses.

Maybe there's something wrong if so many sign up, but it looks like to me someone ought to do some checking on that before we hold up plans and require them to then go and compute statistics.

Do you have any idea of how many hours can really be reduced for answering major complaints?

Do you do anything? Do you ask those districts how many hours they are spending now in complying with the requests, other than just saying it takes so many hours to fill out a form?

In other words, especially when something like this—is there anyone that says when somebody looks at a bare statistic like this and says, I think we ought to get some information on this; let's kind of hold up the funds; let's flag this one and hold up the funds—does anybody ever go through the thought process of how many hours that will take to require them to prove, that those statistics don't mean something wrong, rather than saying, it would be better on our part if we sent somebody down there to determine, you know, whether those statistics do mean something?

Does anyone ever think about what has to be gone through with that on the other side?

Mr. CHAMPION. Senator, I've discussed that with chief State school officers. In cases where there have been special problems of that kind—Los Angeles, for example—we said we'd be glad to go out and do the work on records which they provided rather than asking them to translate into our forms.

So we're very familiar with that problem.

I don't know that we've achieved it in every case, but we have tried to be as helpful as we can.

STANDARD FORMS FOR DISCRIMINATION COMPLAINTS

Senator CHILES. Have you given any thought to devising standard forms for responding to discrimination complaints?

I think again, I find that in school districts a lot of them say, we get some complaint—we don't know from whom—we're afraid if we do too little, we're going to have to go back and do it all over again, or we're going to go through—so we never know.

This right here is a document that was prepared by Hillsborough County, in Tampa, responding simply to sort of a letter that said, we want you to show that you're in compliance with the title IX requirements in athletics, the mixing of athletics.

Well, they went through all the hours they compiled this, and when they do this, they don't know whether that's sufficient or not, and they spend a ton of time on it, and maybe what they could have done in some kind of standard if there was a standard form that just said break this out for us, maybe they could have done it.

So they're having to prove on a basis of, not knowing really what the problem is, not knowing, you know, where the problem is coming from, but all this is taking away from somebody's time that they could be spending in other educational things, and that's what we're supposed to be about.

Mr. CHAMPION. That's true, Senator, and I'd like to have Mr. Tatel, who is Director of the Office for Civil Rights, respond more specifically.

But I would like to make one more comment.

That's a very real problem. However, it's in tension with another very real problem, which is, when we get overspecific and overdetailed, then we have people, once again, spending a lot of time doing things that aren't pertinent to their situation.

So we have to sort of work in the balance between those two problems.

With respect to a standard form, Mr. Tatel perhaps can respond better than I.

Mr. TATEL. Senator, we're aware of the problem, also, and are working to try to narrow the information requests sent to school districts to only that information that is absolutely relevant.

We're also considering using more onsite inspections where we can actually look at the data so that it doesn't have to be collected. And we're working to try to reduce our data requests to just what is needed.

The problem with the standard form is that we administer three different kinds of statutes: title IX, title VI, and section 504. And within those, there are many different kinds of complaints, so they need to be tailored to each kind of problem that comes up. Too much standardization might result in overcollection.

Senator CHILES. Well, I think the onsite inspection appeals to me. It would be a heck of a lot better if it could be done on a timely basis, on a much more timely basis. And again, they filed this report, they go for a long period of time, they don't know, then, are they in compliance, are they not? You know, are they going to have to go do this all over and change programs or not? It looks to me that there's more room for cooperation between the Office of Education and the Office of Civil Rights to, you know, relieve some of the unofficial as well as the regular paperwork burden that's now existing in the schools.

Mr. CHAMPION. I think that's correct. As a matter of fact, they did work together very closely in this recent survey, in which we had agreement from all the chief State school officers. They, I think, felt it was the best effort that could have been made in this context. We've got to reproduce that effort. It can be done, and it basically requires a lot of conversation back and forth.

STUDENT FINANCIAL ASSISTANCE

Senator CHILES. We have, according to the inspector general, we have a fair idea of your efforts and your successes in catching the welfare and student aid cheaters. What efforts are we making to prevent the abuses from happening? What do you intend to change in the application process and in the reporting forms?

Mr. MORRIS. Senator, we are currently working with the Office of Education to help identify personnel on the Federal payroll who are in default on a student loan. And, as you point out, the successes to date have been very encouraging. A very high percent of those we contacted want to reenter repayment status and are doing so without any stigma whatsoever.

The new Bureau of Student Financial Assistance is giving major attention to assure timely collection efforts in the future. The big problem we're finding here is that the effort to collect had gone into default, and had ceased to be done because our own record-

keeping and collection capability at the Federal level had deteriorated.

We will continue to work very closely with that Bureau to repair the procedures.

Mr. CHAMPION. Senator, I'd like to add that the very absence of accounting procedures that the Inspector General describes has been part of the problem of abuse in the first place. Nobody was paying attention and nobody cared. It's like the IRS: The better job we do at the far end, the easier it will be at the front end of the process.

Senator CHILES. Absolutely. Well, I think many of us were shocked to find the number of people who were working for the Federal Government that were in this kind of condition. If you had asked me, was it happening, or especially, to that extent, I'd have said "No, there's just no way."

But then we find out that it is, and obviously, it's like anything—when it's a free ride, that word gets out there. People then begin to rationalize in their own mind that, "It's all right, that it's proper, just because we know some other people are doing it, and we ought to do it, too; we deserve it."

And it's only when you find the other way—I notice that you said "without any stigma attached."

Mr. MORRIS. Yes.

Senator CHILES. Well, maybe that's the way, you know, to get the money back and all. But in some ways, that offends me a little bit, because those people did take us for a ride, and they weren't going to pay it back and didn't intend to until we cracked down on it. Maybe in the future they need to know that there's going to be a little stigma attached to it of some kind.

Mr. CHAMPION. Well, we have announced each of these events——

Senator CHILES. Sometimes when you haven't played hardball—I don't believe in the ex post facto morality that you change around in the middle of the stream, but I think you could well say from here on, you know, that we're going to follow the law. People have got to expect that anyway.

FEDERAL FUNDING FOR ABORTION

Going to your audit agency, a recent publication of your regulations restricting Federal funding for abortions appeared to the committee as reasonable and consistent with congressional intent.

Would you explain to us how you intend to audit State compliance with these regulations?

Mr. MORRIS. Sir, my deputy, Mr. Ruff, is specifically working on this with the program people. Their procedures are still being developed, and I cannot really give you a first-hand description today. I'd like, if I may, to submit that for the record.

Senator CHILES. Fine.

[The information follows:]

Beginning in May, when we can expect that the first quarter's Medicaid claims will have been filed two-person teams will audit procedures for the payment of abortion claims in twelve states.

[Note that it is now uncertain how many states will be participating in this aspect of the Medicaid program; there may be as few as thirteen.]

The audits will focus on whether the documentation required by the regulations was on file with the state agency at the time the claim was paid—that is, whether the necessary physicians' certificates were present where payment was based on a finding that the patient's life was endangered or her physical health subject to severe and long-lasting damage as the necessary record of report to a law enforcement or public health service agency where the payment was based on an incident of rape or incest. In addition, a sample of the paid claims will be subjected to more intensive review by examination of the claiming physician's records, interviews with the certifying physicians to determine that they acually did examine the patient, and verification that the rape or incest was, in fact, reported within the required time limits.

We expect to report on the results of these audits during July 1978.

Senator CHILES. Thank you, Mr. Chairman.

SUBMITTED QUESTIONS

Senator BAYH. If there are no further questions of the members present and if you have no objection, gentlemen, we'd like to submit additional questions to you for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Cost of Secretary/Under Secretary Staff

Question: In your justification you identify 116 positions and $4 million that are labeled Secretary/Under Secretary. Yet there is absolutely no description of what these 116 people do. The average cost of these positions, which must include clerical people, is $35,800. This is a pretty expensive operation to not tell us anything about.

What do these people do, Mr. Champion, and why are their salaries so high?

Answer: This 116 position staff supports the Secretary and Under Secretary in their management of the Department. The staff performs two major roles. Two thirds or 71 of the positions form the Executive Secretariat which coordinates all departmental activities related to the Secretary or Under Secretary including correspondence, policy development and management activities. The remaining third, or 45 positions, provide immediate support of the Secretary and Under Secretary in their daily activities. This support includes assistance on special Secretarial initiatives, coordination of cross-cutting activities, secretarial service, speech writing, recruiting of top level personnel, supervision of international activities, among other activities.

The average salary of these 116 positions is $23,000 rather than $35,800. The $35,800 includes all the costs related to running an office including fringe benefits, such as health insurance, temporary employment, charges for the computerized correspondence tracking system, telephones and postage. The average salary of $23,000 is not significantly greater than the average salaries of major components of the Department including the National Institutes of Health and the Office of Education.

Because of the responsibilities involved, the experience and competence levels of most of the professionals involved are much higher than average.

It should be noted that the same support staff had about 150 people in the previous Administration.

Security for the Secretary

Question: Does the Secretary of HEW receive round-the-clock protection?

Answer: No. The Secretary is protected while in his office and only while attending selected public events in Washington, D. C. area. On out of town trips, the Secretary is accompanied by a Special Assistant whose primary responsibility is as a staff assistant handling appointments, scheduling, transportation, and assisting in work schedule by the Secretary. On most occasions that Assistant is a person who has security credentials. This Special Assistant also arranges security with local police if this is felt to be necessary.

Question: What is the cost of security provided to the Secretary? How many personnel are involved?

Answer: Approximately $40,000. Two individuals provide physical security protection for the Secretary's office; one GS-11 Security Specialist devotes 100% of his time and one GS-12 devotes 50% of his time. Also included is 10% of the Special Assistant's time and 25% of one GS-11 detailee.

Question: How does this compare to security protection provided to previous HEW Secretaries? Other Cabinet officials?

Answer: Previous HEW Secretaries were provided the same protection in Washington as Secretary Califano. On out of town trips, former Secretaries had one person assigned to security protection accompany them. As indicated above, Secretary Califano's Special Assistant provides this function in addition to his primary duties.

A sample and unofficial review of other Cabinet Departments indicated HEW's protection is in the mid-range. Protection varies from round-the-clock at the State Department to none at Interior. Most Departments provide protection in emergency situations and on selected trips. Defense and Agriculture provide protection during the day and on all trips.

DUPLICATIVE EQUALIZATION ISSUES

Question: In your policy research request which is part of the Office of the Secretary budget, you have asked for $2 million to study the current state of school financing and the effect of equalization policies at the State and local level. Yet, the Office of Education spent $13.5 million to study the same thing last year. The National Institute of Education also spent $13.4 million as one of its research priorities last year and plans to spend $14.9 million on the same equalization study this year.

How do you justify this seeming duplication of effort and funding?

Answer: The studies you identify in the Office of Education and the National Institute of Education are focused on State government activities in improving equalization and are not duplicative of this study of potential Federal policies.

The purpose of this proposed $2 million study of school equalization is to identify and analyze alternative Federal policies for the financing of elementary and secondary education. This study is an initiative specifically requested in response to a concern of the President that a long-range Federal policy be formulated in the equalization of educational finances.

The Office of Education effort provided $13 million for FY 1978 in grants under Section 842, ESEA to reimburse States for costs incurred in the development or implementation of State and local school finance programs. These studies included data base development, computer simulations, local wealth measurement and transportation cost adjustments. These studies significantly improve State

analytical capacities but are not duplicative of the study we propose of the Federal school finance role.

The National Institute of Education is conducting basic research and providing technical assistance in school finance. Major activities funded in FY 1978 include (1) fundamental research on such topics as the alleged regressivity of the property tax and the fiscal effects of declining enrollments and (2) technical assistance to the States aimed at designing more equitable school finance laws. The NIE funded studies do not directly examine the Federal role in education finance.

This study of school finances is the initial step toward the development of a long-range Federal policy in this area. Congress has often criticized the Department for failing to coordinate its policy studies. In the past HEW has been criticized rightly for duplicative research by various agencies. This amendment is a conscious effort to address these criticisms in a manner which utilizes the total knowledge and resources of this Department and other agencies which have an interest in improving the quality of our nation's schools.

The funds requested here are for a comprehensive examination of the Federal role in school finance. Because of its high priority and the need for extensive coordination amongst agencies within the Department, the Secretary of HEW has requested that this study be lodged within his immediate office. Responsibility will be divided between the Education Division and the Office of Planning and Evaluation.

DUPLICATIVE EQUALIZATION ISSUES

The Education Division will undertake those studies concerned with issues relating to existing Federal programs in Elementary and Secondary Education.

Planning and Evaluation will use its funds to undertake a multi-discipline investigation of school finance problems using the combined resources of agencies outside the educational division.

The agencies within HEW and the issues they will address include:

- The Assistant Secretary for Human Development Services on matters of preschool education,(e.g., Headstart)

- The Office for Civil Rights on those program requirements in elementary and secondary education governing services to protected special need populations (Handicapped, Bilingual, Racial Minorities, etc.)

- The Social Security Administration on the long range costs and methods of financing teacher pension plans

- The Department's agencies involved in the development of Welfare Reform and health insurance and cost containment policies (including ASPE) as these programs will have a major influence on the

ability of local governments, particularly center cities, and States to finance public services, including education.

In addition, the Office of Planning and Evaluation is in the best position to work with other Federal departments and agencies that have an interest in school finance. These would include:

- The Office of Tax Analysis, Department of Treasury for the study of educational tax credits and other matters on tax policy (e.g., school property taxes). The Office of Revenue Sharing for analyses of methods for direct school district participation in the Revenue Sharing Program.

- The Department of Agriculture for analysis of school food support programs and also for a study of educational finance and service delivery problems which are unique to rural communities.

- The Advisory Commission on Intergovernmental Relations on matters of Federal/State/local coordination.

- The Bureau of the Census for analysis of demographic and economic trends affecting school finances.

In addition, the Office of Planning and Evaluation is better positioned than any other office to study solutions to the mounting concerns among school districts that they are not equitably participating in the grants from major new Federal programs, such as the Local Public Works Act (Department of Commerce) and CETA (Department of Labor).

Use of Evaluation Funds for Travel Expenses

Question: The Committee has learned that program evaluation funds have consistently been used to pay for travel expenses of HEW permanent personnel. Mr. Champion, would you explain to the Committee your policy with regard to the use of evaluation funds for travel expenses.

Answer: To date, program evaluation funds have not been used to pay for the travel of permanent employees due to long-standing internal policy. We have proposed a change to our previous policy pending Congressional concurrence. In many cases, employees responsible for multi-hundred thousand dollar contracts could do a far better job of project monitoring if they could visit the site; yet under the old policy our evaluation funds would pay for contractor travel but not for travel of the employee in charge of a contract. Also, offices such as the Inspector General's which primarily perform short turnaround evaluations in-house were hampered by the inability to fund the necessary travel from evaluation sources. We will police such travel very carefully, to make sure that evaluation funds are not used for travel to

conferences or for program monitoring, but only for travel directly connected to the evaluation of specific Departmental programs. Beginning with the FY 1980 Budget Justifications Congress will include estimates of travel expenses to be financed from program evaluation funds. For these expenditures in the current year and in FY 1979, we will provide the House and Senate Appropriations Sub-committees with reports showing the travel costs of permanent employees for each evaluation project.

STATE FRAUD UNITS

Question: How many states have set up fraud control units meeting the requirements of the new Medicaid/Medicare Fraud and Abuse Law?

Answer: There are currently no State organizations certified as Medicaid Fraud Control Units under Section 17 of HR 3. We have, to date, received four proposals from States wishing to establish units. Due to insufficient data in the proposals, all were returned for additional information. We anticipate that these proposals will be resubmitted shortly.

We have been advised by the Office of Program Integrity Regional Offices nationally, that approximately 25-30 States have expressed strong interest in establishing fraud control units. We anticipate that the majority of the States expressing interest will submit proposals and receive certification for fraud control units by the end of this calendar year.

FRAUD RECOVERIES

Question: How many cases of potential fraud have you identified, investigated, and referred to law enforcement officials during the past year?

Answer: During calendar year 1977, the Office of Investigations, opened 517 1/ criminal cases and it closed 114. Of this total, 101 cases were referred to U.S. Attorneys. As of December 31, 1977, 60 indictments were returned and 50 convictions were recorded.

Question: What amounts have been recovered or expected to be recovered?

Answer: In calendar year 1977, recoveries, fines, and restitutions totaled 2.5 million dollars. The Office of Investigations does not project anticipated recoveries.

Question: How do the figures compare with those for previous years?

Answer: In 1976, the Office of Investigations (OI) opened 172 cases and closed 65. During the year OI referred 57 cases to U.S. Attorneys. Ultimately, 27 indictments were returned and 40 convictions were obtained. It should be noted, that some indictments were multiple, i.e., more than one individual named on the same indictment.

1/ In addition, as of 12/31/77, 337 potential fraud cases had been identified through Project Integrity. OI was subsequently assigned 60 of these cases which it will investigate in their entirety or jointly with other investigative agencies. Also, OI assisted on 142 Project Match cases in the District of Columbia.

COORDINATION WITH INSPECTOR GENERAL

Question: Please describe for the Committee from your perspective the activities of the fraud and abuse and quality control staff of the Health Care Financing Administration.

Answer: I think it important to say at the outset that the Office of Inspector General and the Health Care Financing Administration (HCFA) units responsible for fraud and abuse and quality control maintain virtually constant contact in order that our activities are fully coordinated. This is true both in Washington and in the regions. We have felt it essential to work hand in hand in accomplishing our overall mission to the most effective degree. We have been partners with HCFA's Program Integrity staff in Project Integrity, and will continue this partnership in the extension of this effort to other medical providers. We also are actively involved in the development of administrative sanctions and in the implementation of P.L. 95-142, particularly as it relates to establishment of fraud and abuse units in each State.

Additionally, we are working closely on our nursing home initiative currently in progress. The HCFA Office of Program Integrity has a continuing mission to ensure the integrity of the Titles XVIII and XIX programs. They are maintaining an excellent effort. Since the establishment of the Inspector General's Office we have jointly developed a Memorandum of Understanding concerning our respective roles in identifying and investigating instances of fraud and abuse. This agreement provides for joint initiatives and specified that all criminal cases are the responsibility of the Office of Inspector General, even though HCFA may continue to work on Case Development.

In the quality control activities, we again maintain constant liaison with the HCFA staff. Implementation of quality control will have a major impact on reducing program errors and waste. The implementation of the increased quality control efforts seems to be progressing satisfactorily. The Office of the Inspector General will provide audit coverage of this effort in the States and, through the Systems Review Staff, provide technical oversight.

MEDICAID VS MEDICARE ERRORS

Question: Why is there a marked difference in the percentage of provider fraud and abuse between the Medicare and Medicaid programs?

Answer: We are looking into the exact reasons for this difference but have not come up with a concrete answer. There are, however, several factors which we feel contribute to this difference.

First, the Medicaid program is carried out by the States and territories. As a result, each State represents a complete Medicaid unit with its own program characteristics, management style, and automated processing system. Some States are more advanced than others - some participate in only the basic elements of the program - others participate in all eligible services. This mix of services, combined with the different State characteristics, allows for considerable variation.

Second, the Medicare program is different in that it has a basic set of services, and is carried out by the Federal Government - for the most part through Intermediaries and Carriers. With fewer facets and variations, it seems reasonable that controls would be tighter. Medicare also has a deductible feature for its participants which Medicaid does not. This participation feature seems to create more interest on the part of participants in being alert to improper billings by providers. Further, it is felt that the deductible feature contributes to Medicare participants being more discriminate in seeking medical attention.

Third, the Medicare program is carried out primarily through Intermediary and Carriers who, for the most part, have had long experience in the health care field - both public and private. There are some indications that when States use Intermediaries and Carriers in their programs that the results are closer to our experience with Medicare.

The foregoing are some factors which we believe may be contributing to the differences. As previously mentioned, we are not positive that they are the primary reasons. We are looking into them to learn the answers. However, we cannot conclude that the States by their very nature are incapable of administering the Medicaid program efficiently and effectively. Some, in fact, are doing an outstanding job. Others are working very hard to improve their systems and controls, and we in the Department are working closely with those States to improve their capabilities. As part of this, greater emphasis is being placed on establishing front-end system controls to preclude fraud, abuse, and waste. I believe in this manner we can bring the Medicaid program to a high level of efficiency and effectiveness and on a par with Medicare.

AUDIT FOLLOW-UP

Question: We have noticed that oftentimes an audit report will come out properly criticizing a program and recommending some definite actions to address the exceptions uncovered. But in what seems like more often than not, the recommendations are not followed through on and the problems remain.

Mr. Morris, how do you go about enforcing compliance with your audit recommendations?

Answer: First, I would like to point out that within HEW, the primary responsibility for action and follow-up on audit recommendations rests with the head of each Principal Operating Component (POC). When the recommendation pertains to a grantee/contractor, as it often does, this includes necessary site visits to determine whether the recommendation has in fact, been implemented. My office is responsible for seeing how well they do this job and keeping the Secretary apprised of progress and/or problems. The completeness and suitability of POC actions on audit recommendations are followed-up by the Audit Agency either through special review efforts, during the next scheduled audit of the operation in question, or by other appropriate techniques.

Question: Is there any sanction that can be applied against another Federal program for consistent violation of administrative standards or regulations?

Answer: Principal Operating Component heads have a number of options available that can be applied for consistent violation of administrative standards or regulations, depending upon the program involved. These vary from the imposition of restrictive conditions to termination of funding and are spelled out in the various laws and regulations applicable to the programs involved.

MEDICAID INSURANCE CONTRACTS

Question: GAO recently released a report dealing with the extreme laxity that HEW has shown toward monitoring the area of State Medicaid Insurance contracts.

States that have decided to hire private insurance firms to underwrite part or all of their Medicaid programs have generally not followed the Federal standards in this area. When companies have come out on the short end, the States have renegotiated their contracts to insure that the State would not lose money.

One such Medicaid insurance firm "channeled many millions of dollars of Medicaid funds from several States to the operating account of an American Stock Exchange Company, which used the Medicaid money to offset its own cash needs and distributed the funds back to the non-profit firm as it needed funds to meet its contract obligations in the States."

Another non-profit contractor had six different Medicaid insuring contracts. It subcontracted to its affiliated for-profit company, which realized a 32 percent profit off these contracts!

The GAO report concluded that there was virtually no monitoring of these contracts by HEW.

What are you doing to correct this situation?

Answer: The Department, through its Health Care Financing Administration, has initiated a series of actions in recent months to both resolve and preclude problems associated with State Medicaid insurance contracts. Existing regulations are being modified based on several years of experience. The current level of involvement by HEW regional staff in contract matters has increased. More staff will concentrate on these contract concerns at headquarters and regional office levels. Department officials are meeting with regional Medicaid directors to discuss State contract problems and solutions. Training sessions are planned for regional Medicaid staff focusing on these contracts. Other sessions are planned for State Medicaid personnel. Specific contract guide material will recommend that States submit notices of intent to contract to the Medicaid Bureau, including their rationale for this approach. Some States have increased their requests for HEW participation and HEW has intensified its contract review for compliance with Federal regulations.

We in the Office of Inspector General recognize this as a problem area and intend to devote appropriate time and attention to it as resources permit.

PROJECTS MATCH AND CROSS-CHECK

Question: We were impressed by the savings publicized from your Projects Match and Cross-Check. What is the ratio of cost to savings in these efforts?

Answer: We are satisfied that the ratio of ultimate savings to ultimate costs in both Projects Match and Cross-Check will substantially exceed two to one and be highly cost-effective.

Question: Do your cost estimates include the follow-up costs of the Department of Defense and other Federal investigators as well as the costs of the State and local case workers and U.S. Attorneys who must prosecute each case?

Answer: Currently the only costs on which we have close estimates available are those associated with personnel of the Inspector General's Office and HEW computer usage. At this time, recoveries can only be extrapolated on the basis of pilot projects.

Project Cross-Check. This effort seeks to find federal employees who have defaulted on their Federally Insured Student Loans (FISL) and obtain repayment. It utilizes computer matching of Federal employee rolls and the FISL default list.

Costs to date for Inspector General personnel and computer usage are just over $10 thousand. There are about 6,800 apparent federal student loan defaulters who owe about $7.5 million, including interest. Estimates by the Audit Agency from the pilot effort to locate and obtain repayments from the 317 HEW employee defaulters, indicate about a 63 percent recovery rate. Projecting this to all defaulters among current or recent federal employees, indicates a recovery of $4.8 million. However, the portion of on-going costs of the Office of Education's Student Financial Assistance Program and costs of staff of other federal agencies involved in contacting their defaulters, as well as Justice Department costs of civil suits where required, are not included.

Project Match. This effort seeks to remove ineligibles and overpayments from the Aid to Families with Dependent Children program, using computer comparison of payrolls and AFDC rolls. It's major current effort is on federal payrolls, civilian and military.

We have estimated costs for the Inspector General's personnel and computer use for the Federal civilian employee match. These total $382,000. Costs of other federal and State agencies involved are not available at this time.

There are currently about 13,000 active federal employees who appear to be on AFDC rolls in 26 States or jurisdictions. Only a portion of these cases will be improperly receiving benefits, and results cannot be estimated accurately in terms of removals from the rolls, recovery of funds, and future savings.

However, the pilot project in which HEW employees on the AFDC rolls in the District of Columbia, if projected to the other 25 jurisdictions, gives some indication of prospective results. We found 216 HEW employees on AFDC rolls, and 118 of these were ineligible or

receiving too high a benefit based on their actual income. These improper payments cost taxpayers over $331 thousand.

There will also be savings from removal of ineligibles or overpayments to military recipients, and from removal of those drawing AFDC benefits in two or more jurisdictions. Neither of these efforts have reached the stage where reasonably accurate projections of savings is possible, although there is every reason to believe they will be cost effective.

RESULTS OF ANTI-FRAUD CAMPAIGN

Question: What has been the cost of the Intensified Anti-Fraud campaign during the past year?

Answer: The costs of the Anti-Fraud campaign are known with reasonable accuracy only for personnel and computer work of the Inspector General, HEW. There are significant costs incurred by other Federal and State agencies that are not available at present.

Costs

The Office of the Inspector General costs (in thousands), from March 1977, through January 31, 1978, are:

Project Integrity:	$3,490
Project Match:	382
Project Cross-Check:	10
TOTAL	$3,882

It should be noted that no new staff was added during this period so that these costs were supported by existing resources.

Question: What have been the results?

Answer: The results of the anti-fraud campaign, will be realized mainly during the coming year and beyond. The developments thus far, however, are highly meaningful.

In Project Integrity, which has concentrated thus far on fraud and abuse among physicians and pharmacists serving medicaid nationwide, we used computer analysis to find abnormal practices or procedures worthy of investigation. This is the first nationwide effort of this kind ever undertaken to find fraud and abuse among health-care providers.

We selected 2,455 cases across the nation for detailed review. As of March 9, 1978, we have made at least a preliminary investigation of 1,447 of these, and have classified 503 cases as potential fraud, 592 cases as potential abusers, and 352 as cases that probably will be closed, although we expect information from these will help to improve medicaid operations.

Full investigation has been made on 287 of the abuse cases, and administrative sanctions are being taken against 188 of these providers, and recovery of $390,000 from them has been recommended.

Thus far, 20 cases have been referred for prosecutive decision,

and 5 cases have been indicted or pleaded guilty. We expect many others to be referred for prosecution.

Project Match. Using computer comparison of payroll data and welfare rolls, we have found about 13,000 active federal employees and about 7,100 military personnel who appear to be drawing Aid to Families with Dependent Children in 26 States or jurisdictions. For the most part, these cases are flowing through a process that confirms their federal earnings and redetermines their eligibility for AFDC benefits in light of those earnings. Probably the majority of these cases will be found eligible for a welfare benefit, but a portion, not yet known, will be found ineligible or overpaid. Serious cases of fraud will be referred to U.S. Attorneys, and other cases of impropriety will be referred to employers for disciplinary action.

We can make some projection of results, based on a pilot study of HEW employees on the District of Columbia AFDC rolls, and these are discussed in response to the related question on ratio of cost to savings.

Student Financial Assistance. During the past year the Inspector General has assisted the Office of Education in reorganizing its Student Financial Assistance program and in planning intensive efforts to collect some $419 million in defaulted federally insured student loans from 344,000 individuals. This effort is in its initial stages.

Project Cross-Check is a part of the overall effort which compares federal pay records with the federally insured student loan file. Nationally, we found 6,783 federal civilian employees who appear to be in default. Actions on these cases are in process. In an earlier pilot effort, the computer match showed 317 HEW employees in default. We have located 255 of them, and 184 have either agreed to pay, have begun paying, or have paid off their loans. Another 33 had loans cancelled. Actions on the others are continuing.

Part of the student loan default problem relates to improper actions by schools - especially proprietary and technical schools. The Inspector General has more than 100 such schools under investigation, and a number of cases are presently in the hands of U.S. Attorneys.

COORDINATION WITH OTHER HEW PROGRAMS

Question: Many of OCR's most important enforcement responsibilities relate to discrimination in services provided under Federal financial assistance programs (e.g. Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973). GAO reported that OCR had not systematically coordinated its civil rights enforcement efforts with HEW's various program activities, except for portions of the Emergency School Aid Act and that this lack of coordination adversely affects civil rights enforcement.

Do you agree with GAO's assessment? If so, what is being done about this problem?

Answer: Yes, we agree. Prior to 1977, the program agencies within HEW did not exercise a civil rights compliance role and there

had been little coordination between OCR and the program agencies with the exception of the Office of Education in connection with emergency school aid.

Shortly after Mr. Califano became Secretary, he directed OCR to develop a civil rights clearance procedure that program officials would integrate into the grant-making and contract award process. As part of OCR's recent reorganization, an Office of Program Review and Assistance was set up to carry out this mandate. OCR's fiscal year 1978 supplemental budget request would provide 14 positions to help staff this new office.

Our experience with the Emergency School Aid Act indicates that pre-grant clearance mechanisms can often be more productive and less time-consuming than post-grant investigative work. These mechanisms hold greater potential for voluntary compliance on a wide scale. And in the future, they should relieve the pressure on OCR resources.

The Office of Program Review and Assistance will develop compliance standards and procedures and will work directly with the grant-making agencies in applying these standards and procedures.

CIVIL RIGHTS REORGANIZATION

Question: What is the effect, principally with regard to Executive Order 11246 enforcement, of the recently announced Carter civil rights reorganization on OCR's activities?

Answer: In announcing his reorganization plan, the President stated that he would issue an executive order transferring the Executive Order 11246 compliance responsibilities of 11 agencies to the Department of Labor. HEW has exercised compliance responsibility over higher education institutions, health and welfare agencies and other contractors, and this responsibility will be transferred to the Labor Department by October 1, 1978.

EAGLETON-BIDEN AMENDMENT

Question: You have spoken of OCR's management improvement and its need for greater resources if it is to have a balanced and effective compliance and enforcement program. But assuming that we give OCR all the resources requested, what is the effect of several delimiting amendments on OCR's enforcement program, principally the Eagleton-Biden amendment passed by the Congress last year?

Answer: The Eagleton-Biden and like amendments will have little impact on OCR's allocation of resources. Under the Eagleton-Biden amendment OCR may not terminate federal funds to school districts because of their failure to remedy segregation by the use of certain proscribed techniques. Nonetheless, under the Adams and Brown court settlements OCR remains responsible for investigating allegations of school segregation and for seeking voluntary remedies to such segregation. If such voluntary efforts fail under Eagleton-Biden OCR must now refer the case to the Department of Justice for judicial relief rather than to HEW's own Office of General Counsel for fund termination. The effect on OCR's resources of this change in approach would be marginal.

NORTHERN SCHOOL DESEGREGATION

Question: In the past, much of OCR's attention in its efforts to achieve desegregation were directed at southern schools. How are your compliance reviews and other activities being allocated so that we achieve true desegregation in northern schools as well?

Answer: Under the Annual Operating Plan for fiscal year 1978, OCR will conduct 11 Northern-Western school district reviews. Four are Equal Educational Services Reviews in New York, Philadelphia, Chicago, and Los Angeles. Seven are reviews pursuant to Title VI, Title IX, and Section 504 involving Peoria, Illinois; Fort Wayne, Indiana; South Bend, Indiana; Akron, Ohio; Pomona, California; Sweetwater, California; and Portland; Oregon. There are 29.87 person years allocated in FY 78 for these reviews. This entails 16.50 person years for the Equal Educational Services Reviews and 13.37 person years for the other reviews.

In addition to the reviews involving student assignment, OCR is reviewing 31 Northern-Western school districts during this fiscal year. The investigations involve discipline practices, ~~Lau practices~~, special education programs, or migrant education practices and will take 5.55 person years. The Office for Civil Rights is also conducting 250 ESAA Northern-Western reviews which encompass student assignment. There are 31.08 person years allocated for this activity.

HIGHER EDUCATION DESEGREGATION

Question: Recently OCR announced it had accepted the negotiated school desegregation plans of three southern states and rejected three other plans, which were negotiated pursuant to the Adams v. Califano case. Could you explain why the three plans were rejected and what plans you have for further compliance reviews and enforcement actions in the eleven other southern and border states originally affected by the Adams order?

Answer: On February 2, Secretary Califano announced that, as a result of six months of negotiations with six southern states pursuant to the Adams vs. Califano suit, HEW had accepted three statewide higher education desegregation plans (Arkansas, Florida, and Oklahoma) and had rejected three (Georgia, Virginia, and North Carolina).

Since that time the Georgia and Virginia plans have been accepted. Of the six states named in the court's second supplemental order in this suit, only the University of North Carolina system has yet to develop a plan which meets the basic Criteria Specifying the Ingredients of Acceptable Plans to Desegregate State Systems of Public Higher Education Pursuant to Title VI of the Civil Rights Act (42 FR 40780). We are, however, continuing our efforts to reach an agreement on an acceptable plan.

Over the next two years, the Office for Civil Rights will conduct reviews of those states which once practiced de jure segregation in higher education but which are not under court order. These states include: Texas, South Carolina, Alabama, Ohio, Missouri, Kentucky, Delaware and West Virginia.

BLACK COLLEGES

Question: In one part of the Adams criteria you talk about enhancement of formerly all-black institutions of higher education. What safeguards exist in the criteria to protect black faculty and administrators and to ensure that they do not bear a disproportionate burden in pursuit of desegregation?

Answer: Where commitments or activities in the statewide higher education desegregation plans have the potential of affecting the employment status of black faculty and administrators, specific safeguards have been included in the plans negotiated and approved by the Department.

TITLE VI GUIDELINES

Question: The Attorney General, who is responsible for coordinating Federal enforcement of Title VI of the Civil Rights Act of 1964, has published regulations which require Federal agencies to publish Title VI guidelines for each type of program receiving financial assistance. Has HEW complied with this requirement and if not, when will these Title VI guidelines be available?

Answer: HEW has not **fully complied with this requirement.** It is hoped that this task can be completed before the end of the calendar year.

There are several hundred authorizations empowering DHEW to award assistance to schools, hospitals, social service agencies, voluntary associations, and Indian tribes, among others. Rule making which will cover the total universe of activities presently assisted by the Department will be a large undertaking.

TITLE VI GUIDELINES FOR OTHER FEDERAL AGENCIES

Question: Where a Federal agency determines that Title VI guidelines are not appropriate for any type of program to which it . . . provides financial assistance, the Justice Department regulations require that the reasons for the determination be stated in writing and made available to the public (CFR 28, Section 42.404(b)).

Has HEW complied with these requirements?

Answer: HEW will have an appraisal of which programs do not need guidelines only after it has completed the initial stages of guideline drafting, and discussion with the principal operating components of the Department.

TITLE IX

Question: The Committee continues to hear of absurd examples of a misdirected OCR bureaucracy.

In a Time Magazine article of December 26, 1977 we read of a small school in Illinois that has purportedly never received any Federal aid. Yet, they were sent a series of baffling threats of Federal fund cut-offs because they had not filled out their Title IX forms, despite the Superintendent's efforts to explain the reality of the situation.

Chairman Magnuson brought to the Secretary's attention another example of a small district in Washington State with one school employee that also objected to having to fill out the voluminous Title IX anti-sex discrimination forms.

Secretary Califano recently threatened to cut off 49 school districts and colleges because they hadn't filled out their forms. But at least 19 of these have never received any HEW funds. Don't we have better things to do with the OCR staff?

Answer: The forms referred to are Assurances of Compliance. DHEW used assurance forms for compliance with Title VI of the Civil Rights Act of 1964 as well as for Title IX. They are a valuable tool for alerting institutions that receive HEW funds of their responsibilities to observe prohibitions against discrimination, and they form the foundation of our voluntary compliance effort. The Title IX assurance is a 4-page document that has nine items to be checked. The institution must also list the name of its Title IX coordinator and must sign and date the form. There is a place to indicate if the institution currently receives HEW funds.

Apparently this is not such a formidable burden because 19,000 institutions, big and small, filled out a form and returned it to our office between the time the project began in the fall of 1976 and the deadline in December 1977. As the deadline approached this Office made at least three extra attempts to get assurances from the institutions which had not filed. In November we telephoned the institutions that hadn't responded. By the December deadline, fifty school districts and higher education institutions had not submitted forms. We wrote to them informing them that administrative enforcement proceedings would be initiated against them. Since that time 32 of the 50 districts and institutions have provided acceptable assurances; 16 have indicated that they do not receive Federal funds; two of the higher education institutions have not complied and are therefore involved now in administrative hearings.

The Damman School District in Washington State filed an acceptable assurance and administrative proceedings against it were dismissed on January 26. A motion to dismiss the proceedings against the Kenilworth School District #38 in Illinois was filed on March 15 on the basis of a consent agreement. The Kenilworth District did write to the Office for Civil Rights, as Time Magazine reported, indicating that the Sears school did not receive Federal funds. Apparently this letter was misdirected and didn't come to attention of the staff members in charge of the program until the notice of opportunity for hearing was sent out.

Based on these experiences we have modified our procedures. School districts or institutions which do not receive Federal funds are identified earlier in the process so that their cases may be resolved without having to go to enforcement. However, institutions which do not receive Federal funds, and which have not submitted an acceptable assurance form must be placed on the interagency list. This means that grant making agencies throughout the government will know that the institutions are ineligible for assistance if they should apply for it in the future.

My staff and I deeply regret that some institutions were inconvenienced during the final stages of this procedure. I am convinced that these problems occurred because of the large scope of the project and the critical shortage of staff resources. This is in no way a reflection of validity of the project itself. We will use the same assurance policy in our Section 504 compliance program, to solicit assurances from HEW grantees that they will comply voluntarily with the statute and implementing regulation which protect persons against discrimination because of handicap. We have shortened the form for Section 504 assurances. It will be one page with three questions. We anticipate no procedural problems for that project.

SECTION 504 COVERAGE OF DRUG ADDICTS

Question: Concern has been expressed about the inclusion of drug addicts and alcoholics in the Section 504 regulations. What problems are anticipated and how will these problems be handled?

Answer: Drug addicts and alcoholics were included because these conditions clearly handicap a vast number of individuals. Many of these individuals have been excluded from employment which they are otherwise qualified for because of their handicap. The regulations do not require that these persons must be hired for positions that they are not qualified for. A number of people and groups have raised concerns about the possible implications of this provision, but we believe the regulation is reasonable. For example, hospital administrators have complained that they might have to hire drug addicts who would have access to drugs. However, this is not the case. Hospitals are not required to employ drug addicts for jobs where handling drugs is one of the duties or where access to drugs is necessary. Under the regulations, a handicapped person may not be qualified for services or employment if the behavioral manifestations of drug addiction or alcoholism would interfere with satsifactory job performance.

504 COMPLIANCE IN SMALL COMMUNITIES

Question: How will compliance with Section 504 be interpreted in small communities where funds are very limited and where there is no present need to remove architectural barriers, such as the recent case in Iowa?

Answer: The regulations are a flexible, common sense tool. Recipients of HEW funds are not required to make their buildings barrier-free, but merely to take reasonable steps to make their services accessible to all citizens. Certainly, the fact that a federally assisted program serves a very small clientele in a small community is a factor to be considered in judging what compliance measures are reasonable and necessary. In the case of the Rudd, Iowa, Public Library, we indicated that the program accessibility requirement could be met at very low cost by installing a ramp into the library constructed, perhaps, by local high school students. Even this kind of change is not required if the recipient can devise some other means of making its services available to handicapped persons.

SECTION 504 ENFORCEMENT

Question: How does the Department plan to institute enforcement action where cases of non-compliance with Section 504 are found to exist?

Answer: The enforcement procedures to be used under Section 504 are the same as those that have been used in regard to Title VI of the Civil Rights Act and Title IX of the Education Amendments of 1972. If a recipient refuses to comply voluntarily with the Section 504 regulations, the recipient will be offered an administrative hearing before an administrative law judge. Either party has the right to appeal the initial decision to the Department's Reviewing Authority and ultimately to the Secretary.

EXECUTIVE ORDER 11914

Question: Executive Order 11914 requires the Department of Health, Education, and Welfare to coordinate the Government-wide implementation of Section 504 and to issue appropriate standards and guidelines to be used by other Federal agencies in issuing their own regulations.

What actions are planned to carry out these responsibilities?

Answer: HEW published a final regulation on January 13, 1978, that set standards and guidelines to be used by other Federal agencies in issuing their own regulations. OCR will comment on each agency's proposed regulation and will review the draft of each final regulation to ensure government-wide consistency. In addition, OCR will oversee various mechanisms for interagency cooperation in the implementation of Section 504. In particular, OCR will assist in establishing delegations of authority, similar to those established for Title VI, for compliance purposes.

DEPARTMENTWIDE IMPLEMENTATION OF SECTION 504

Question: How does the Office of Civil Rights plan to coordinate and monitor the Departmentwide implementation of Section 504?

Answer: The Office of Program Review and Assistance has developed a Department-wide 504 technical assistance plan. The plan has been carefully developed in cooperation with an Intra-Agency Advisory Group representing the principal operating components and staff offices within DHEW. Representatives of recipient and handicapped organizations and Congressional staff have also been consulted. The proposed plan will be forwarded to the Secretary within two weeks for approval.

SECTION 504 TECHNICAL ASSISTANCE

Question: We understand the Office of Civil Rights is planning to establish a technical assistance capability to address problems faced by the States as they attempt to comply with the Section 504 regulations. What kinds of technical assistance are anticipated and what are the cost estimates in FY 1978?

Answer: The technical assistance plan which the Secretary will review details the long-term technical assistance program for HEW recipients and associated costs. The Fiscal Year 1978 supplemental and Fiscal Year 1979 budget requests include 72 positions and program funds of $8,697,000 to implement this program. The plan also includes methods for evaluating the future technical assistance needs of the approximately 36,500 recipients of HEW funds.

SECTION 504 COMPLIANCE COST

Question: How does the Department plan to approach the problem of the cost of implementing the Section 504 regulations dealing with the accessibility of facilities for the handicapped and what do you estimate to be the FY 1979 costs? Also, what funds are available throughout the Department to help meet these costs?

Answer: The program accessibility standards of the regulations do not require a recipient to make each of its existing facilities or every part of a facility accessible to and usable by handicapped persons. Rather, the "accessibility" requirement relates to the recipient's overall program. Further, the regulations provide flexibility in eliminating barriers, which we believe will enable most recipients to achieve compliance without incurring excessive costs. Our technical assistance program also will provide recipients with guidance on the most cost-effective ways of achieving compliance.

Under the FY 1978 supplemental budget request the Department is seeking authority to utilize $30 million from the Higher Education Facilities Loan and Insurance Fund to make loans to institutions for the removal of architectural barriers and for other purposes. The loans under the program would bear an interest rate of 3 percent and cover up to 80 percent of the project costs. Under the FY 1979 budget request the Department is seeking $50 million to make grants to aid higher education institutions in removing structural barriers. Federal funds would cover up to 50 percent of project cost.

The Department will continue to evaluate the impact of the section 504 regulations in terms of cost and other problems of implementation. The Department will undertake two major studies relating to cost impact. One study will cover 200 recipients selected from all types of federally assisted institutions and will determine compliance problems and cost of implementation. Based on this study a decision will be made as to the necessity of doing a study involving a much larger sample. The other study, to be conducted by the National Center for Education Statistics, will cover approximately 700 higher education institutions and will provide a data base relating to program accessibility. Results are expected in January 1979. In addition, a smaller survey of 40-50 higher education institutions is underway.

HEALTH AND WELFARE COMPLIANCE

Question: In the past, most of your civil rights compliance efforts seem to have been aimed at educational institutions. Do you have any plans to expand your compliance efforts to include the health and social service activities that HEW also is concerned with, so that we achieve equitable allocation of Health and social service resources?

Answer: During the past several years, minimal staff resources have been allocated to enforcement activities in health and human development programs. Compliance efforts have focused primarily on health facilities participating in the Medicare and Medicaid programs and on the approximately 250 State agencies administering continuing grant programs.

The Adams settlement enables the office to address this problem. During Fiscal Year 1978 OCR will complete approximately 2245 pre-funding compliance determinations of applicants for HEW health and human development program funds; 45 post-funding compliance reviews and 350-375 complaint investigations. In Fiscal Year 1979 we anticipate some expansion of these enforcement activities.

PUBLIC BROADCASTING

Question: On October 7 the President announced a legislative package which would make certain structural changes in our nation's

public broadcasting system. In that message the President expressed concern for the Corporation for Public Broadcasting's (CPB) failure to monitor civil rights performance of its grantees — which has been a concern of the Committee for some time. The President suggested that civil rights enforcement for CPB and its grantees should be delegated to some federal agency. It has been suggested that that agency might be HEW. What is the status of this legislation described in the message?

Answer: At this time, the civil rights enforcement amendment to the public broadcast legislation which was drafted by the Office of Telecommunications Policy, is being circulated by the Office of Management and Budget for comments. It is anticipated that the entire public broadcasting legislation will be considered by the Congress soon, so that the legislation will comply with provisions of the Budget Act.

Question: What would be the effect of such a delegation of enforcement authority on OCR?

OCR does not now have the staff, nor will it have the staff even if all positions requested in the Supplemental are granted, to perform satisfactorily under a delegation of authority from the Corporation for Public Broadcasting. OCR has a substantial complaint backlog and virtually all of our resources, including those being sought under the Supplemental, are required to fulfull our obligations under the consent order in the Adams, Brown and WEAL order. Likewise, all of OCR's resources available for compliance reviews have been carefully allocated between our responsibilities under Title VI, Title IX and Section 504, and any increased responsibility in this area would distort the careful balance we have worked out with the plaintiffs in the pending litigation. For this reason, OCR could only accept additional compliance responsibility if adequate resources were also provided.

JUSTIFICATION

[CLERK'S NOTE.—The justification material for this account appears in the House fiscal year 1979 Labor-HEW Appropriations Subcommittee hearing record.]

SUBCOMMITTEE RECESS

Senator BAYH. We appreciate your being here. We'd like to hear back from you on some of these things that have been raised and hear what you are doing.

We will now be in recess until Monday, March 13, at 10 a.m., at which time the subcommittee will hear from public witnesses.

Thank you very much.

[Whereupon, at 12:05 p.m., Friday, March 10, the subcommittee was recessed to reconvene at 10 a.m., Monday, March 13.]

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